

Calsea Footwear Private Limited

**Financial Statements and
Auditors' Report**

Year Ended 31st March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALSEA FOOTWEAR PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **CALSEA FOOTWEAR PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

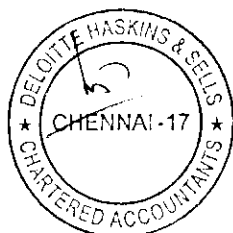
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2017, and its loss, total comprehensive loss, its cash flows and the change in equity for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 36 to the Ind AS financial statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded and the Company has also incurred net cash losses during the current period. As explained in the said note, the Ind AS financial statements of the Company have been prepared under the going concern concept on the basis that Tata International Limited, a Subsidiary of the Ultimate Holding Company, has agreed to provide all necessary financial and non-financial support to enable the Company to operate as a going concern and pay its liabilities as they fall due.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

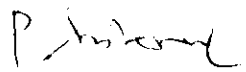
1. As required by Section 143 (3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) The matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

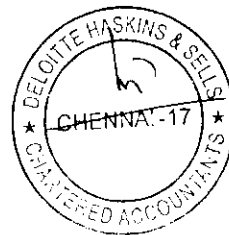


- f) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/"CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)


Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, April 22, 2017
PS/EKP/2017



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **CALSEA FOOTWEAR PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

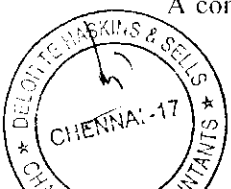
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures



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

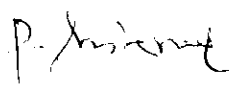
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)



Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, April 22, 2017
PS/EKP/2017



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from the banks.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals, except for those lying at third party locations, which have been confirmed by them. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues;
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

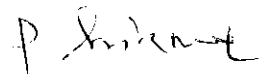


(c) Details of dues of Income-tax which have not been deposited as on 31 March 2017 on account of disputes are given below:

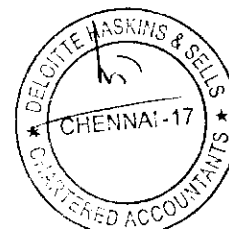
Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
The Income Tax Act, 1961	Income tax	CIT (Appeals)	FY2011-12	14,245,917	11,848,949

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans from financial institutions and government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)


Sriraman Parthasarathy
Partner
Membership No. 206834

Chennai, April 22, 2017
PS/EKP/2017



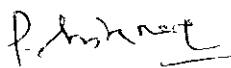
Calsea Footwear Private Limited
Balance Sheet as at 31 March 2017

	Particulars	Note No.	As at 31 March, 2017 (Rs.)	As at 31 March, 2016 (Rs.)	As at 01 April, 2015 (Rs.)
(I)	ASSETS				
(1)	Non-Current Assets				
	(a) Property, plant and equipments	5	52,742,394	65,876,538	52,808,569
	(b) Capital Work-in-progress		1,874,260	3,154,946	-
	(c) Other intangible assets	5	698,592	1,309,778	144,396
	(d) Financial assets				
	(i) Other financial assets	6(a)	827,869	1,203,330	1,443,472
	(e) Income tax assets		2,907,364	784,589	650,551
	(f) Other non-current assets	7(a)	10,363,450	25,841,967	16,913,315
	Total non-current assets		69,413,929	98,171,148	71,960,303
(2)	Current assets				
	(a) Inventories	8	249,109,754	291,027,081	187,531,708
	(b) Financial assets				
	(i) Trade receivables	9	93,021,126	341,868,982	146,166,062
	(ii) Cash and cash equivalents	10(a)	11,030,723	2,076,124	3,144,252
	(iii) Bank balances other than (ii) above	10(b)	3,700,000	5,000,000	3,551,564
	(iv) Other financial assets	6(b)	10,526,923	19,036,916	15,863,986
	(c) Other current assets	7(b)	54,494,622	39,026,525	50,707,642
	Total current assets		421,883,148	698,035,628	406,965,214
	TOTAL ASSETS		491,297,077	796,206,776	478,925,517
(II)	EQUITY AND LIABILITIES				
(1)	Equity				
	(a) Equity Share Capital	11	184,350,870	128,085,670	54,599,620
	(b) Other Equity	12	(167,012,737)	(87,500,341)	(32,481,876)
	Total equity		17,338,133	40,585,329	22,117,744
(2)	Liabilities				
	Current liabilities				
	(a) Financial liabilities				
	(i) Borrowings	13	298,347,226	231,498,466	286,594,750
	(ii) Trade payables	14	166,976,357	511,611,179	158,604,519
	(iii) Other financial liabilities	15	3,155,474	3,008,275	2,812,500
	(b) Provisions	16	2,904,958	4,816,135	5,082,148
	(c) Current tax liabilities		210,649	210,649	210,649
	(d) Other current liabilities	17	2,364,280	4,476,743	3,503,207
	Total current liabilities		473,958,944	755,621,447	456,807,773
	Total liabilities		473,958,944	755,621,447	456,807,773
	TOTAL EQUITY AND LIABILITIES		491,297,077	796,206,776	478,925,517
	See accompanying notes forming part of the financial statements				

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

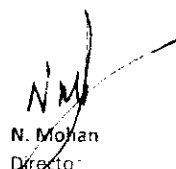


Sriraman Parthasarathy
Partner

Place : Chennai

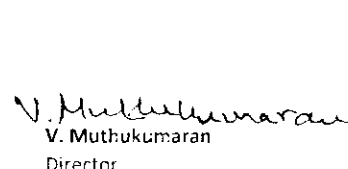
Date : 22 April 2017

For and on behalf of the Board of Directors


N. Mohan
Director

Place : Walajapet

Date : 22 April 2017


V. Muthukumar
Director

Place : Walajapet

Date : 22 April 2017

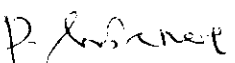


Calsea Footwear Private Limited
Statement of Profit & Loss for the year ended 31 March 2017

	Particulars	Note No.	For the year ended 31 March, 2017 (Rs.)	For the year ended 31 March, 2016 (Rs.)
I	Revenue from operations	18	846,810,191	785,850,860
II	Other Income	19	10,897,442	24,056,805
III	Total Revenue (I + II)		857,707,633	809,907,665
IV	EXPENSES			
	(a) Cost of Raw materials consumed	20	556,884,443	551,667,735
	(b) Changes in inventories of finished goods and work-in-progress	21	6,770,731	(30,879,110)
	(c) Excise duty on sale of goods	18	2,687,688	4,075,515
	(d) Employee benefit expense	22	72,508,850	74,917,143
	(e) Finance costs	23	34,370,277	26,007,787
	(f) Depreciation and amortisation expense	5	26,971,039	21,182,684
	(g) Other expenses	24	239,409,039	218,638,223
	Total Expenses (IV)		939,602,067	865,609,977
V	(Loss) before tax (III - IV)		(81,894,434)	(55,702,312)
VI	Tax Expense			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
	Total tax expense		-	-
VII	(Loss) for the period (V - VI)		(81,894,434)	(55,702,312)
VIII	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss - Remeasurements of defined benefit plans		2,382,038	683,847
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	Total Other comprehensive income		2,382,038	683,847
IX	Total comprehensive loss for the period (VII + IX)		(79,512,396)	(55,018,465)
X	Earnings per equity share (face value of Rs. 10 each)	27		
	(1) Basic		(6.38)	(10.09)
	(2) Diluted		(6.38)	(10.09)

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

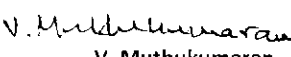

Sriraman Parthasarathy
Partner

Place : Chennai
Date : 22 April 2017

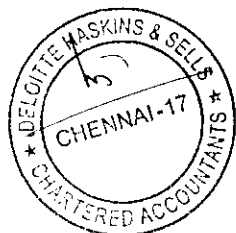
For and on behalf of the Board of Directors


N. Mohan
Director

Place : Walajapet
Date : 22 April 2017


V. Muthukumaran
Director

Place : Walajapet
Date : 22 April 2017



Calsea Footwear Private Limited
Cash Flow Statement for the year ended 31 March 2017

Particulars	For the year ended		For the year ended	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
A CASH FLOW FROM OPERATING ACTIVITIES				
Loss before tax		(81,894,434)		(55,702,312)
<u>Adjustments for:</u>				
Depreciation / Amortisation	26,971,039		21,182,684	
Provisions for Doubtful Advances	3,320,466			
Liabilities no longer required written back	(2,403,143)			
Profit on Sale of Assets (net)	-		(320,995)	
Interest Income	(317,995)		(352,873)	
Interest Expense	34,370,277		26,007,787	
Remeasurement of defined benefit plan	2,382,038		683,847	
Unrealised Exchange (Gain) / Loss	(4,062,102)		2,141,877	
		60,260,580		49,342,327
Operating Loss before Working capital changes		(21,633,854)		(6,359,985)
<u>Changes in Working Capital</u>				
Adjustments for (increase)/decrease in operating assets:				
Inventories	41,917,327		(103,495,373)	
Trade Receivables	248,848,281		(195,702,920)	
Other non current Assets	15,478,517		(8,928,652)	
Other non current Financial Assets	375,461		240,142	
Other Current Assets	(18,788,563)		11,681,117	
Other current Financial Assets	6,897,961		(559,959)	
		294,728,984		(296,765,645)
Adjustments for increase / (decrease) in operating liabilities:				
Other Financial Liabilities	-		-	
Trade Payable	(338,168,914)		350,864,783	
Other Current Liabilities	(2,112,463)		973,536	
Provisions	(1,911,177)		(266,013)	
		(342,192,554)		351,572,306
Cash (Used in)/Flow from Operating Activities		(69,097,424)		48,446,676
Income taxes paid (net of refunds)		(2,126,335)		(134,184)
NET CASH (USED IN) / FLOW FROM OPERATING ACTIVITIES		(71,223,759)		48,312,492
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(14,262,304)		(38,588,082)	
Proceeds from Sale of Fixed Assets	2,317,281		338,096	
Interest Received	317,995		568,160	
Increase in Bank balances not considered as Cash and Cash Equivalents	1,300,000		(1,448,436)	
NET CASH (USED IN) INVESTING ACTIVITIES		(10,327,028)		(39,130,262)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from / (Repayment of) Short Term Borrowing (net)	53,964,237		(13,361,566)	
Proceeds from Issue of Shares	56,265,200		73,486,050	
Interest paid	(32,607,486)		(28,640,124)	
NET CASH FROM FINANCING ACTIVITIES		77,621,951		31,484,360
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(3,928,836)		40,666,590
Unrealised (Gain)/Loss on foreign currency cash and cash equivalents		(1,088)		-
Cash and Cash Equivalents as at the beginning of the year		(34,386,579)		(75,053,169)
Cash and Cash Equivalents as at the end of the year		(38,316,503)		(34,386,579)
Reconciliation of Cash and Cash Equivalents with Balance Sheet	As at 31 March 2017		As at 31 March 2016	
Cash and Bank Balances as per Balance sheet (Refer Note 10(a))	11,030,723		2,076,124	
Less: Balance of Bank Overdraft (Refer Note 13)	49,347,226		36,462,703	
Total Cash and Cash Equivalents as at the end of the year	(38,316,503)		(34,386,579)	

