

# ARVIND FASHIONS

## Information Memorandum

### ARVIND FASHIONS LIMITED

The Company was incorporated on January 05, 2016, as a public limited company in the name of Arvind J&M Limited under the Companies Act, 2013, subsequently the name of the Company has been changed to Arvind Fashions Limited vide fresh certificate of incorporation issued by the Registrar of Companies, at Ahmedabad, Gujarat (the “RoC”) on October 14, 2016. For further details, see “*History and Certain Corporate Matters*” on page 61.

**Corporate Identification Number:** U52399GJ2016PLC085595

**Registered Office:** Arvind Limited Premises, Naroda Road, Ahmedabad – 380025

**Tel:** +91-79-30138000; **Fax:** +91-79-30138668;

**Corporate Office:** 08th Floor, Du Parc Trinity, 17, M G Road, Bangalore-560001

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**Contact Person:** Vijaykumar BS, Company Secretary and Compliance Officer;

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#### PROMOTERS

- |                                    |                           |
|------------------------------------|---------------------------|
| 1. Aura Securities Private Limited | 7. Poorva Punit Lalbhai   |
| 2. Aura Business Ventures LLP      | 8. Jaina Kulin Lalbhai    |
| 3. Sanjaybhai Shrenikbhai Lalbhai  | 9. Ishaan Punit Lalbhai   |
| 4. Jayshreeben Sanjaybhai Lalbhai  | 10. Ruhani Punit Lalbhai  |
| 5. Punit Sanjay Lalbhai            | 11. Ananyaa Kulin Lalbhai |
| 6. Kulin Sanjay Lalbhai            |                           |

**INFORMATION MEMORANDUM FOR LISTING OF 5,79,94,673 EQUITY SHARES OF FACE VALUE OF RS. 4 EACH  
NO EQUITY SHARES ARE PROPOSED TO BE SOLD/OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM**

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Equity Shares of Arvind Fashions Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Equity Shares of Arvind Fashions Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to “*Risk Factors*” on page 11.

#### ABSOLUTE RESPONSIBILITY OF ARVIND FASHIONS LIMITED

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Company and allotment of Equity Shares, which is material in the context of the allotment and issue of Equity Shares, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole, or any such information or the expression of any such opinions or intentions, misleading in any material respect.

#### LISTING

The Equity Shares of Arvind Fashions Limited are proposed to be listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). For the purposes of this listing, the Designated Stock Exchange is BSE. The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on website viz. [www.arvind-fashions.com](http://www.arvind-fashions.com). This Information Memorandum would also be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com))

#### REGISTRAR AND SHARE TRANSFER AGENT

**LINK** Intime

**Link Intime India Private Limited,**  
506-508, Amarnath Business Centre -1 (abc-1),  
Beside Gala Business Centre,  
Near St. Xavier’s College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad – 380006  
Tel: +91 79 2646 5179/86/87  
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Investor Grievance e-mail: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Contact Person: R Chandrasekher  
SEBI Registration Number: INR000004058



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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Information Memorandum, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

Unless the context otherwise indicates, all references to “**Arvind Fashions Limited**”, “**AFL**”, “**the Company**”, “**the Company**” and “**the Issuer**”, are to Arvind Fashions Limited, a company incorporated in India under the Companies Act 2013 with its Registered Office at Arvind Limited Premises, Naroda Road, Ahmedabad – 380025. Furthermore, unless the context otherwise indicates, all references to the terms “**we**”, “**us**” and “**our**” are to Arvind Fashions Limited, its Subsidiary and its Associate Company (as defined below) on a consolidated basis.

#### Company Related Terms

Term	Description
ABV-LLP	Aura Business Ventures LLP
ABBRPL	Arvind Beauty Brands Retail Private Limited
AL	Arvind Limited
ALBL	Arvind Lifestyle Brands Limited
AoA/Articles of Association or Articles	The articles of association of the Company, as amended
ASPL	Aura Securities Private Limited
Auditors	The statutory auditor of the Company, being M/s. Sorab S. Engineer & Co., Chartered Accountants
Board or Board of Directors	The board of directors of the Company, or a duly constituted committee thereof
CEO	The chief executive officer of the Company
CFO	The chief financial officer of the Company
CKAFPL	Calvin Klein Arvind Fashion Private Limited
COO	The chief operating officer of the Company
Corporate Office	The corporate office of The Company, at 08th Floor, Du Parc Trinity, 17, M G Road, Bangalore-560001
Director(s)	The director(s) on the Board
Equity Shares	The equity shares of the Company of a face value of ₹4/- each
Equity Shareholders	The holders of the Equity Shares
Group Companies	The Group Companies of the Company, as identified and described in “ <b>Promoters, Promoter Group and Group Companies</b> ” on page 83
Key Managerial Personnel	Key management personnel of Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations and disclosed in “ <b>Management</b> ” on page 66
MoA/Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended
Promoter(s)	The promoter(s) of the Company, as identified and described in “ <b>Promoter, Promoter Group and Group Companies</b> ” on page 83
Promoter Group	Persons and entities constituting the promoter group of the Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations as identified and described in “ <b>Promoters, Promoter Group and Group Companies</b> ” on page 83
Registered Office	Arvind Limited Premises, Naroda Road, Ahmedabad – 380025
Restated Consolidated Financial Information or Restated Financial Information	Audited restated consolidated summary statements (together with annexures and notes thereto) of assets and liabilities for six months period ended on September 30, 2018 and for each of the Fiscals 2018 and the audited restated consolidated summary statements of profit and loss and cash flows for six months period ended on September 30, 2018 and for each of the Fiscals 2018
RoC	The Registrar of Companies, Ahmedabad
RTA	Register & Transfer Agents, Link Intime India Private Limited appointed by the Company.
Scheme or The Scheme or Composite Scheme	Composite Scheme of Arrangement under Sections 230 To 232 read with Section 66 and other applicable provisions of The Companies Act, 2013 amongst Arvind Limited and Arvind Fashions Limited and The Anup Engineering Limited (Formerly Known as Anveshan Heavy Engineering Limited) and The Anup Engineering Limited and their respective shareholders and creditors.
THAFPL	Tommy Hilfiger Arvind Fashion Private Limited

## Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds, as defined in, and registered with SEBI under, the SEBI AIF Regulations
AGM	Annual General Meeting
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
Banking Regulation Act	Banking Regulation Act, 1949
Bn or Billion	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate. CAGR is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered
CAR	Capital Adequacy Ratio
CARO	The Companies (Auditor's Report) Order, 2016
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from August 28, 2017, issued by the DIPP, and any modifications thereto or substitutions thereof, issued from time to time
CrPC	Code of Criminal Procedure, 1973
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary general meeting
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined under the SEBI FVCI Regulations, and registered with SEBI
GAAR	General Anti Avoidance Rules
GDP	Gross Domestic Product
GoI	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
ICA	The Institute of Cost Accountants of India
ICMA	The Institute of Cost and Management Accountants
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961
IND AS / IndAS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian Accounting Standard Rules 2015	The Companies (Indian Accounting Standards) Rules, 2015

<b>Term</b>	<b>Description</b>
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
IRDA	Insurance Regulatory and Development Authority
MAT	Minimum Alternative Tax
MCA	The Ministry of Corporate Affairs, GoI
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net asset value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a non-resident Indian
NRE Account	Non-resident external account established and operated in accordance with the FEMA
NRI	Non-Resident Indian
NRO Account	Non-resident ordinary account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Off-Book AUM	Total assigned contract balances
P/E ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
RERA	Real Estate (Regulatory & Development) Act, 2016
ROA	Return on Assets
ROE	Return on Equity
RoNW	Return on net worth
RTA	Road Transport Authority
RTGS	Real-time gross settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
UIDAI	Unique Identification Authority of India
US\$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

## Industry Related Terms

<b>Term</b>	<b>Description</b>
Rs./Rupees	Rupees, being the lawful currency for the time being of India
Mn / mn	Million
Bn/ bn.	Billion
CAGR	Compounded Annual Growth Rate
POS	Point of Sale
ERP	Enterprise Resource Planning
LTL	Like to Like
B2B	Business to Business
B2C	Business to Customer
FMS	Fashion Management System

The words and expressions used but not defined in this Information Memorandum will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Information Memorandum to “**India**” are to the Republic of India. All references in this Information Memorandum to the “**U.S.**”, “**USA**” or “**United States**” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Information Memorandum are to the page numbers of this Information Memorandum.

### **Financial Data**

Unless indicated otherwise, the financial data in this Information Memorandum is derived from Restated Consolidated Financial Information for six months period ended on September 30, 2018 and for each of Fiscals 2018, 2017 and 2016 and prepared in accordance with Section 26 of the Companies Act, 2013, [the Generally Accepted Accounting Principles in India (“**Indian GAAP**”)] and the Companies Act, and restated in accordance with the SEBI ICDR Regulations.

The Company’s fiscal year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular fiscal year are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Certain figures contained in this Information Memorandum, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Information Memorandum as rounded-off to such number of decimal points as provided in such respective sources.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Information Memorandum has been obtained from various industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry and market data used in this Information Memorandum is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Information Memorandum is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts business and methodologies and assumptions may vary widely among different market and industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors**” on page 11. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Information Memorandum is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

### **Currency and Units of Presentation**

All references to “**Rupees**” or “₹” or “**Rs.**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**”, “**U.S. Dollar**”, “**USD**” or “**U.S. Dollars**” are to United States Dollars, the official currency of the United States of America.

All figures have been expressed in millions. One million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Information Memorandum expressed in such denominations as provided in such respective sources.



## FORWARD-LOOKING STATEMENTS

This Information Memorandum contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as “*aim*”, “*anticipate*”, “*believe*”, “*contemplate*”, “*expect*”, “*estimate*”, “*future*”, “*goal*”, “*intend*”, “*likely to*”, “*objective*”, “*plan*”, “*project*”, “*will continue*”, “*seek to*”, “*will pursue*” or other words or phrases of similar import. Similarly, statements which describe strategies, objectives, plans or goals are also forward-looking statements.

The forward-looking statements contain information regarding, among other things, financial condition, future plans and business strategy. The Company has based these forward-looking statements on current expectations and projections about future events. Although the Company believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- General political, social and economic conditions in India and other countries;
- The ability to successfully implement strategy, growth and expansion plans and technological changes;
- Strikes or work stoppages by employees or contractual employees;
- Increasing competition in, and the conditions of, the Indian fashion industry;
- Failure to continue business or undertake projects on commercially favourable terms;
- Changes in government policies, including introduction of or adverse changes in tariff or non -tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond control.

The Company undertakes no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in “Risk Factors” and elsewhere in this Information Memorandum, any forward- looking statement discussed in this Information Memorandum may change or may not occur, and actual results could differ materially from those anticipated in such forward-looking statements.

In accordance with the SEBI Regulations, Company will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II - SUMMARY OF OFFER DOCUMENT

The following is a general summary of this IM. This summary should be read in conjunction with and is qualified in its entirety by the more detailed information appearing elsewhere in this IM.

### 1. SUMMARY OF BUSINESS

Arvind Fashions Ltd is among India's fastest-growing lifestyle companies operating in branded apparels, beauty and footwear space.

In 1980, Flying Machine, India's first denim apparel brand, was launched to meet the aspirations of the emerging youth segment. Through tie-ups with V.F. Corporation (USA) and Cluett Peabody & Co. USA, for manufacturing and marketing, Arvind was able to offer high quality global apparel brands like Lee Jeans and Arrow Shirts to the Indian market in 1993. The next two decades witnessed Arvind bringing some of the biggest global fashion brands like Calvin Klein, Tommy Hilfiger, US Polo, Gap, Ed Hardy, Hanes, Nautica and Elle to India.

The Company currently has a strong portfolio of owned and licensed international brands including US Polo, Arrow, Tommy Hilfiger, Flying Machine, Aeropostale, GAP, Calvin Klein, GANT, Nautica, Unlimited, Sephora, Hanes and others - the Company is well positioned to be a dominant player in the lifestyle space. The Company has created a unique platform for launching and scaling brands, driven by best-in-class capabilities in designing, sourcing and distribution; long and successful relationships with the international brands; strong omni-channel capabilities and a best in class talent base.

### 2. SUMMARY OF INDUSTRY

India's retail market is expected to increase by 60 percent from USD 0.7 Trn in 2016 to USD 1.1 Trn by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent. Organized Retail Penetration (ORP) in India is low (7 per cent) compared with that in other countries, such as the US (85 per cent). This indicates strong growth potential for organized retail in India. <sup>(1)</sup> The long-term outlook for the industry is positive, supported by rising incomes, favourable demographics, entry of foreign players, and increasing urbanisation.

Demand for branded apparel, and footwear products is expected to strengthen over the coming years with the market expected to recover completely from the demonetization effect. Demand is also expected to be driven by increasing competition due to new players and especially international brands entering the market. The industry expects the Goods and Services Tax (GST) implemented by the government during 2017 to have a positive and incremental impact on the performance of branded apparel and footwear products. Both domestic and international brands are expected to make or increase their online presence and hence internet retailing is expected to continue to witness strong growth.