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered accountants

P. Sriharan
Sriraman Parthasarathy
Partner

Place : Chennai
Date: 22 April 2017



For and on behalf of the Board of Directors

N. Mohan
N. Mohan
Director

Place : Walajpet
Date: 22 April 2017

V. Muthukumar
V. Muthukumar
Director

Place : Walajpet
Date: 22 April 2017

Calsea Footwear Private Limited
Statement of Changes in Equity for the year ended 31 March 2017

A. Equity Share Capital

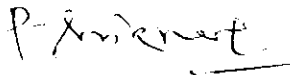
Particulars	As at 31 March, 2017 Rs.	As at 31 March, 2016 Rs.	As at 01 April, 2015 Rs.
Balance as at beginning of the Year	128,085,670	54,599,620	54,599,620
Changes in equity share capital during the year:			
- Issue of Equity Share Capital during the Year	56,265,200	73,486,050	-
- Buy-back During the Year	-	-	-
Closing Balance	184,350,870	128,085,670	54,599,620

B. Other Equity

Particulars	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2015	(32,481,876)	(32,481,876)
(Loss) for the year 2015-16	(55,702,312)	(55,702,312)
Other Comprehensive Income for the year 2015-16	683,847	683,847
Total Comprehensive Loss for the year 2015-16	(55,018,465)	(55,018,465)
Balance as at 31 March 2016	(87,500,341)	(87,500,341)
Balance as at 1 April 2016	(87,500,341)	(87,500,341)
(Loss) for the year 2016-17	(81,894,434)	(81,894,434)
Other Comprehensive Income for the year 2016-17	2,382,038	2,382,038
Total Comprehensive Loss for the year 2016-17	(79,512,396)	(79,512,396)
Balance as at 31 March 2017	(167,012,737)	(167,012,737)


In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

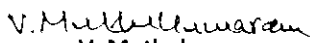

Sriraman Parthasarathy
Partner

Place : Chennai
Date : 22 April 2017

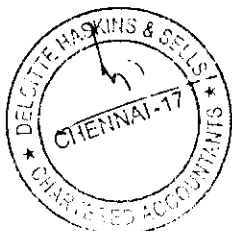
For and on behalf of the Board of Directors


N. Mohan
Director

Place : Walajapet
Date : 22 April 2017


V. Muthukumaran
Director

Place : Walajapet
Date : 22 April 2017



Note 1 CORPORATE INFORMATION

Calsea Footwear Private Limited (the Company) is a Company registered under the Indian Companies Act, having its factory in Ranipet, primarily manufacturing shoes, shoe uppers etc. The Company is a subsidiary of Move on - Components de Calçado Lda (Move On), based out of Portugal, which is a subsidiary of Tata International Limited (TIL). Tata Sons Limited is the parent of TIL.

Note 2 APPLICATION OF NEW AND REVISED IND AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in the preparing these financial statements. There is no other Indian Accounting Standard that has been issued as of that date but was not mandatorily effective.

Recent Accounting Pronouncements - Recent Standards Issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to IND AS 7, "Statement of Cash Flows" and "Ind AS 102, "Share-based Payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, "Statement of Cash Flows" and IFRS 2 "Share-based Payment", respectively. The amendments are applicable to the Company from 1 April 2017.

Amendment to IND AS 7:

The amendment to IND AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements.

Amendment to IND AS 102:

The amendment to IND AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. As at 31 March 2017, the Company does not have any share-based payment plans.

Note 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The Financial Statement of the Company for the year ended 31 March 2017 is required to be prepared under Ind AS since Tata International Limited, an intermediate holding company, is required to prepare its Financial Statements in accordance with Ind AS.

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 with effect from 1 April 2016. Upto the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. Previous year figures in the 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 financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31 March 2016 and 1 April 2015 and of the other comprehensive income for the year ended 31 March 2016.



3.2 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

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

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The Company has adopted all the INDAS standards and the adoption was carried in accordance with IND AS 101 First time adoption of India Accounting standards. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP) which was the previous GAAP. Reconciliation and description of the effect of transition has been summarised in Note 37.

3.3 OPERATING CYCLE

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.4 REVENUE RECOGNITION

(i) Sale of Goods

Domestic sale of shoes and shoe uppers are recognised on shipment or on unconditional appropriation of goods, which is when risks and rewards of ownership are transferred as per the terms of sale/understanding with the customers, and comprise amounts invoiced for goods including excise duty but net of discounts and sales tax / VAT. Sales from services are recognised when services are rendered.

Export sale of shoes and shoe uppers are recognized when goods are delivered to the carrier, which is when risks and rewards of ownership are transferred as per the terms of sale/understanding with the customers.

Revenues are recognised when collectability of resulting receivables is reasonably assured.

(ii) Other Income

Export benefits are accounted for in the year of export based on eligibility/expected eligibility and when there is no uncertainty in receiving the same.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



3.5 LEASES

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.6 FOREIGN CURRENCIES

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.7 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8 EMPLOYEE BENEFITS

(i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.



(ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.9 TAXES ON INCOME

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

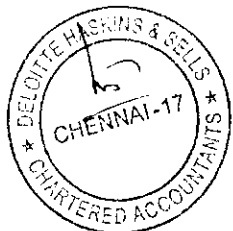
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(iv) MAT Credit

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.



3.10 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Any part or components of fixed assets which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the assets are as follows:

Category of Asset	Useful Life in Years
Building	30
Plant & Machinery	10 to 15
Furniture, Fixtures & Others	10
Motor Vehicles	8
Office Equipment	5
Computer Equipment	3
Electrical Installations & Equipments	10

Depreciation is also accelerated based on their condition, usability etc. as per the technical estimates of the Management, where

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.11 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the estimated useful lives of 3 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An Intangible assets is derecognised on disposal or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the asset as recognised in profit or loss when the asset is derecognised.

For transition to IndAS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



3.12 IMPAIRMENT

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. The Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.13 INVENTORIES

Inventories are valued at lower of cost and net realisable value.

Cost of raw materials and consumables are ascertained on a moving weighted average basis and includes freight, taxes and duties and other charges incurred for bringing the goods to the present location and condition and are net of credit under the cenvat scheme and VAT, where applicable.

The valuation of manufactured finished goods and work in progress includes the combined cost of material, labour and other relevant manufacturing overheads incurred in bringing the goods to the present location and condition.

Consumable stock of dies and lasts are charged off to consumption over the expected usage period of two years.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Due allowance is estimated and made by the Management for non moving/slow moving items of inventory, wherever necessary, based on the past experience of the Company and such allowances are adjusted against the carrying inventory value.

3.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets 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. The 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.

3.15.1 FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Changes in the carrying amount of monetary financial assets designated as Fair Value through Other Comprehensive Income (FVTOCI) relating to changes in foreign currency rates are recognised in profit or loss. Other changes in the carrying amount of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

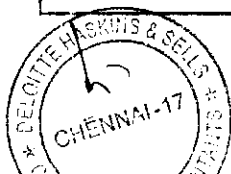
Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income



Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. 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 of the proceeds received.

3.15.2 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

(i) 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.

(ii) 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.

(iii) Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

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 accordance with the Company's accounting policy for borrowing costs.

(iv) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

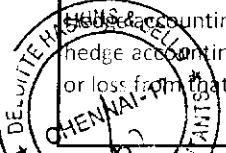
(v) Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange. The instruments are confined principally to forward foreign exchange contracts. The instruments are employed as hedges of transactions included in the accounts or for highly probable forecast transactions/ firm contractual commitments. These derivatives contracts do not generally extend beyond 6 months.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The fair values for forward currency contracts are marked to market at the end of each reporting period.

Changes in the fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or when it no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.



3.16 CASH AND CASH EQUIVALENTS (FOR PURPOSE OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.17 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.18 SEGMENT REPORTING

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Company's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.19 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

3.20 SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.



Note 4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

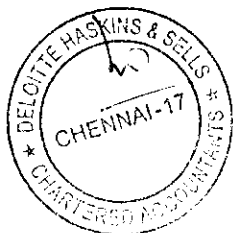
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- (i) Useful lives of Property, plant and equipment (Refer Note 3.10)
- (ii) Assets and obligations relating to employee benefits (Refer Note 3.8)
- (iii) Provision for slow moving and non moving of inventory (Refer Note 3.13)
- (iv) Valuation and measurement of income taxes and deferred taxes (Refer Note 3.9)
- (v) Provisions for disputed statutory and other matters

Determination of functional currency:

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).



Note 5 Property Plant and Equipments and Intangible Assets - current year ended 31 March 2017

Particulars	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As at 1 April 2016 Rs.	Additions Rs.	Disposals Rs.	As at 31 March 2017 Rs.	As at 1 April 2016 Rs.	For the year Rs.	Eliminated on disposal of assets Rs.	As at 31 March 2017 Rs.	As at 31 March 2016 Rs.	
A. Property Plant and Equipments										
Land - Freehold	513,910	-	-	513,910	-	-	-	513,910	513,910	
Buildings	13,291,317	79,779	-	13,371,096	2,056,590	1,740,188	-	9,574,318	11,234,727	
Plant and Machinery	68,899,465	14,572,008	3,645,575	79,925,898	17,077,717	23,449,955	1,328,294	40,726,520	51,821,748	
Electrical Fittings	1,955,714	-	-	1,955,714	899,908	397,126	-	658,680	1,055,806	
Furniture and Fixtures	1,405,464	-	-	1,405,464	524,681	359,745	-	521,038	880,783	
Computer Equipments	83,672	791,203	-	874,875	47,423	208,705	-	618,747	36,249	
Office Equipments	665,869	-	-	665,869	343,289	203,023	-	119,557	322,580	
Vehicles	10,735	-	-	10,735	-	1,111	-	9,624	10,735	
Sub Total (A)	86,826,146	15,542,990	3,645,575	98,723,561	20,949,608	26,359,853	1,328,294	52,742,394	65,876,538	
B. Intangible Assets										
Computer Software	1,542,854	-	-	1,542,854	233,076	611,186	-	698,592	1,309,778	
Sub Total (B)	1,542,854	-	-	1,542,854	233,076	611,186	-	698,592	1,309,778	
Total (A+B)	88,369,000	15,542,990	3,645,575	100,266,415	21,182,684	26,971,039	1,328,294	53,440,986	67,186,316	

Notes:

(i) Gross block as at 31 March 2017 includes Rs. 39,899,340 of assets situated at vendor locations.



Note 5 Property Plant and Equipments and Intangible Assets - previous year ended 31 March 2016

Particulars	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	As at 1 April 2015 (Refer Note (ii) below) Rs.	Additions Rs.	Disposals Rs.	As at 31 March 2016 Rs.	As at 1 April 2015 Rs.	For the year Rs.	Eliminated on disposal of assets Rs.	As at 31 March 2016 Rs.
A. Property Plant and Equipments								
Land - Freehold	513,910	-	-	513,910	-	-	-	513,910
Buildings	13,183,005	108,312	-	13,291,317	-	2,056,590	-	11,234,727
Plant and Machinery	36,649,835	32,249,630	-	68,899,465	-	17,077,717	-	51,821,748
Electrical Fittings	1,242,069	713,645	-	1,955,714	-	899,908	-	1,055,806
Furniture and Fixtures	943,989	461,475	-	1,405,464	-	524,681	-	880,783
Computer Equipments	83,672	-	-	83,672	-	47,423	-	36,249
Office Equipments	164,253	501,616	-	665,869	-	343,289	-	322,580
Vehicles	27,836	-	17,101	10,735	-	-	-	10,735
Sub Total (A)	52,808,569	34,034,678	17,101	86,826,146	-	20,949,608	-	65,876,538
B. Intangible Assets								
Computer Software	144,396	1,398,458	-	1,542,854	-	233,076	-	1,309,778
Sub Total (B)	144,396	1,398,458	-	1,542,854	-	233,076	-	1,309,778
Total (A+B)	52,952,965	35,433,136	17,101	88,369,000	-	21,182,684	-	67,186,316

Notes:

(i) Gross block as at 31 March 2016 includes Rs. 30,180,600 of assets situated at vendor locations.

(ii) The deemed cost of the property plant and equipment and intangible assets as at 1 April 2015 represents carrying value of all of its property, plant and equipment recognised as of 1 April 2015 (transition date) measured as per the previous GAAP. The carrying value as at 1 April 2015 amounting to Rs. 52,952,965 represents gross cost of Rs. 150,173,916 net of accumulated depreciation of Rs. 97,220,951 as at 31 March 2015.



Calsea Footwear Private Limited

Notes forming part of the financial statements for the year ended 31 March 2017

Note 6 (a) - Other financial assets - Non Current

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
Security deposits	827,869	1,203,330	1,443,472
Total	827,869	1,203,330	1,443,472

Note 6 (b) - Other financial assets - Current

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
(a) Security deposits	654,949	586,788	26,433
(b) Interest accrued on deposits, loans and advances	-	-	215,287
(c) Loans and advances to employees	125,000	199,170	491,828
(d) Derivative carried at fair value	8,530,748	15,422,700	15,130,438
(e) Interest Subvention Receivable from Banks	1,216,226	2,828,258	-
Total	10,526,923	19,036,916	15,863,986

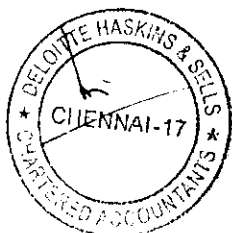


Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017
Note 7 (a) - Other Non-current assets

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
(a) Balances with / Receivable from government authorities			
VAT Refund Receivable	10,363,450	25,817,108	16,704,369
Custom Duty Refund Receivable	-	-	133,054
(b) Prepaid expenses	-	24,859	75,892
Total	10,363,450	25,841,967	16,913,315

Note 7 (b) - Other current assets

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
(a) Advances to Suppliers			
- Considered Good	4,629,839	4,953,255	66,916
- Considered Doubtful	3,320,466	-	-
	7,950,305	4,953,255	66,916
Less: Provision for Doubtful Advances	3,320,466	-	-
	4,629,839	4,953,255	66,916
(b) Balances with / Receivable from government authorities			
Custom Duty Refund Receivable	-	525,000	73,016
Export Incentive Receivable	49,079,708	31,575,835	48,371,346
(c) Prepaid Expenses	785,075	1,972,435	2,196,364
Total	54,494,622	39,026,525	50,707,642



Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017

Note 8 - Inventories

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
(a) Raw materials (including goods in transit of Rs. 3,371,747 (As at 31 March 2016 - Rs. Nil) (As at 1 April 2015 - Rs. Nil)	146,810,503	177,978,426	103,461,086
(b) Work-in-progress (Shoes, Shoe Uppers)	25,085,135	43,676,692	23,967,458
(c) Finished Goods	70,037,741	59,868,776	51,427,114
(d) Consumables, Stores and Spares	7,176,375	9,503,187	8,676,050
Total	249,109,754	291,027,081	187,531,708
Notes:			
1. The cost of inventories recognised as an expenses during the year	563,655,174	520,788,625	421,812,762
2. The cost of inventories recognised as an expense in respect of write downs of inventory to net realisable value, included in (1) above.	11,859,357	6,278,233	5,883,210
3. The mode of valuation of inventories has been stated in Note 3.13			



Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017

Note 9 - Trade receivables (Unsecured, considered good)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
Receivables from related parties (Refer Note 32)	85,395,246	312,777,126	126,557,511
Others	7,625,880	29,091,856	19,608,551
Total	93,021,126	341,868,982	146,166,062

Notes:

1. The average credit period on sales of goods is 40 to 45 days. No interest is charged on trade receivable till the date the invoice becomes due. Out of the trade receivable as at 31 March 2017 of Rs. 93,021,126 (As at 31 March 2016 : Rs. 341,868,982), Rs. 85,489,611 (As at 31 March 2016: Rs. 311,262,658) is due from the Company's three largest customers. There are no other customers who represent more than 5% of the total balance of Trade Receivables.

2. The age of the receivables is as under:

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
<u>Age of receivables</u>			
Within the credit period	81,759,901	128,537,024	128,479,969
1-30 days past due date	8,440,484	41,507,009	11,693,285
31-60 days past due date	621,358	20,841,191	1,900,159
61-90 days past due date	950,570	4,284,372	1,169,328
More than 90 days past due date	1,248,813	146,699,386	2,923,321
Total	93,021,126	341,868,982	146,166,062



Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017

Note 10(a) - Cash and Cash Equivalents

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
(a) Cash on hand (Refer Note 30)	3,717	31,077	25,708
(b) Balances with banks			
- In Current Accounts	5,546,654	1,936,613	3,003,808
- In EEFC Accounts	480,352	108,434	114,736
- In Deposit Account - original maturity of 3 months or less	5,000,000	-	-
	11,030,723	2,076,124	3,144,252

Note 10(b) - Bank Balances other than Cash and Cash Equivalents

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
Other bank balances (with more than 3 months but less than 12 months maturity)			
- In deposit accounts under lien	3,700,000	5,000,000	3,551,564
	3,700,000	5,000,000	3,551,564



Note 11 - Share capital

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number of shares	(Rs.)	Number of shares	(Rs.)	Number of shares	(Rs.)
(a) Authorised Equity shares of Rs.10 each with voting rights	19,000,000	190,000,000	13,000,000	130,000,000	5,500,000	55,000,000
	19,000,000	190,000,000	13,000,000	130,000,000	5,500,000	55,000,000
(b) Issued, subscribed and fully paid up Equity shares of Rs.10 each with voting rights	18,435,087	184,350,870	12,808,567	128,085,670	5,459,962	54,599,620
Total	18,435,087	184,350,870	12,808,567	128,085,670	5,459,962	54,599,620

Refer Notes (i) to (v) below

Notes:

(i) Reconciliation of the number of shares issued and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April 2015	
	Number of shares	(Rs.)	Number of shares	(Rs.)	Number of shares	(Rs.)
Equity shares with voting rights						
Opening Balance	12,808,567	128,085,670	5,459,962	54,599,620	5,459,962	59,599,620
Add: Issued During the Year	5,626,520	56,265,200	7,348,605	73,486,050	-	-
Closing Balance	18,435,087	184,350,870	12,808,567	128,085,670	5,459,962	59,599,620

(ii) Details of shares held by the holding company:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Number of shares	Number of shares	Number of shares
Move On Components de Calcado, S.A., Portugal the Holding Company (Equity Shares of Rs. 10 each)	18,425,087	12,798,567	5,449,962

(iii) Details of shares held by each shareholder holding more than 5%

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016		As at 1 April 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Move On Components de Calcado, S.A., Portugal the Holding Company (Equity Shares of Rs. 10 each)	18,425,087	99.95%	12,798,567	99.92%	5,449,962	99.82%

(iv) Disclosure of Rights

The Company has issued only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

(v) Issue of Shares

During the year ended 31 March 2017, the Company proposed a Rights Issue of Equity Shares to the existing Shareholders of the Company. Pursuant to the exercise of the rights by Move On Components de Calcado, S.A, the Holding Company, the Board of Directors at their meeting held on 30 March 2017 issued and allotted 5,626,520 equity shares of Rs. 10 each to M/s. Move On Components de Calcado S.A., Portugal, (Holding Co.) at Par.