### 3. NAMES OF PROMOTERS

1. Aura Securities Private Limited
2. Aura Business Ventures LLP
3. Sanjaybhai Shrenikbhai Lalbhai
4. Jayshreeben Sanjaybhai Lalbhai
5. Punit Sanjay Lalbhai
6. Kulin Sanjay Lalbhai
7. Poorva Punit Lalbhai
8. Jaina Kulin Lalbhai
9. Ishaan Punit Lalbhai
10. Ruhani Punit Lalbhai
11. Ananyaa Kulin Lalbhai

**4. SUMMARY OF FINANCIAL INFORMATION (BASED ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS)**

(₹ in Millions)

<b>Particulars</b>	<b>Six months ended on September 30, 2018</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>
Share Capital	231.70	231.70	217.42	0.10
Net Worth	10,487.98	10,597.78	6,580.42	0.09
Revenue	22,158.79	42,189.02	12,921.91	0.00
Profit After Tax	(82.15)	129.19	149.97	(0.01)
Earnings Per Share	(0.85)	1.27	2.98	(0.23)
Net Asset Value (Per share)	90.53	91.48	60.53	9.33
Total Borrowings	9,048.11	7,446.73	6,041.74	0.20

**5. AUDITORS QUALIFICATION NOT GIVEN EFFECT IN RESTATED FINANCIAL STATEMENTS**

There was no qualification given by the auditor in the Financial Statements.

**6. SUMMARY OF OUTSTANDING LITIGATIONS**

Please refer chapter titled “*Outstanding Litigation and Material Developments*” in this IM on page 202.

**7. SUMMARY OF CONTINGENT LIABILITIES**

Please refer chapter titled “*Financial Information*” of this IM on page 116.

**8. SUMMARY OF RELATED PARTY TRANSACTIONS**

Please refer chapter titled “*Financial Information*” of this IM on page 116.

**9. The average cost of acquisition per equity share by promoters as on the date of this information memorandum is:**

The Average cost of Acquisition per Equity Share of the Promoters is not applicable as Shares were allotted pursuant to the Scheme.

For further details, see “*Capital Structure*” on page 30.

## SECTION III - RISK FACTORS

*The risks described below and any additional risks and uncertainties not presently known to Company or that are currently deemed immaterial could adversely affect Company's business, financial condition or results of operations and the trading price of Equity Shares could decline. Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

### INTERNAL RISK FACTORS

- 1. The business depends on the continuous employment of key management team and ability to retain them, as well as attract new talent.**

The Company is dependent on management team. The ability to meet future business challenges depends on their continuation and ability to continuously attract and recruit talented and skilled personnel. The Company faces competition in recruiting and retaining skilled and professionally qualified staff. The loss of key personnel or any inability to manage the attrition levels in different employee categories may materially and adversely impact business, ability to grow and control over various business functions.

- 2. The business model requires us to constantly and promptly identify evolving trends and accordingly change offerings to be able to sustain growth.**

Being in the business of retailing fashion products, success depends on the ability to meet customers' need on a continuing basis. Fashion business is seasonal & constantly changing with changing in customer preferences, income levels & demographics. There may be a risk of loss of business due to inability to predict changing customer lifestyle, their preferences, and product designs. In case of any change in customer preference over sustainable products which may not be able to deliver, it may result in revenue shortfall, hamper business growth & will adversely impact business performance.

- 3. Some of the Brands are not owned by us and are sold based on long term agreements with the Brand Owner. Failure to renew such agreements will adversely impact future business growth.**

The Company has licence to operate certain Brands in India which includes Tommy Hilfiger, Calvin Klein, US Polo, Arrow, GAP, GANT, Nautica, TCP, Sephora and Elle. Failure to renew such agreements or early termination will have an adverse impact on business operations and growth. Such agreements consist of performance obligations clauses such as Minimum Sales commitment & hence minimum Royalty payable or minimum advertising spent or minimum advertising fees payable or procurement model or brands licensed or payments schedule or approvals required from other party / licensor on store layouts, Project related materials, store feasibilities, products, expansion plan or renovation or closure. If the Company fails to honour or meet such performance obligations due to any reason whatsoever, it will pose as a financial & operational risk to business performance.

- 4. Inability to retain existing rented properties or future disputes with land lords will affectability to operate stores and offices which will negatively impact operations. Failure to secure retail spaces in future shall significantly impact growth. Failure to maintain relationships with such third parties could materially impact business**

The business operations are significantly dependent on rented retail outlets. The locations of such retail outlets significantly impact ability to attract customers and helps in brand positioning. To remain asset light, large part of back-office operations like warehouses, distribution centres and offices are taken on lease. The Company have always aspired to contract long term leases with landlords. To ensure optimum capital utilisation, the Company shall continue to engage with landlords for more retail and office space instead of directly investing in real estate. Any dispute with landlords, inability to renew leases of key properties, or acquire new properties on lease, or dispute in the title/ownership of the property owned by the landlord can negatively impact operations and future growth. Each store requires GST registration, trade license or Shop establishment license or PPL license or IPRS license etc to adhere to Govt Regulations. In case, Company or business partner or franchisee or lessor fail to adhere to these regulations, it may result in penalty, litigation costs or other incidental costs & cause disruptions in

business operations. Further, any delay in renewal or cancellation of the same on the part of Company or business partner or franchisee or lessor can result into operational & financial implications to the business.

**5. The business relies heavily on the efficient and consistent working of IT systems. Any disruption in the IT system shall affectability to conduct business.**

The supply chain and business operations are heavily reliant on various IT systems. These IT systems aid in efficient operations, accuracy in transactions' recording and reporting, and provide real time information about Company's performance. Any disruption in the IT system, including connectivity systems, will hinder ability to carry on with operations. Business also simultaneously relies of partners or customers IT system effectiveness and smooth flow of data. Any disruption in such systems, can materially impact business continuity and may lead to operational & financial implications to the business. Further there is high dependency on front end systems such as POS, Distributor Management System for accurate reporting of both Sales and Stocks. Further, IT connectivity plays a key role in enabling continuous fulfilment of orders of B2B and B2C. Any disruption or lack of robustness in these ERP/POS platforms and lease lines / internet availability could pose a risk to business operations and financial performance.