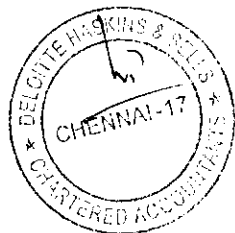
Calsea Footwear Private Limited

Notes forming part of the financial statements for the year ended 31 March 2017

Note 12 Other Equity

Particulars	As at 31 March, 2017 (Rs.)	As at 31 March, 2016 (Rs.)	As at 1 April, 2015 (Rs.)
Retained Earnings	(167,012,737)	(87,500,341)	(32,481,876)
Total	(167,012,737)	(87,500,341)	(32,481,876)

Particulars	As at 31 March, 2017 (Rs.)	As at 31 March, 2016 (Rs.)
12.1 Retained Earnings		
Opening balance	(87,500,341)	(32,481,876)
(Loss) for the year	(81,894,434)	(55,702,312)
Add: Other comprehensive income arising from remeasurement of defined benefit obligation	2,382,038	683,847
Total	(167,012,737)	(87,500,341)



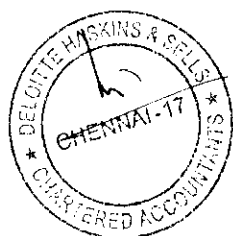
Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017
Note 13 - Current Borrowings

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
	(Rs.)	(Rs.)	(Rs.)
Secured - at amortised cost			
Loans from Banks:			
- Repayable on Demand (Note (i) below)	49,347,226	36,462,703	78,197,421
- Others (Note (ii) below)	119,000,000	85,035,763	108,397,329
Total (Secured)	168,347,226	121,498,466	186,594,750
Unsecured - at amortised cost			
Loans from Related Parties (Note (iii) below)	130,000,000	110,000,000	100,000,000
Total (Unsecured)	130,000,000	110,000,000	100,000,000
Total	298,347,226	231,498,466	286,594,750

Note:

Details in respect of Current Borrowings are as under :-

Repayment Terms	Other Terms	Interest Rate
(i) Loans are Repayable on Demand	Secured by hypothecation of Inventory, Receivables ranking pari passu with other secured loans and by equitable mortgage of Factory Land and building, Plant and Machinery as collateral cover for the exposure.	MCLR+0.95% (weighted average interest rate during the year ended 31 March 2017 - 6.72%)
(ii) Loans are repayable with in 180 days or expiry of LCs, whichever is earlier	Secured by hypothecation of Inventory, Receivables ranking pari passu with other secured loans. In addition, Letter of comfort from Tata International Limited has been provided in connection with the facility.	MCLR+0.55% (weighted average interest rate during the year ended 31 March 2017 - 7.13%)
(iii) Repayable at the end of 12 months from Drawdown (Repayable in December 2017)	Letter of Comfort from Tata International Limited has been provided in connection with the facility.	10.70%



Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017
Note 14 Trade Payables

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1st April, 2015
	(Rs.)	(Rs.)	(Rs.)
Dues to Micro Enterprises & Small Enterprises (Refer Note 25.1)	-	-	-
Others	166,976,357	511,611,179	158,604,519
Total	166,976,357	511,611,179	158,604,519

Note 15 - Other financial liabilities - Current

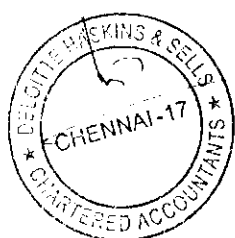
Interest accrued but not due on borrowings	3,155,474	3,008,275	2,812,500
Total	3,155,474	3,008,275	2,812,500

Note 16 - Provisions - Current

(a) Provision for Compensated absences	2,423,472	2,918,835	3,072,015
(b) Provision for Gratuity	481,486	943,608	510,133
(c) Provision for disputed statutory and other matters	-	953,692	1,500,000
Total	2,904,958	4,816,135	5,082,148

Note 17 - Other Current Liabilities

(a) Advances received from customers	437,117	3,066,481	904,062
(b) Statutory Dues (Excise duty, service tax, sales tax, TDS etc.)	1,927,163	1,410,262	2,599,145
Total	2,364,280	4,476,743	3,503,207



Calsea Footwear Private Limited

Notes forming part of the financial statements for the year ended 31 March 2017

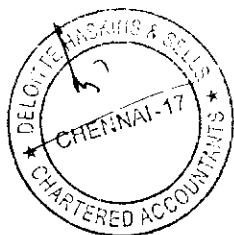
Note 18 - Revenue from operations

Particulars	For the year ended 31 March, 2017	For the year ended
	(Rs.)	(Rs.)
(a) Sale of Products - Export	727,575,454	662,418,022
(b) Sale of Products (Shoes) - Domestic (Refer Note (ii) below)	18,081,630	35,687,847
(c) Sale of services	-	5,233,535
(d) Other Operating Revenue		
- Sale of scrap	289,789	609,468
- Export Benefits	100,863,318	81,901,988
Total	846,810,191	785,850,860
Notes:		
(i) Sale of Products - Export comprises:		
- Shoes	636,326,512	550,255,430
- Shoe Uppers	91,248,942	112,162,592
	727,575,454	662,418,022
(ii) Sale of Products - Domestic includes Excise Duty	2,687,688	4,075,515

(iii) Discounts amounting to Rs. 16,149,713 (Previous year Rs. 5,687,658) provided for quality/other reasons to customers through credit notes are netted against the sale revenue.

Note 19 - Other Income

(a) Interest from bank deposit	317,995	290,858
(b) Other interest	-	62,015
(c) Net gain on sale of fixed asset	-	320,995
(d) Liabilities no longer required written back	2,403,143	-
(e) Net gain on foreign currency transactions and translation	6,984,234	22,164,858
(f) Miscellaneous income (net)	1,192,070	1,218,079
Total	10,897,442	24,056,805



Calsea Footwear Private Limited

Notes forming part of the financial statements for the year ended 31 March 2017

Note 20 - Cost of Materials

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	(Rs.)	(Rs.)
Raw material consumed		
Opening stock	177,978,426	103,461,086
Add: Purchases	551,182,048	634,692,487
Less: Sale of raw materials	25,465,528	8,507,412
Less: Closing stock	146,810,503	177,978,426
Total	556,884,443	551,667,735

Note 21 - Changes in Inventories

Work in progress		
Opening stock	43,676,692	23,967,458
less: Closing stock	25,085,135	43,676,692
Total - Work in progress	18,591,557	(19,709,234)
Finished Goods		
Opening stock	59,868,776	51,427,114
less: Closing stock	70,037,741	59,868,776
Total - Finished Goods	(10,168,965)	(8,441,662)
Total (A)	8,422,592	(28,150,896)
Increase / (Decrease) of excise duty on inventory (B)	(1,651,861)	(2,728,214)
Net Changes in inventories of finished goods and work-in-progress (A) + (B)	6,770,731	(30,879,110)

Note 22 - Employee Benefit Expense

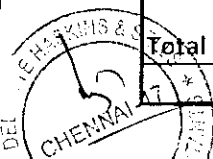
(a) Salaries and Wages	61,897,466	64,640,936
(b) Contribution to Provident and Other Funds	7,069,212	7,100,004
(c) Staff Welfare Expenses	3,542,172	3,176,203
Total	72,508,850	74,917,143

Calsea Footwear Private Limited
Notes forming part of the financial statements for the year ended 31 March 2017
Note 23 - Finance costs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	(Rs.)	(Rs.)
Interest expense on:		
(a) Borrowings	24,078,424	25,683,076
(b) Other delayed payments	10,149,354	-
(c) Others		
- Interest on Bill Discounting	138,939	324,565
- Others	3,560	146
Total	34,370,277	26,007,787

Note 24 - Other Expenses

(a) Consumables	14,432,918	15,785,152
(b) Job work charges	112,607,635	99,788,911
(c) Freight Inward	5,363,676	5,449,601
(d) Power and fuel	6,348,361	6,698,081
(e) Rent including lease rentals	2,168,141	1,987,252
(f) Repairs and maintenance - Machinery	4,948,208	3,964,848
(g) Repairs and maintenance - Others	3,793,926	2,898,151
(h) Insurance	1,168,238	895,925
(i) Rates and taxes	1,953,569	2,050,768
(j) Communication	786,157	939,225
(k) Travelling and Conveyance	2,576,975	2,141,776
(l) Printing and stationery	943,023	827,739
(m) Legal and professional	3,992,352	5,950,966
(n) Payments to auditors		
- Statutory Audit	900,000	900,000
- Tax Audit	100,000	100,000
- Group Reporting	250,000	150,000
- Other Services	450,000	-
- Service Tax	255,000	170,773
- Reimbursement of Expenses	20,440	27,485
(o) Freight outward	43,232,578	25,612,399
(p) Export Commission	7,335,892	19,053,493
(q) Testing/Inspection Charges	2,136,412	4,619,610
(r) Royalty	1,864,577	853,135
(s) Provision for Doubtful Advances	3,320,466	-
(t) Bank Charges	7,274,503	4,605,940
(u) Miscellaneous Expenses	11,185,992	13,166,993
Total	239,409,039	218,638,223



Calsea Footwear Private limited**Notes forming part of the financial statements for the year ended 31 March 2017****Note 25: Additional Information to the Financial Statements****25.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Information regarding which of the Trade payables constitute Micro, Small and Medium Enterprises (MSMEs) under the Micro, Small and Medium Enterprises Development Act, 2006 has been compiled by the Management to the extent possible by obtaining the information from the Suppliers. Based on declarations received from the suppliers, no supplier is registered under the said Act as at 31 March 2017 and 31 March 2016 and hence the disclosure requirements of the said Act are not applicable.

25.2 Value of Imports calculated on CIF basis:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	(Amount in Rs.)	(Amount in Rs.)
Raw materials - Leather	102,366,456	134,142,565
- Other Materials	125,529,289	90,145,531
Consumables	2,424,462	4,517,304
Capital goods	14,434,450	30,203,326

25.3 Expenditure in Foreign Currency

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	(Amount in Rs.)	(Amount in Rs.)
Export Commission	7,335,892	19,053,493
Travel	1,145,802	434,125
Testing Charges	1,275,536	1,743,560
Freight Outwards	13,060,583	-
Director Remuneration	-	2,542,493
Others	6,478,648	4,681,702

25.4 Earnings in Foreign Currency

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	(Amount in Rs.)	(Amount in Rs.)
Export of goods calculated on FOB basis	727,575,454	662,418,022
Others (Sale of Raw Material)	8,493,975	8,501,354



Calsea Footwear Private limited

Notes forming part of the financial statements for the year ended 31 March 2017

25.5 Details of consumption of Raw Material and Consumables				
Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	(Amount in Rs.)		(Amount in Rs.)	
Imported :				
Raw materials				
- Leather	124,353,461		167,013,879	
- Synthetic lining	48,886,687		28,492,379	
- Others	86,984,820		82,799,162	
Consumables	2,865,778		2,404,053	
	263,090,746		280,709,473	
Indigenous :				
Raw materials				
- Leather	176,417,306		164,017,389	
- Synthetic lining	26,772,254		27,336,231	
- Others	93,469,915		82,008,695	
Consumables	11,567,140		13,381,099	
	308,226,615		286,743,414	
Totals:				
Raw materials	556,884,443		551,667,735	
Consumables	14,432,918		15,785,152	
Total Consumption of Raw Materials and consumables	571,317,361		567,452,887	

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Amount in Rs.	%	Amount in Rs.	%
Raw Material				
- Imported	260,224,968	46.73%	278,305,420	50.45%
- Indigenous	296,659,475	53.27%	273,362,315	49.55%
	556,884,443	100.00%	551,667,735	100.00%
Consumables				
- Imported	2,865,778	19.86%	2,404,053	15.23%
- Indigenous	11,567,140	80.14%	13,381,099	84.77%
	14,432,918	100.00%	15,785,152	100.00%



Calsea Footwear Private limited**Notes forming part of the financial statements for the year ended 31 March 2017****Note 26 : Segment Reporting**

The Company has a single operating segment, namely, Manufacture and Sale of Shoes and Shoes Uppers, and the information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

26.1 Geographical Information:

The Company operates in three principal geographical areas - India (country of domicile), Europe and Asia Pacific. The Company's revenue from operation from external customers by location of operations and information about its non-current assets by locations of asset are detailed below:

(Amount in Rs.)

Particulars	Revenue from external customers		Non- Current Assets *	
	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2017	For the year ended 31 March 2016
Asia Pacific	40,846,009	29,689,128	-	-
Europe	513,947,662	548,408,920	-	-
India	119,234,737	123,432,838	66,506,565	97,386,559
Others	172,781,783	84,319,974	-	-
Total	846,810,191	785,850,860	66,506,565	97,386,559

* Non current assets excludes income tax assets

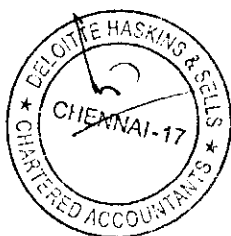
26.2 Information about Major customers :

Included in revenues arising from direct sales of goods of Rs. Rs. 745,657,084 (Previous Year: Rs. 698,105,869) are revenues of Rs. 655,307,528 (Previous Year: Rs.519,658,224) which arose from sales to the Company's 3 largest customers. No other single customers contributed 10% or more the Company's revenue during the years ended 31 March 2017 and 31 March 2016.

Note 27 : Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the year ended 31 March 2017 Rs.	For the year ended 31 March 2016 Rs.
(Loss) for the year attributable to equity shareholders of the Company	(81,894,434)	(55,702,312)
Weighted average number of equity shares for the purpose of calculating Basic & Diluted EPS	12,839,397	5,520,196
Earnings per share from operations - Basic and Diluted	(6.38)	(10.09)



Calsea Footwear Private limited
Notes forming part of the financial statements for the year ended 31 March 2017

Note 28 : Operating Leases

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)
Operating Lease The Company has entered into Rental Agreements for its office, factory premises & staff quarters on rent for tenures ranging between 11 months to 3 years, which are in the nature of operating leases, renewable by mutual consent on agreed terms.			
(a) Future Non-Cancellable minimum lease commitments:			
not later than one year	73,000	1,700,725	1,814,000
later than one year and not later than five years	-	1,489,800	2,390,808
later than five years	-	-	-
	73,000	3,190,525	4,204,808
Particulars	For the Year Ended 31 March 2017	For the Year ended 31 March 2016	
(b) Total lease payments charged to the statement of profit and loss	2,168,141	1,987,252	

Note 29 : Commitments and Contingencies

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)
A. Commitments			
- Bank Guarantees	700,000	700,000	751,564
B. Contingencies			
- Disputed Claims and Demands from Statutory authorities (Refer Notes (a) and (b) below)	14,245,917	14,245,917	823,882
- Disputed Vendor claims	-	445,499	445,499

Notes:

- (a) During the year ended 31 March 2012, the Company received a notice from the office of Assistant Commissioner of Central Excise, stating that the service provided by the Non-resident lender for processing and sanctioning commercial loan falls under the category "Banking and other Financial Services" and that service tax on this value has to be paid by the Company. The Company replied to this letter stating that no such services (processing and lending) were received by the Company for the ECB loan obtained from the Holding Company. The Company has not received any response to the letter filed. The Company believes that they have a good case on this account.
- (b) During the previous year ended 31 March 2016, the Company had received a draft assesment order on the Income Tax and Transfer pricing proceeding relating to the financial year 2011-12. The department has also issued show cause notice for initiating penal proceedings under section 271(1)(c). During the current year ended 31 March 2017, the Company has received the Assessment Order for the aforesaid financial year, resulting in a demand of Rs. 13,939,940 (after adjusting TDS of Rs. 305,977). The Company has made a deposit of Rs. 2,090,991 under protest and has preferred an appeal against the Assessment Order before the Commission of Income Tax (Appeals), which is pending. The Company believes that they have a good case on this account and is confident of succeeding in its appeal.

Note 30 : Disclosure relating to Specified Bank Notes (SBNs)

The disclosures in respect of the Ministry of Corporate Affairs' notification dated 30 March 2017 with regard to Specified Bank Notes (SBN) are as under:

Particulars	SBNs (Rs.)	Other Denomination Notes (Rs.)	Total (Rs.)
Closing Cash in Hand as on 8 November 2016	50,000	-	50,000
Add: Permitted receipts	-	369,211	369,211
Less: Permitted payments	-	314,280	314,280
Less: Amount deposited in Banks	50,000	-	50,000
Closing Cash in Hand as on 30 December 2016	-	54,931	54,931



Note 31 : Employee benefits

(I) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to the plan by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating Rs. 5,149,296 (Previous Year: Rs.5,297,145) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

Particulars	For the year ended 31 March 2017 (Rs.)	For the year ended 31 March 2016 (Rs.)
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	1,843,484	1,789,805
- Past service cost and (gains)/losses from settlements		-
Net interest expense	76,432	13,054
Components of defined benefit costs recognised in profit or loss	1,919,916	1,802,859
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	6,043	244,405
Actuarial gains and loss arising from changes in financial assumptions	(2,388,081)	(928,252)
Components of defined benefit costs recognised in other comprehensive income	(2,382,038)	(683,847)
Total	(462,122)	1,119,012

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	As at 31 March 2017 (Amount in Rs.)	As at 31 March 2016 (Amount in Rs.)	As at 01 April 2015 (Amount in Rs.)
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March			
1. Present value of defined benefit obligation as at 31 March	9,479,639	9,577,815	8,219,338
2. Fair value of plan assets as at 31 March	8,998,153	8,634,207	7,709,205
3. Surplus/(Deficit)	(481,486)	(943,608)	(510,133)
4. Current portion of the above	(481,486)	(943,608)	(510,133)
5. Non current portion of the above	-	-	-



Note 31 : Employee benefits

(c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	(Amount in Rs.)	(Amount in Rs.)
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	9,577,815	8,219,338
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	1,843,484	1,789,805
- Interest Expense (Income)	762,982	635,696
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	-	-
iii. Experience Adjustments	(2,388,081)	(928,252)
Benefit payments	(316,561)	(138,772)
Present value of defined benefit obligation at the end of the year	9,479,639	9,577,815

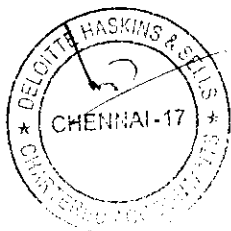
(d) Movement in fair value of plan assets are as follows :

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	(Amount in Rs.)	(Amount in Rs.)
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	8,634,207	7,709,205
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	686,550	718,433
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial gains and loss arising from changes in financial assumptions	(6,043)	(340,196)
Contributions by employer	-	685,537
Benefit payments	(316,561)	(138,772)
Fair value of plan assets at the end of the year	8,998,153	8,634,207

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)
Investment Funds with Insurance Company			
-Life Insurance Corporation of India	100%	100%	100%