**6. The success of business depends on an efficient supply chain model. Any disruption in the existing supply chain model can result in inability to meet customer needs and thereby impact business operations.**

The supply chain model is key to ability to meet customer's demand on time. The business has invested significantly in identifying the right vendor-partners, logistics providers and strategic storage locations. A disruption in supply chain model or that of strategic vendors will inhibitability to service customers and thereby impact financial performance. Warehouses (which are leased) facilitate to meet customers / distributors / stores requirement of stocks on time. Any disruption in warehouse operations due to operating risks, such as performance below expected levels of efficiency, labour disputes, minimum wages demand, labour strikes, industrial accidents, statutory and regulatory restrictions, natural disasters, or any other reasons to order fulfilment issue (which in turn can lead to legal disputes with business partners) can create business disruptions or business loss. Similarly, any disruption in transportation arrangements or increases in transportation costs may adversely affect business, results of operations and financial condition. Due to the aforesaid reasons, reverse logistics can also be impacted & hence operational risks associated. This could in turn impact Supply chain efficiency.

**7. There are pending litigations which may not necessarily go in the Company's favour.**

Considering the size and scale of business, there are many commercial litigations against Subsidiaries which are pending for adjudication across various courts. It is not necessary that The Company will be able to secure a favourable judgement in all such cases. Any significant claim against us will have a material impact finances and profitability.

**8. The Company may not be able to pass on the increase in cost of inputs to customers.**

Ability to pass on the increase in cost of sourcing and retailing, depends on several important factors, including compete behaviour, overall strength in demand, ability to adopt automation, and customer segment. Portfolio is dominated by cotton based products. Failure to diversify product range from natural fibre to man-made fibre makes us heavily dependent on cotton which exposes us to both associated supply side and price risk. Cost will also change in case of any change in duty or Tax structure. Such change can also bring uncertainty & pose risks for the business. It will have operational & financial implications for the business.

**9. Increase in working capital needs due to inefficient management of debtors and inventory.**

The business profitability is significantly dependent on ability to rotate working capital. Any error in forecasting demand may result in accumulation of inventory and debtors causing blockage of working capital. Any delay or default in payment from franchisee operated exclusive brand outlets, large format stores, multi-brand stores, institutional customers or online partners may adversely impact profits and affect cash flows. Cash flow shall also be affected in case of any change in discount strategies, liquidation

of older inventory at lower realization, margin loss in case of any tax/ duty structural changes or any factor beyond control.

**10. Damage to inventory stored in strategic warehouses will have a long term negative impact on the affected Brand.**

The Company operates strategic warehouses across the country. Any catastrophic event at the warehouse may damage the inventory and inhibit ability to supply finished products to the consumer. Such failure to supply inventory for a longer period of time may negatively impact Brand perception and cause long term damage.

**11. Any accident at stores which may result in injury to customers will potentially impact by reputation and finances.**

There exists a risk of accidents involving visitors in stores/offices/workplaces managed by Company. In such instances, Company's inability to put in place adequate public liability insurance cover may have an adverse impact on business, financial condition and results of operations. In addition, it may also have adverse impact on reputation.

**12. Claims arising from defect in product.**

The company is in the business of marketing branded garments. The garments command premium due to the respective brand. There may arise an eventuality where claims are brought against the Company for the quality of the garment. In such a scenario the Company may have to bear significant cost to defend its claim for quality. Irrespective of the outcome of the claim, the Company also risks reputational loss on account of such claims. Further, loss of appeal in an Indian Court may result in payment of compensation and penalties.

**13. Any business disruption in operations/ functioning of sourcing partner manufacturing facilities with respect to job workers or raw material suppliers may have an adverse effect on business, results of operations and financial impact**

Any business disruptions in sourcing partners due to strikes, work stoppages or increased waged demands, performance below expected levels of efficiency, labour disputes or any other kind of disputes, natural disasters, industrial accidents, statutory and regulatory restrictions, can adversely affect material procurement plan & hence business loss. There may be business disruptions of vendors due to inputs related constraints or risks, which in turn can materially impact business & cash flow. Third Party business disruptions could also impact business performance.

**14. In the past, the Company has related party transactions and may have such transactions in the future also. Any change in terms in such/ other transactions could adversely impact operational & financial results.**

The Company enters into related party transactions for trading in goods & availing of services & such or other transactions will be entered into in the future also. Any unfavourable terms arising in the future for such transactions may adversely impact business operationally & financially.

**15. Decline in revenue or sales from a few large format stores, online partners and key franchisees may adversely affect business and results of operations.**

A few large format stores, online retailers and key franchisees contribute to significant part of revenue or sales. Decline in revenue of such business partners for any reason whatsoever, or loss of key retail partners may have adverse impact on business performance.

**16. Success of business will depend upon inability to effectively manage growth or to successfully implement business plan in coherence with growth strategy, effectively manage internal controls & comply with statutory norms. Any deviation from the same could have operational & financial implications.**

The business has been witnessing double digit growth in the past couple of years (Growing at 14% CAGR between fiscals 2017-18 and 2018-19). The Company has also been aiming to achieve business plan & vision of double the sales & quadruple profits & return on capital employed. The Company has also deployed effective internal controls and check on compliance norms. However, the success of business will also depend upon economic & political conditions including industry specific government policies. If the Company fails to maintain growth or adhere to business plan or adhere to internal controls/ compliance norms or meet stakeholder's expectations, it will adversely impact business. Further, any unfavourable economic or political conditions or government policies (including change in Tax or duty regulations) will result in operational & financial impact on business.

**17. Key brands such as USPA, Arrow, Flying Machine, Tommy Hilfiger (represented as Power brands for Arvind) contributes to significant part of revenue or sales. Any decline in revenue of power brands, may adversely affect business**

Power Brands contributed to 60% & 60% in fiscals 2017 & 2018 respectively. The Company foresees substantial growth in these brands & aim at maintaining / improvising on growth strategies to improve on revenue and business performance. If there is reduction in revenue for any reason, it will adversely impact revenue of business/ cash flow as a result of liquidity crunch.

**18. The Company aims at investing in marketing initiatives for brand recall, demand pull, create awareness about the product or enhance reputation of the brand. In the event marketing initiatives do not produce desired outcome, it may adversely impact business performance.**

The Company has been investing in marketing activities including media, campaigns, promotional vouchers, Public relations, retainer ships programme, advertisements or other activities to increase brand recall, brand recognition or create/ increase demand for products. The Company will keep reinvesting in brands to improve on business performance. If marketing activities don't yield desired outcome, it may result in operational & financial impact to business.

**19. In order to increase momentum for growth, new brands or businesses may be added in portfolio. Acquired brands or businesses may not yield timely or effective results, may adversely affect business performance**

From time to time, the Company will keep exploring inorganic growth opportunities with organically grow existing portfolio. The Company intends to strengthen market position by way of adding newer brands or business or acquire the same. Such acquisitions may expose us to risks associated with new business including integration of processes, personnel or operations. Such businesses may not deliver profitable growth immediately or may carry unforeseen liabilities or deployment of existing resources. The Company may not recover acquisition cost due to lower revenue of such businesses. The Company also may not see expected synergies & hence impacting the business overall. If the Company fails to maintain growth trajectory as new brands or business may not yield profitable growth, it may adversely affect the brands business, cash flows & business performance as a whole.

**20. In case the Company launches any new products or brands, it may not deliver or be successful as the Company expects or plans. In such case, it may adversely affect business performance.**

The Company operates under different brands having large portfolios of different product categories. The Company intends to keep exploring or launching new products in the market and expanding product base to capture potential customers. In case, new product or brand is not well accepted by customers & hence drop in revenue anticipated. The Company may not able to recover costs associated with such product development or other costs. Brand image may be hit if new brands or products are not as per customers' expectations & it may adversely affect us operationally & financially.

**21. Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us**

The Stores/outlets, distribution centres/ warehouses witness problems such as shoplifting by customers, stock lost/theft/damage, pilferage/shrinkage, lost or theft of stock by logistics partners, misappropriation of cash/inventory. The Company will aim at curbing losses on account of above sited or similar reasons

& also be putting additional processes or measures to mitigate loss. However, the Company can't assure that these measures will prevent such losses and may pose a financial risk to us. Further, in case entire loss or part of it is not recovered by way of insured policy, it may adversely impact business performance. In addition, insurance premium can increase if the Company files insurance claim or may be termination of coverage under policy.

**22. In case the Company fails to meet obligations, including financial and other covenants under banking facility or working capital loan arrangements could adversely affect business and results of operations.**

Under the banking facilities & working capital demand loan arrangements with banks, the Company avails overdraft, Buyer's Credit & Working capital demand loan facilities at agreed interest rates provided that the Company is able to meet covenants listed in the facility letter agreed between the parties. If such covenants are not renewed timely at favourable terms or the Company fails to meet such covenants for any reason whatsoever, it could significantly impact cash flow & hence business performance.

**23. The Company avails concessional arrangement (e.g., South Asia Free Trade Area-SAFTA Agreement) which aims at promoting and enhancing mutual trade and economic cooperation among Contracting States. In case such arrangements are abolished or the Company fails to avail for any reason whatsoever, it could adversely affect business and results of operations.**

The business avails concessional arrangement entered into by Asian countries (e.g., SAFTA) to promote & enhance mutual trade at concessional tariffs. In case of any reason because of which the company is not able to avail such arrangements, it will adversely impact procurement model and cost associated. It will result in operational & financial implications to business.

**24. The insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect business, results of operations and financial condition.**

The Company maintains fire & burglary policy (to cover assets, stocks at stores & warehouses), Insurance for goods in transit, marine cargo insurance policy, group Mediclaim & group personal accident policy for employees. These policies are generally renewed annually. These insurance policies are meant to cover risk associated with normal course of business operations. However, if insurance claim in full or part is not granted for any reason whatsoever, it will have operational & financial implications on business. Further, any operational or financial implications arising out of lapse in insurance policy in a timely manner at an unexpected cost will have an adverse impact.

**25. Information / reports taken from various sources have been referred to for industry related data in this Information Memorandum and the company has not independently verified such data.**

Industry related data taken from various other sources used in Information Memorandum have not been independently verified by us or assumptions used in such reports have not be validated by us. Due to any change in such reports, market positions or vis-à-vis competition may differ. Investors should make his / her own decisions after referring industry related disclosures in this Information Memorandum in this context.

**26. Major part of corporate office is on leased premises. In case of any delay or lapse of leased agreements, same terms may not be agreed upon for existing office or in case of new office space. It will have adverse impact on business**

The Company has corporate office in leased premises, except one floor. In the event that such lease agreement is terminated or lapsed, similar terms may not be agreed upon. It will adversely impact us in case the company is unable to find alternate place(s). Further, alternate place may not be leased at similar or existing terms, it will have adverse impact on operations and business.

**27. The Company may require additional equity or debt in the future in order to continue to grow business, which may not be available on favourable terms or at all.**



In order to grow business and maintain market share, the company may require additional funds or arrange for working capital or long-term loans. Such additional requirement may not come at favourable terms or at all. Any additional debt will increase financing costs. Such facility arrangements may contain terms and conditions that may restrict ability to operate and manage business (E.g., maintain Debt coverage ratios and leverage ratios and use cash balance as collateral for indebtedness. It will adversely impact us if the company is not able raise additional fund requirement on terms favourable to business, business performance & cash flow shall be impacted.

**28. Any conflict of interest which may occur between business and any other similar business activities pursued by Promoters could have a material adverse effect on business and results of operations.**

The Promoters do not, as of the date of this Information Memorandum, engage in any other business activities similar to business lines and the company has entered into a non-compete arrangement to address any such conflict which may arise in a specified restricted period. However, in case such conflict arises after the expiry of such restricted period, fail to suitably resolve any such conflict without an adverse effect on business or operations, it will have adverse impact on business operations & performance.

**29. The Promoters and certain of Directors hold Equity Shares in Company and are therefore interested in Company's performance in addition to their remuneration and reimbursement of expenses.**

The promoters and directors have interest in company to the extent of their shareholding in addition to regular remuneration, sitting fees, benefits or reimbursement of expenses as applicable. It is not assured that such promoter or director will exercise their rights as shareholders to the benefit and best interest of Company.

**30. The Promoter and Promoter Group will continue to hold majority stake in Company, which will allow them to influence the outcome of matters submitted for approval of shareholders.**

As majority stakeholder, promoters & promoters group will have significant power to influence matters such as shareholder's approval, director's appointment on board, right to approve significant actions, issue of shares, dividend payout, business strategy or plan, mergers, acquisitions, JV or consolidation arrangements, modifications or additions in Memorandum of Association and Articles of Association or any decision to be taken. In case of any conflict of interest with the company or its stakeholders, will have adverse impact on business operations & business performance.

**31. Inability to protect or use intellectual property rights may adversely affect business.**

Other companies or entities or parties sell or pass off their products by imitating brand name, packaging material aiming at creating counterfeit products keeping brand reputation or product quality at stake. In unorganized markets, there may be other companies or vendors which sells product trade name or brand names. Such activities or operations by other parties harm brand reputation & financial performance. If the Company fails to protect Intellectual property rights for any reason possible, other may infringe on rights posing significant risks to business operations & financial performance. In case of any claims arising out of third party infringements on us, it may result in costly affair or may cease us of business operations of such brands. It will have adverse impact on business operations & financial performance.