(i) None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity



Note 31 : Employee benefits

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	As at 31 March 2017 (Amount in Rs.)	As at 31 March 2016 (Amount in Rs.)	As at 1 April 2015 (Amount in Rs.)
Discount rate	7.20%	8.10%	7.80%
Expected rate of salary increase	7.00%	9%	9%
Expected return on plan assets	7.20%	8%	9%
Expected average remaining working life *	18.7 years	17.1 years	17.5 years
Mortality	IALM 2006-08(Ult)	IALM 2006-08(Ult)	IALM 2006-08(Ult)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

(i) If the discount rate is 100 basis point higher (lower) the defined benefit obligation would decrease by Rs.1,388,463 (increase by Rs.1,719,286) (As at 31 March 2016 ; decrease by Rs.1,352,779 (increase by Rs.1,673,087) (As at 1 April 2015; decrease by Rs.1,206,208 (increase by Rs.1,502,800)

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by Rs.16,81,163 (decrease by Rs.13,79,992) (As at 31 March 2016 ; increase by Rs.16,27,257 (decrease by Rs.13,41,916) (As at 1 April 2015; increase by Rs. 14,46,527 (decrease by Rs. 11,89,499)

(iii) If the life expectancy increases(decreases) by one year for men and women the defined benefit obligation would (decrease by Rs.3,427) (As at 31 March 2016 ; increase by Rs.265 (As at 1 April 2015; increase by Rs.1,142)

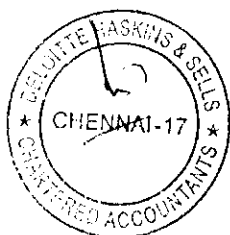
The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

(g) Experience Adjustments:

Experience Adjustments	For the period ended 31 March 2017 (Amount in Rs.)	For the period ended 31 March 2016 (Amount in Rs.)	For the period ended 31 March 2015 (Amount in Rs.)	For the year ended 31 March 2014 (Amount in Rs.)	For the year ended 31 March 2013 (Amount in Rs.)
Defined Benefit Obligation	9,479,639	9,577,815	8,219,338	5,680,875	5,268,820
Fair value of plan assets	8,998,153	8,634,207	7,709,205	6,330,883	2,884,339
Surplus/(Deficit)	(481,486)	(943,608)	(510,133)	650,008	(2,222,203)
Experience adjustment on plan liabilities [(Gain)/Loss]	672,492	463,574	(141,782)	(70,650)	489,028
Experience adjustment on plan assets [Gain/(Loss)]	(6,043)	(340,196)	37,458	(196,140)	(47,109)



Note 32: Related Party Transactions

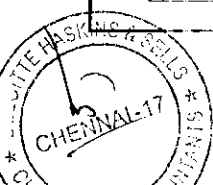
(a) Names of Related Parties and Nature of Relationship

Particulars	Year Ended 31 March 2017	Year Ended 31 March 2016
Ultimate Holding Company	Tata Sons Limited	Tata Sons Limited
Subsidiaries of Ultimate Holding Company	Tata International Limited Tata Capital Financial Services Limited Monroa Portugal, Comércio E Serviços, Unipessoal LDA	Tata International Limited Tata Capital Financial Services Limited Monroa Portugal, Comércio E Serviços, Unipessoal LDA
Holding Company	Move on - Components de Calçado Lda	Move on - Components de Calçado Lda
Entities Under Common Control	Bachi Shoes Limited Euro Shoe Components Limited	Bachi Shoes Limited Euro Shoe Components Limited
Key Management Personnel	Mr. V. Muthukumaran, Director (from 18th January 2017)	Mr. Jose Alberto Alves Pinto De Sa, Director (Upto 14-August 2015)

Related party relationships are as identified by the Management

(b) Details of Transactions

Transaction	Related Party	2016-2017 Rs.	2015-2016 Rs.
Income			
Export Sales (net of discounts)	Move on - Components de Calçado Lda Monroa Portugal, Comércio E Serviços, Unipessoal LDA	496,194,967 30,142,675	308,466,326 67,060,547
Domestic Sales	Tata International Limited Euro Shoe Components Limited Bachi Shoes Limited	9,977,762 6,319,570 1,524,564	987,477 - -
Job Work Receipts	Bachi Shoes Limited	-	5,233,535
Recovery of Expenses	Euro Shoe Components Limited	-	4,000,000
Expenses			
Purchase of Raw Materials	Move on - Components de Calçado Lda Tata International Limited Bachi Shoes Limited Euro Shoe Components Limited	88,627,138 91,346,792 52,696,932 48,965,896	56,484,639 175,911,402 41,348,220 27,227,089
Export Commission	Move on - Components de Calçado Lda	6,118,535	14,091,553
Service charges	Tata International Limited Bachi Shoes Limited	150,276 901,282	24,201 -
Job Work Charges	Bachi Shoes Limited Euro Shoe Components Limited	- 18,118,200	2,077 14,460,078
Reimbursement of Expenses	Move on - Components de Calçado Lda Tata International Limited	12,565,736 251,794	3,618,626 3,332,116
Interest on Short Term Borrowings	Tata Capital Financial Services Limited Bachi Shoes Limited	12,432,808 219,178	11,445,774 61,370
Interest on Delayed Payment to Suppliers	Tata International Limited	10,149,354	-
Other Expenses	Move on - Components de Calçado Lda Monroa Portugal, Comércio E Serviços, Unipessoal LDA	- -	45,868 388,411
Remuneration to Director	Mr. Jose Alberto Alves Pinto De Sa Mr.V. Muthukumaran (Refer Note (iii) below)	- -	2,542,493 -
Other Transactions			
Issue of Equity Shares	Move on - Components de Calçado Lda	56,265,200	73,486,050
Sale of Fixed Assets	Bachi Shoes Limited	2,317,281	-
Purchase of Fixed Assets	Move on - Components de Calçado Lda Euro Shoe Components Limited	8,935,362 3,937	20,984,344 119,700
Purchase of Software License	Tata International Limited	-	1,398,458
Loans Repaid	Tata Capital Financial Services Limited Bachi Shoes Limited	110,000,000 125,000,000	100,000,000 110,000,000
Loans Taken	Tata Capital Financial Services Limited Bachi Shoes Limited	130,000,000 125,000,000	110,000,000 110,000,000



Calsea Footwear Private Limited

Notes forming part of the financial statements for the year ended 31 March 2017

Balances at Year End:	As at 31 March 2017 Rs.	As at 31 March 2016 Rs.	As at 1 April 2015 Rs.
<u>Trade Receivables</u>			
Move on - Componentes de Calçado Lda	78,103,657	292,957,142	123,859,443
Bachi Shoes Limited	1,376,400	-	2,648,389
Tata International Limited	5,915,189	984,917	49,679
Monroa Portugal, Comércio E Serviços, Unipessoal LDA	-	18,835,067	-
<u>Trade Payables</u>			
Tata International Limited	5,868,606	250,119,873	63,641,156
Move on - Componentes de Calçado Lda	41,425,533	53,508,022	8,566,221
Monroa Portugal, Comércio E Serviços, Unipessoal LDA	-	400,109	-
Bachi Shoes Limited	14,374,611	37,813,888	-
Euro Shoe Components Limited	3,195,853	39,466,582	17,691,308
Mr. Jose Alberto Alves Pinto De Sa	-	-	1,012,656
<u>Short Term Borrowings</u>			
Tata Capital Financial Services Limited	130,000,000	110,000,000	100,000,000
<u>Interest Accrued but Not Due</u>			
Tata Capital Financial Services Limited	3,155,474	3,008,275	2,812,500

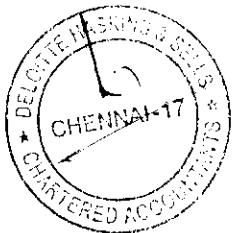
Notes:

(i) The Company accounts for costs incurred by the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2017, there are no further amounts payable to / receivable from them, other than as disclosed above.

(ii) Tata International Limited has given comfort letters in respect of short term borrowings taken by the Company. Refer Note 13.

(iii) Mr. V. Muthukumaran, an employee of Bachi Shoes Limited, has been appointed as a Director in the Company with effect from 18 January 2017.

(iv) Also Refer Note 36.



Note 33 (a) : Financial Instruments

(I) Capital Management

The Company manages its capital by optimisation of the debt and equity balance. The capital structure of the Company consists of debt and total equity. The Company is not subject to any externally imposed capital requirement. In order to maintain the capital structure in consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio.

Gearing Ratio :

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Debt	298,347,226	231,498,466	286,594,750
Cash and Bank Balance	(14,730,723)	(7,076,124)	(6,695,816)
Net Debt	283,616,503	224,422,342	279,898,934
Total Equity	17,338,133	40,585,329	22,117,744
Net Debt to equity ratio	16.36	5.53	12.65

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Measured at fair value through profit or loss (FVTPL)			
- Security Deposits	1,482,818	1,790,118	1,469,905
- Derivative Assets	8,530,748	15,422,700	15,130,438
Measured at amortised cost			
- Cash and Bank balances	14,730,723	7,076,124	6,695,816
- Trade receivables	93,021,126	341,868,982	146,166,062
- Other financial assets	1,341,226	3,027,428	707,115

(b) Financial Liabilities :

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Measured at fair value through profit or loss (FVTPL)			
- Derivative Liabilities	-	-	-
Measured at amortised cost			
- Borrowings	298,347,226	231,498,466	286,594,750
- Trade Payables	166,976,357	511,611,179	158,604,519
- Other financial liabilities	3,155,474	3,008,275	2,812,500

(III) Financial Risk Management Framework

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of the currency risks by using derivative financial instruments to hedge the risk exposures.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.