**32. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the business & cash flow.**

In case of Indian rupee depreciates on account of exchange fluctuations between Indian Rupee & foreign currencies, it will have impact on business performance & cash flow.

## EXTERNAL RISK FACTORS

### 1. Increased Competition

The Indian economy is opening up with several new international brands launched in the country and emergence of several private labels from domestic players. Such new offerings are constantly increasing the competition in the industry. Increase in consumer's preference towards online market place due to higher discounting will also adversely affect offline sales channel. Such intense competition can negatively impact ability to grow at historical rates.

### 2. Changes in Government Policies

Any change in government policies relating relaxation in entry barriers for international brands, change in environmental norms, emission norms, minimum wages etc. may adversely impact the Company's profitability and growth projections.

### 3. Legal and Compliance Risk

Any change in the existing legal system, introduction of new legislations may increase Company's compliance cost thereby impacting profitability. In certain situations, such changes may also require us to amend existing business model which may significantly impact business operations.

### 4. Violent acts including terrorism may result in suspension of operations for a limited period.

Any act of violence, like war, riots, civil commotion etc. will impact the ability of the Company to continue with its retail operations. Any terrorist attack in a market place, especially malls, may result in suspension of limited operations or increased security cost.

### 5. Impact of Natural Calamities can adversely impact demand and therefore profitability

Natural calamities like earthquakes, tsunami, floods and draughts have been experienced in the Indian subcontinent. In more recent period, outbreak of infectious diseases such as 'swine flu' desisted shoppers from visiting shopping malls thereby impacting sales. Such calamities have varied impact on the Indian economy depending on the severity and intensity of such calamities. Considering that business is predominantly consumption driven, such calamities can adversely impact demand and therefore profitability.

### 6. Inability to protect business from counterfeit products

Given the popularity of portfolio of brands, the risk emerging from sale of counterfeit products is always high. The Company takes necessary steps to identify and act upon such unscrupulous sellers from time to time. Failure to identify such sellers in future or inability to restrict supply of counterfeit products in the market will seriously impact the brand experience and will lead to loss of business.

### 7. Non-compliance with and changes in, safety, health, labour and environmental laws and other applicable regulations, may adversely affect business, results of operations and financial condition. If the Company fails to obtain, maintain or renew statutory and regulatory licenses, permits and approvals required to operate business, business and results of operations may be adversely affected. (directly by the Company or indirectly by partners or customer)

The Company's business operations are subject to extensive laws and government regulations, including in relation to safety, health and environmental protection, Key Regulations and Policies in India. There is a risk associated in case the Company inadvertently fails to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. The company is also subject to the laws and regulations governing relationships with employees in such areas as minimum wages and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits and maintenance of regulatory and statutory records and making periodic payments. If the Company fails to adhere to these regulations, it may adversely affect business operations & performance.

**8. Regulatory, economic, social & Political uncertainties are beyond control of business & it may adversely impact business**

The Company is incorporated under the provisions of Indian Company Law & hence subject to conduct operation & manage corporate affairs in India. Shares shall be listed on Indian Stock Exchanges. As a result, business, its operations, financial performance and the Share price of company will be affected by interest rates, government policies, taxation, social and ethnic instability, natural calamities or civil disruptions and other political and economic developments affecting India. Such factors are beyond control & any slowdown in the economy or in specific sectors could adversely impact business operations & financial performance.

**9. Financial instability in other countries may cause increased volatility to dealings in exports in Indian markets**

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm business, future financial performance and the prices of the Equity Shares.

**10. Investors may not be able to enforce a judgment of a foreign court against Company.**

The company is incorporated in India & its offices, Warehouses & stores are located in India. Majority of Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

**11. Under Indian law, foreign investors are subject to investment restrictions that limitability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.**

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI, then the RBI's prior approval is required. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all

**12. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and rights may differ from those that would apply to a company in another jurisdiction. Shareholders rights including in relation to class actions, under Indian law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**RISKS RELATING TO INDUSTRY**

**1. Changes in the Economic Scenario**

The Indian economy is presently growing at a reasonable pace. This results in higher income for the general public at large. Fashion Industry being part of the consumption story has benefitted from the

overall buoyancy in the Indian economy. Any reversal in this trend, due to domestic or international factors, will dent the country's consumption story and impact company's future growth and profitability.

## **2. Imposition of additional taxes or changes in existing tax rates**

The Indian economy has recently implemented a unified indirect tax system – GST. The Company has reasonably settled in the new tax regime. Any new taxes being imposed on the industry or changes in the existing tax rates or structure can have a material adverse impact on the Company's profitability.

## **3. Increase in interest rate will increase borrowing cost**

Inflationary pressure in the economy may put pressure on the existing interest rates. Any upward revision in the interest rates will increase borrowing cost and impact financial position.

## **RISKS RELATING TO THE INVESTMENT IN EQUITY SHARES**

### **1. No prior history of trading in the equity shares**

There is no certainty to the value of equity shares since it has not been traded previously. It is not necessary that the price at which the shares have been allotted to investors shall sustain in future. The prices of equity shares may get impacted by future performance, including expectations of market analysts and investors.

### **2. Price fluctuations in the price of equity shares**

Internal and external factors shall result in fluctuations in shares prices. Such factors include outlook of investors towards India fashion industry, global or domestic liquidity in equity markets, de/regulation of policies by government, changes in company's future performance or its estimates, emergence of any reputational risks, adverse media reports, changing investment habit among investors etc.

### **3. Future dilution of shareholding by large investors or issuance of fresh equity shares by the Company shall result in reduction in prices of equity shares issued by the Company.**

Any future equity issuances by us or sales of equity shares by large shareholders may adversely affect the trading price of the equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of equity shares.

### **4. There is no guarantee that dividends will be paid.**

There can be no assurances that Company will pay dividends. Any decline in Company's operating income could result in distributable profits not being available for payment of dividend which may have an adverse impact on the market price of Equity Shares. Dividend payout shall be decided basis future earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of financing arrangements.

### **5. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of Equity Shares, independent of operating results.**

On Stock exchange, equity shares shall be quoted in Indian Rupee. Accordingly, any dividend payout to happen will be in Indian Rupee. For Foreign investors, dividend proceed will be converted into respective foreign currency & hence, proceeds from dividend will be at risk or lower in case India Rupee depreciates. Further, in case of delay in taking regulatory approval for repatriating proceeds outside India & during that time in case of any adverse impact on currency exchange rate, net proceeds received by investors may be lower. Due to unfavourable foreign exchange fluctuations, it will have an adverse effect on the trading price of Equity Shares and returns on Equity Shares, independent of operating results.