Note 33 (a) : Financial Instruments

(IV) Foreign Currency Risk Management :

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows :

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade Receivables	USD	18,287	11,089	-
	EUR	1,199,847	4,403,290	2,014,240
Trade Payables	USD	49,611	58,888	18,515
	EUR	1,053,707	1,052,072	196,835
Advance made	USD	47,347	30,790	4,280
	EUR	38,631	16,042	433
Advance Received	USD	3,700	46,229	-
	EUR	4,444	-	13,394

Of the above foreign currency exposures, the following exposures are not hedged:

Particulars	Currency	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade Receivables	USD	-	786	921
	EUR	-	749	846
Trade Payables	USD	49,611	58,888	18,515
	EUR	1,053,707	1,052,072	196,835
Advances made	USD	47,347	30,790	4,280
	EUR	38,631	16,042	433
Advances Received	USD	3,700	46,229	-
	EUR	4,444	-	13,394

(V) Foreign Currency sensitivity analysis:

The Company is mainly exposed to the currency of Europe and North America.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies. 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectation of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates a increase in profit / decrease in loss and increase in equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or loss and equity and balance below would be negative.

(i) Impact of USD

Particulars	2016-17	2015-16	As at 1 April 2015
Impact on Loss for the year	(3,778)	2,450	NA
Impact on total equity as at the end of the reporting period	(616)	3,162	712

(ii) Impact of Euro

Particulars	2016-17	2015-16	As at 1 April 2015
Impact on Profit or Loss for the year	159,347	(78,141)	NA
Impact on total equity as at the end of the reporting period	(9,016)	(168,363)	(90,727)

Notes :

This is mainly attributable to the exposure of receivable and payable outstanding in the above mentioned currencies to the Company at the end of the reporting period.



Note 33 (a) : Financial Instruments

(VI) Forward foreign exchange contracts :

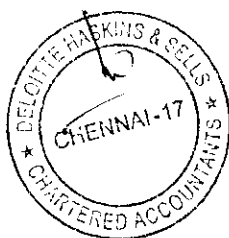
It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 70% to 80% of the exposure generated. The Company also enters into forward exchange contracts to manage the risk associated with anticipated sales and purchase transactions within 40% to 50% of the exposure generated.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period :

Outstanding Contracts	Average Exchange Rate		Foreign Currency		Nominal Amounts		Fair Value asset (liabilities)	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	(Amount in Rs.)							
Sell EUR								
Maturing less than 3 months	71.37	77.98	1,200,000	1,200,000	85,644,000	93,576,000	3,216,000	4,665,000
Maturing in 3 months to 6 months	72.74	75.95	1,000,000	900,000	72,740,000	68,355,000	1,974,756	1,665,375
Maturing in 6 months to 9 months	73.68	77.43	700,000	900,000	51,576,000	69,687,000	2,273,687	3,003,375
Maturing in 9 months to 12 months	-	78.83	-	900,000	-	70,947,000	-	4,304,700
Sell USD								
Maturing in 3 months to 6 months	69.54	69.16	749,000	112,500	52,085,460	7,780,500	877,828	370,125
Maturing in 6 months to 9 months	70.15	70.24	161,000	137,500	11,294,150	9,658,000	188,477	605,125
Maturing in 9 months to 12 months	-	71.26	-	150,000	-	10,689,450	-	809,000

(Amount in Rs.)

Outstanding Contracts	Average	Foreign	Nominal	Fair Value
	exchange rate	Currency	Amounts	asset
	01-Apr-15	01-Apr-15	01-Apr-15	(liabilities)
Sell EUR				
Maturing less than 3 months	79.49	500,000	39,745,000	6,265,313
Maturing in 3 months to 6 months	68.81	1,150,000	79,131,500	2,382,875
Maturing in 6 months to 9 months	70.18	900,000	63,162,000	2,843,250
Maturing in 9 months to 12 months	71.49	750,000	53,617,500	3,639,000



Note 33 (a) : Financial Instruments

(VII) Liquidity Risk Management :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Weighted average interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	5 years and above	Total
	%	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
As at 31 March 2017							
Fixed Interest Rate Borrowings:							
- From Banks	6.85%	49,347,226	-	119,000,000	-	-	168,347,226
- From Related Parties	10.70%	-	-	130,000,000	-	-	130,000,000
- Interest Accrued but not Due	NA	-	-	3,155,474	-	-	3,155,474
Total		49,347,226	-	252,155,474	-	-	301,502,700
As at 31 March 2016							
Fixed Interest Rate Borrowings:							
- From Banks	7.74%	36,462,703	-	85,035,763	-	-	121,498,466
- From Related Parties	10.85%	-	-	110,000,000	-	-	110,000,000
- Interest Accrued but not Due	NA	-	-	3,008,275	-	-	3,008,275
Total		36,462,703	-	198,044,038	-	-	234,506,741

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Weighted average interest rate	Less than 1 month	1-3 months	3 months to 1 year	1 to 5 years	5 years and above	Total
	%	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
As at 31 March 2017							
Non-interest bearing	NA	11,030,723	25,887,012	77,661,037	827,869	-	115,406,641
Fixed interest rate instruments		-	-	3,700,000	-	-	3,700,000
Total		11,030,723	25,887,012	81,361,037	827,869	-	119,106,641
As at 31 March 2016							
Non-interest bearing	NA	2,076,124	90,226,475	270,679,424	1,203,330	-	364,185,352
Fixed interest rate instruments		-	-	5,000,000	-	-	5,000,000
Total		2,076,124	90,226,475	275,679,424	1,203,330	-	369,185,352



Note 33 (b) - Fair Value Measurement

This note provides information about how the Company determines fair value of various financial assets and liabilities

(I) Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and liabilities are determined :

(Amount in Rs.)

Financial assets/Financial liabilities	Fair Value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	31-Mar-17	31-Mar-16	01-Apr-15		
1. Security Deposit	1,482,818	1,790,118	1,469,905	Level 3	Effective interest rate method
2. Derivative assets / (liabilities) arising out of forward foreign exchange contracts	8,530,748	15,422,700	15,130,438	Level 2	Mark to market valuation

(II) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring) :

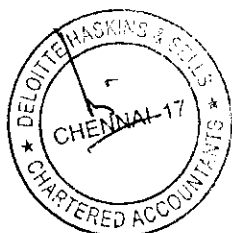
(Amount in Rs.)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost:						
- Cash and Bank balances	14,730,723	14,730,723	7,076,124	7,076,124	6,695,816	6,695,816
- Trade receivables	93,021,126	93,021,126	341,868,982	341,868,982	146,166,062	146,166,062
- Other financial assets	1,341,226	1,341,226	3,027,428	3,027,428	707,115	707,115
	109,093,075	109,093,075	351,972,534	351,972,534	153,568,993	153,568,993
Financial liabilities held at amortised cost :						
- Borrowings	298,347,226	298,347,226	231,498,466	231,498,466	286,594,750	286,594,750
- Trade Payables	166,976,357	166,976,357	511,611,179	511,611,179	158,604,519	158,604,519
- Other financial liabilities	3,155,474	3,155,474	3,008,275	3,008,275	2,812,500	2,812,500
	468,479,057	468,479,057	746,117,920	746,117,920	448,011,769	448,011,769

(III) Fair value hierarchy as at 31 March 2017

(Amount in Rs.)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Cash and Bank balances	14,730,723	-	-	14,730,723
- Trade receivables	-	-	93,021,126	93,021,126
- Other financial assets	-	-	1,341,226	1,341,226
	14,730,723	-	94,362,352	109,093,075
Financial liabilities held at amortised cost :				
- Borrowings	-	298,347,226	-	298,347,226
- Trade Payables	-	-	166,976,357	166,976,357
- Other financial liabilities	-	-	3,155,474	3,155,474
	-	298,347,226	170,131,831	468,479,057



Note 37: First-time adoption - mandatory exceptions, optional exemptions

The Company has prepared the opening balance sheet as per IND AS as of 1 April 2015 (the transition date) by recognising the assets and liabilities whose recognition is required as per IND AS not recognising items of assets or liabilities which are not permitted by IND AS by reclassifying items from previous IGAAP to IND AS as required under IND AS and applying IND AS in measurement of recognised assets and liabilities. However this principle is subject to the certain exceptions and certain optional exemption availed by the Company as detailed below :

Deemed Cost for Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

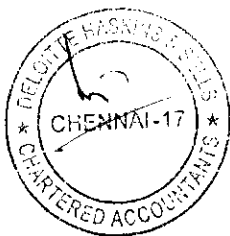
Key Sources of estimation uncertainty

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

First time IND AS Adoption Reconciliation :**(I) Reconciliation of equity and P&L as previously reported under india GAAP to IND AS**

(Amount in Rs.)

Particulars	Notes	As at 31 March 2016 (End of Last period Presented under Previous GAAP)			As at 1 April 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(I)							
Non-current assets							
(a) Property, Plant and Equipment		65,876,538	-	65,876,538	52,808,569	-	52,808,569
(b) Capital work-in-progress		3,154,946	-	3,154,946	-	-	-
(c) Other Intangible assets		1,309,778	-	1,309,778	144,396	-	144,396
(d) Financial Assets		-	-	-	-	-	-
(i) Other Financial Assets	(d)	1,293,198	(89,868)	1,203,330	18,432,778	(16,989,306)	1,443,472
(e) Income Tax Assets		784,589	-	784,589	650,551	-	650,551
(f) Other non-current assets	(a)	25,817,108	24,859	25,841,967	-	16,913,315	16,913,315
Total Non - Current Assets		98,236,157	{65,009}	98,171,148	72,036,294	{75,991}	71,960,303
Current assets							
(a) Inventories		291,027,081	-	291,027,081	187,531,708	-	187,531,708
(b) Financial Assets							
(i) Trade receivables		341,868,982	-	341,868,982	146,166,062	-	146,166,062
(ii) Cash and cash equivalents		2,076,124	-	2,076,124	3,144,252	-	3,144,252
(iii) Bank balances other than (iii) above		5,000,000	-	5,000,000	3,551,564	-	3,551,564
(iv) Other Financial Assets	(b)	35,715,051	(16,678,135)	19,036,916	57,523,852	(41,659,866)	15,863,986
(c) Other current assets	(a)	6,874,657	32,151,868	39,026,525	2,204,576	48,503,066	50,707,642
Total Current Assets		682,561,895	15,473,733	698,035,628	400,122,014	6,843,200	406,965,214
Total Assets		780,798,052	15,408,724	796,206,776	472,158,308	6,767,209	478,925,517



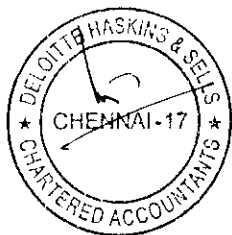
(Amount in Rs.)