## SECTION IV – SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from audited financial information for the six months period ended September 30, 2018 and for Fiscals 2018, 2017 and 2016. These financial statements have been prepared in accordance with Ind-AS and the Companies Act in accordance with the Companies Act and the SEBI ICDR Regulations and are presented in the chapter titled “*Financial Information*” on page 116. The summary financial statements presented below should be read in conjunction with audited Financial Statements, the notes and annexures thereto and the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 191.

### SUMMARY OF STATEMENT OF ASSETS AND LIABILITIES

(₹ in Millions)

Particulars	Six months period ended 30-Sep-2018	31-Mar-18	31-Mar-17	31-Mar-16
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	3,489.46	3,541.44	2,865.19	-
(b) Capital work-in-progress	7.67	6.43	0.05	-
(c) Goodwill on consolidation	1,112.32	1,112.32	-	-
(d) Intangible assets	572.39	665.93	539.31	-
(e) Financial assets	-	-	-	-
(i) Investments	0.16	0.17	821.43	-
(ii) Loans	7.32	7.01	3.07	-
(iii) Other financial assets	2,325.77	2,213.51	1,858.86	-
(f) Deferred tax assets (net)	2,566.94	2,376.23	2,114.54	-
(g) Other non-current assets	93.90	109.85	55.72	-
<b>Total non-current assets</b>	<b>10,175.93</b>	<b>10,032.89</b>	<b>8,258.16</b>	<b>0.00</b>
<b>II. Current assets</b>				
(a) Inventories	10,158.47	7,272.91	9,435.81	0.19
(b) Financial assets	-	-	-	-
(i) Trade receivables	10,041.56	7,844.84	2,500.50	-
(ii) Cash and cash equivalents	59.96	122.98	63.58	0.12
(iii) Bank balance other than (iii) above	51.98	161.30	167.68	-
(iv) Loans	31.81	43.57	14.95	-
(v) Others financial assets	365.18	236.57	191.93	-
(c) Current tax assets (net)	158.24	149.99	114.29	-
(d) Other current assets	6,200.75	5,909.88	1,337.15	-
<b>Total current assets</b>	<b>27,067.94</b>	<b>21,742.03</b>	<b>13,825.90</b>	<b>0.31</b>
<b>Total Assets</b>	<b>37,243.88</b>	<b>31,774.92</b>	<b>22,084.07</b>	<b>0.31</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	231.70	231.70	217.42	0.10
Other equity	10,256.28	10,366.07	6,363.00	(0.01)
Non -controlling Interest	889.96	873.07	-	-
<b>Total equity</b>	<b>11,377.94</b>	<b>11,470.85</b>	<b>6,580.42</b>	<b>0.09</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				

(a) Financial liabilities				
(i) Borrowings	170.61	806.26	1,529.31	-
(ii) Other financial liabilities	628.31	568.29	449.69	-
(b) Long-term provisions	210.56	185.90	120.75	-
(c) Deferred tax liabilities (net)	14.23	14.23	-	-
<b>Total non-current liabilities</b>	<b>1,023.71</b>	<b>1,574.67</b>	<b>2,099.75</b>	<b>0.00</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	8,502.98	5,902.20	4,238.19	0.20
(ii) Trade payables	-	-	-	0.02
a) total outstanding dues of micro enterprises and small enterprises	1,200.69	336.13	442.07	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises	13,242.73	10,343.77	7,035.99	-
(iii) Other financial liabilities	1,257.40	1,577.58	767.77	-
(b) Other current liabilities	460.10	398.60	873.59	-
(c) Short-term provisions	178.32	166.22	46.30	-
(d) Current tax liabilities (net)	-	4.89	-	-
<b>Total current liabilities</b>	<b>24,842.22</b>	<b>18,729.40</b>	<b>13,403.91</b>	<b>0.22</b>
<b>Total Equity and Liabilities</b>	<b>37,243.88</b>	<b>31,774.92</b>	<b>22,084.07</b>	<b>0.31</b>

**Notes:**

1. Financials for the period ended September 2018, Year ended March 2018 are not comparable with that of year ended March 2017 and March 2016 as Arvind Fashions Ltd (AFL) commenced consolidation from November 2016.
2. Effective from 1st April 2017, AFL has consolidated Tommy and CK as subsidiaries which were previously consolidated as Equity accounted JVs.
3. w.e.f 1st April 2018 Company adopted IND AS 115 under the full retrospective approach, accordingly comparative financials of March 2018, have been adjusted to give the retrospective impact. The effect of adoption of IND as 115 is insignificant on financial results.

**SUMMARY OF PROFIT AND LOSS**

(₹ in Millions)

<b>Particulars</b>	<b>Six months period ended 30-Sep-18</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Mar-16</b>
<b>REVENUE</b>				
Revenue from operations	22,158.79	42,189.02	12,921.91	-
Other Income	51.37	125.66	23.61	-
<b>Total Revenue</b>	<b>22,210.16</b>	<b>42,314.67</b>	<b>12,945.52</b>	-
<b>EXPENSES</b>				
Cost of raw materials and accessories consumed	24.26	29.21	15.25	-
Purchases of stock-in-trade	13,655.35	15,723.94	9,419.16	-
Change in inventories	(2,661.25)	4,035.94	(2,475.86)	-
Employee benefits expenses	2,045.39	3,668.81	1,115.58	-
Finance cost	566.21	913.35	325.90	-
Depreciation and Amortization	748.99	1,389.45	429.58	-
Other expenses	7,913.56	16,438.32	4,096.51	0.01
<b>Total Expenses</b>	<b>22,292.51</b>	<b>42,199.02</b>	<b>12,926.12</b>	<b>0.01</b>
<b>Profit before exceptional items and tax</b>	<b>(82.35)</b>	<b>115.66</b>	<b>19.40</b>	<b>(0.01)</b>
Exceptional items	-	-	-	-
<b>Profit before tax</b>	<b>(82.35)</b>	<b>115.66</b>	<b>19.40</b>	<b>(0.01)</b>
<b>Share of Profit/(Loss) of Joint Ventures accounted for using the equity method(V)</b>	-	-	(31.78)	-
<b>Tax Expenses</b>	-	-	-	-
Current Tax	183.66	257.30	-	-
(Excess) / short provision for taxation related to earlier years	-	-	2.82	-
Deferred Tax	(183.86)	(270.83)	(165.18)	-
<b>Total Tax Expenses</b>	<b>(0.20)</b>	<b>(13.53)</b>	<b>(162.36)</b>	-
<b>Profit for the year after tax</b>	<b>(82.15)</b>	<b>129.19</b>	<b>149.97</b>	<b>(0.01)</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>				
Re-measurement gains / (losses) on defined benefit	(19.17)	(21.55)	(7.82)	-
Income tax effect	6.66	7.09	2.76	-
Share of other comprehensive income of JV accounted using Equity Method (net of Tax)			0.58	
Net gain / (loss) on FVOCI equity instruments	(0.01)	901.60	0.09	