Particulars	Notes	As at 31 March 2016 (End of Last period Presented under Previous GAAP)			As at 1 April 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(II) EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	(a) to (e)	128,085,670	-	128,085,670	54,599,620	-	54,599,620
(b) Other Equity		(105,767,508)	18,267,167	(87,500,341)	(39,249,086)	6,767,210	(32,481,876)
Total equity (I+II)		22,318,162	18,267,167	40,585,329	15,350,534	6,767,210	22,117,744
LIABILITIES							
Current liabilities							
(a) Financial Liabilities	(b)						
(i) Borrowings		231,498,466	-	231,498,466	286,594,750	-	286,594,750
(ii) Trade payables		511,611,179	-	511,611,179	158,604,520	-	158,604,519
(iv) Other financial liabilities		5,866,718	(2,858,443)	3,008,275	3,322,633	-	2,812,500
(b) Provisions		4,816,135	-	4,816,135	4,572,015	-	5,082,148
(c) Current tax liabilities		210,649	-	210,649	210,649	-	210,649
(e) Other Current Liabilities		4,476,743	-	4,476,743	3,503,207	-	3,503,207
Total		758,479,890	(2,858,443)	755,621,447	456,807,774	-	456,807,773
Total Equity and Liabilities		780,798,052	15,408,724	796,206,776	472,158,308	6,767,210	478,925,517

(II) Reconciliation of equity and P&T as previously reported under Indian GAAP to Ind AS

(Amount in Rs.)

Particulars	Notes	As at 31 March 2016	As at 1 April 2015
Equity as reported under previous GAAP		22,318,162	15,350,534
Ind AS: Adjustments increase (decrease):			
Fair value adjustments on forward foreign exchange contracts	(b)	18,281,143	6,784,497
Fair value of Deposits	(a)	(17,287)	(17,287)
Interest income on Deposits	(a)	62,015	-
Lease rental on Deposits	(a)	(58,704)	-
Total adjustment to equity		18,267,167	6,767,210
Total Equity as reported under IND AS		40,585,329	22,117,744



(III) Reconciliation of profit or loss for the year ended 31 March 2016

(Amount in Rs.)

	Particulars	Notes	Year ended 31 March 2016 (latest period presented under previous GAAP)		
			Previous GAAP	Effect of transition to Ind AS	Ind AS
I	Revenue from operations		785,850,860	-	785,850,860
II	Other Income	(b)	12,498,144	11,558,661	24,056,805
III	Total Revenue (I + II)		798,349,004	11,558,661	809,907,665
IV	EXPENSES				
	(a) Cost of Raw materials consumed		551,667,735	-	551,667,735
	(b) Changes in inventories of finished goods and work-in-progress		(28,150,896)	-	(30,879,110)
	(c) Excise duty on sale of goods		4,075,515	-	4,075,515
	(d) Employee benefit expense	(e)	74,233,296	683,847	74,917,143
	(e) Finance costs		26,007,787	-	26,007,787
	(f) Depreciation and amortisation expense		21,182,684	-	21,182,684
	(g) Other expenses	(a)	215,851,305	58,704	218,638,223
	Total Expenses		864,867,426	742,551	865,609,977
V	(Loss) before tax (III - IV)		(66,518,422)	10,816,110	(55,702,312)
VI	Tax Expense				
	- Current tax		-	-	-
	- Deferred tax		-	-	-
	Total tax expense		-	-	-
VII	(Loss) for the period (VIII-IX)		(66,518,422)	10,816,110	(55,702,312)
VIII	Other comprehensive income				
	(i) Items that will not be recycled to profit or loss	(d)	-	683,847	683,847
	- Remeasurements of defined benefit plans				
	Total Comprehensive Income for the year		-	683,847	683,847
IX	Total comprehensive loss for the period (X + XI)		(66,518,422)	11,499,957	(55,018,465)



(IV) Reconciliation of Total Comprehensive Income for the year ended 31 March 2016 :

(Amount in Rs.)		
Particulars	Notes	Year ended 31 March 2016 latest period presented under previous GAAP] Rs.
(Loss) as per Previous GAAP		(66,518,422)
Ind AS: Adjustments increase (decrease):		
Lease rental adjustment for security deposits	(a)	(58,704)
Employee future benefits – actuarial gains and losses	(d)	(683,847)
Fair Value adjustments for forward foreign exchange contracts	(b)	11,496,646
Interest Income on security deposits	(a)	62,015
Total adjustment to profit or loss		10,816,110
Loss under Ind AS		(55,702,312)
Other comprehensive income	(d)	683,847
Total Comprehensive Income under Ind AS		(55,018,465)

Note : Under previous GAAP, total comprehensive income was not reported. Therefore the above reconciliation starts with loss under previous GAAP.

(V) Adjustments to the statement of cash flows

(Amount in Rs.)				
PARTICULARS	Year ended 31 March 2016 (latest period presented under previous GAAP]			
	Notes	Previously Reported	Effect of Transition to IND AS	IND AS
Previous GAAP				
Net cash flows from operating activities	(f)	48,374,507	(62,015)	48,312,492
Net cash flows from investing activities		(39,192,277)	62,015	(39,130,262)
Net cash flows from financing activities		(10,250,358)	41,734,718	31,484,360
Net increase (decrease) in cash and cash equivalents		(1,068,128)	41,734,718	40,666,590
Cash and cash equivalents at beginning of period		3,144,252	(78,197,421)	(75,053,169)
Cash and cash equivalents at end of period		2,076,124	(36,462,703)	(34,386,579)

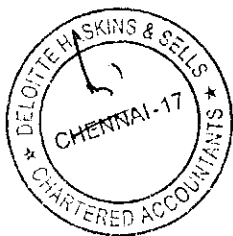
(VI) Analysis of Cash & cash equivalents as at 31 March 2016 and as at 1 April 2015 for the purpose of cashflows under IND AS :

(Amount in Rs.)		
PARTICULARS	As at 31 March 2016 (end of the last period presented under previous GAAP]	As at 1 April 2015 (Date of Transition)
Cash and cash equivalents consist of:		
Cash and Bank Balances as per Balance sheet	7,076,124	6,695,816
Less: Bank balances not considered as cash and Cash Equivalents	5,000,000	3,551,564
Less: Bank overdraft balances	36,462,703	78,197,421
Total Cash and Cash Equivalents as at the end of the year	(34,386,579)	(75,053,169)



Notes to the Reconciliation:

- (a) Under previous GAAP, interest free security deposits (that are refundable in cash on completion of lease term) are recorded at the transaction cost. Under IND AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits under IND AS and the difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to the change, the amount of security deposit decreased by Rs. 89,869 as at 31 March 2016 (As at 1 April 2015 : Rs. 151,884), the prepaid rent increased by Rs. 75,892 as at 31 March 2016 (As at 1 April 2015 : Rs. 134,596) and total equity decreased by Rs. 17,287 as on 1 April 2015. The loss for the year ended 31 March 2016 has increased and total equity as at 31 March 2016 has decreased by Rs. 13,975 due to amortisation of the prepaid rent of Rs. 75,990 which is partially setoff with the notional interest income of Rs. 62,015 on security deposit.
- (b) Under the previous GAAP, derivative contracts (other than those which are closely linked to the existing assets and liabilities) were marked to market and losses, if any, were recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence. Under Ind AS, the forward foreign exchange contracts have been fair valued in accordance with IND AS 109 and gains/losses have been recognised in the Statement of Profit and Loss.
- (c) Under the previous GAAP, revenue from sale of products were presented exclusive of excise duty. Under IND AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in revenue and total expense for the year ended 31 March 2016 by Rs. 4,075,515. There is no impact on total equity as at 31 March 2016.
- (d) Under IND AS remeasurement i.e. actuarial gains and losses and return on plan assets excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2016 increased by Rs. 683,847. There is no impact on total equity as at 31 March 2016.
- (e) Under IND AS, all items of income and expense recognised in the period should be included in the profit or loss for the period unless the standard requires or permits otherwise. Items of income or expense that are not recognised in profit or loss but are shown in the statement of profit or loss as "other comprehensive income" includes remeasurements of defined benefit obligations. The concept of other comprehensive income did not exist under the previous GAAP.
- (f) Under IND AS, Bank overdrafts which are repayable on demand and form an integral part of an entity's cash management systems are included in cash and cash equivalents for the purpose of presentation of statement of cashflow. Whereas under previous GAAP there was no similar guidance and hence bank overdrafts were considered similar to other borrowings and the movement therein were reflected in cashflow from financing activities. The effect of this is that bank overdrafts of Rs. 36,462,703 as at 31 March 2016 and Rs. 78,197,421 as at 1 April 2015 have been considered as a part of cash and cash equivalents under IND AS for the purpose of presentation of statement of cashflows. Consequently the cash outflow from financing activities as per statement of cashflow for the year ended 31 March 2016 prepared as per INDAS is lower to the extent of the above.



Note 38: Corporate Social Responsibility

The Company is not covered under Section 135 of the Companies Act, 2013. Hence, the Company has not incurred any expenditure towards Corporate Social Responsibility activities.

Note 39: Previous Year Figures

As stated in Note 2, the Company has adopted Indian Accounting Standards with effect from 1 April 2016 with date of transition to Ind AS being 1 April 2015. Accordingly, previous year figures in the financial statements have been restated to Ind AS. Further, previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note 40: Approval of Financial Statements

The financial statements were approved by the Board of Directors on 22 April 2017.

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


N. Mohan

Director

Place : Walajapet

Date : 22 April 2017


V. Muthukumaran

Director

Place : Walajapet

Date: 22 April 2017