<b>Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>(12.51)</b>	<b>887.13</b>	<b>(4.39)</b>	<b>0.00</b>
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>				
Net gains / (loss) on hedging instruments in a cash flow hedge	(0.53)	-	-	-
Income tax effect	0.19	-	-	-
<b>Total Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	<b>(0.35)</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>(95.00)</b>	<b>1,016.32</b>	<b>145.58</b>	<b>(0.01)</b>
Earning per Equity Share:				
Basic	(0.85)	1.27	2.98	(0.23)
Diluted	(0.83)	1.24	2.82	(0.23)

**Notes:**

- 1. Financials for the period ended September 2018, Year ended March 2018 are not comparable with that of year ended March 2017 and March 2016 as Arvind Fashions Ltd (AFL) commenced consolidation from November 2016.**
- 2. Effective from 1st April 2017, AFL has consolidated Tommy and CK as subsidiaries which were previously consolidated as Equity accounted JVs.**
- 3. w.e.f 1st April 2018 Company adopted IND AS 115 under the full retrospective approach, accordingly comparative financials of March 2018, have been adjusted to give the retrospective impact. The effect of adoption of IND as 115 is insignificant on financial results.**



## SUMMARY OF CASH FLOW

(₹ in Millions)

Particulars	Six months period ended 30-Sep-18	31-Mar-18	31-Mar-17	31-Mar-16
<b>[A] Cashflow from operating activities</b>				
Profit/(Loss) for the year before taxation and exceptional items	(82.35)	115.66	19.40	(0.01)
Adjustment to reconcile profit before tax to net cash flows:				
Depreciation and Amortization	748.99	1,389.45	429.58	-
Interest Income	(5.26)	(33.35)	(5.78)	-
Interest and other borrowing cost	566.21	913.35	325.90	-
Allowance for doubtful advances	-	5.11	2.56	-
Allowance of doubtful debts	11.00	20.35	-	-
Provision for Litigation/Disputes	(5.00)	104.70	-	-
Sundry credit balances appropriated	-	(55.91)	-	-
Liability no longer required written back	(6.33)	-	-	-
Share based payment expense	2.10	6.93	3.33	-
Tangible & Intangible assets written off	21.89	76.22	3.08	-
Loss / (gain) on sale of Tangible / Intangible Assets	(0.22)	(2.44)	(0.05)	-
Operating profit before working capital changes	1,251.03	2,540.07	778.02	-
Working Capital Changes:				
Inventories	(2,885.56)	355.12	(491.96)	-
Trade payables	3,769.85	2,234.87	(2,056.64)	0.02
Other current liabilities	61.50	(538.60)	622.79	-
Other financial liabilities	79.96	191.98	(1,668.22)	-
Provisions	22.59	35.06	22.78	-
Trade receivables	(2,207.72)	(4,282.59)	1,171.63	-
Other current assets	(290.87)	(754.58)	255.80	-
Other financial assets	(243.04)	(287.53)	116.99	-
Other bank balances	109.32	6.38	(167.68)	-
Cash generated from operations	(332.95)	(499.81)	(1,416.49)	-
Direct Taxes paid (Net of Income Tax refund)	(196.79)	(254.30)	(39.86)	-
<b>Net cash from operating activities [A]</b>	<b>(529.74)</b>	<b>(754.11)</b>	<b>(1,456.35)</b>	<b>0.01</b>
<b>[B] Cash flow from investing activities</b>				
Purchase of tangible/intangible assets (Net)	(626.38)	(1,700.72)	(548.20)	-

Changes in loan given	11.45	(32.56)	(18.03)	-
Changes in Capital Advances	15.95	(37.67)	(55.72)	-
Change in Long Term Investments	-	-	(852.20)	(0.18)
Acquisition of Control due to Business Combination	-	-	(5,627.42)	-
Changes in Non Controlling Interest	-	250.41	-	-
Interest income	7.43	30.70	4.06	-
<b>Net cash flow in investing activities [B]</b>	<b>(591.55)</b>	<b>(1,489.83)</b>	<b>(7,097.51)</b>	<b>(0.18)</b>
<b>[C] Cash flow from financing activities</b>				
Issue of equity shares	-	14.29	217.32	0.1
Securities Premium received	-	2,985.71	8,585.73	-
Changes in long term borrowings	(999.40)	(259.02)	131.82	-
Changes in short term borrowings	2,600.78	396.72	(192.47)	0.2
Interest and other borrowings cost paid	(543.11)	(875.58)	(194.48)	-
<b>Net cash flow from financing activities [C]</b>	<b>1,058.27</b>	<b>2,262.11</b>	<b>8,547.91</b>	<b>0.3</b>
<b>Net Increase/(Decrease) in cash and cash equivalents[A+B+C]</b>	<b>(63.02)</b>	<b>18.16</b>	<b>(5.95)</b>	<b>0.13</b>
<b>Cash and cash equivalents opening</b>	<b>122.98</b>	<b>63.58</b>	<b>0.12</b>	<b>0.00</b>
<b>Adjustment due to Business Combination</b>	<b>-</b>	<b>41.23</b>	<b>69.40</b>	<b>-</b>
<b>Cash and cash equivalents closing</b>	<b>59.96</b>	<b>122.98</b>	<b>63.58</b>	<b>0.13</b>

**Notes:**

- 1. Financials for the period ended September 2018, Year ended March 2018 are not comparable with that of year ended March 2017 and March 2016 as Arvind Fashions Ltd (AFL) commenced consolidation from November 2016.**
- 2. Effective from 1st April 2017, AFL has consolidated Tommy and CK as subsidiaries which were previously consolidated as Equity accounted JVs.**
- 3. w.e.f 1st April 2018 Company adopted IND AS 115 under the full retrospective approach, accordingly comparative financials of March 2018, have been adjusted to give the retrospective impact. The effect of adoption of IND as 115 is insignificant on financial results.**

## GENERAL INFORMATION

The Company was incorporated on January 05, 2016, as a public limited company in the name of Arvind J&M Limited under the Companies Act, 2013, subsequently the name of the Company has been changed to Arvind Fashions Limited vide fresh certificate of incorporation issued by the Registrar of Companies, at Ahmedabad, Gujarat (the “RoC”) on October 14, 2016. For further details, see “*History and Certain Corporate Matters*” on page 61.

**Corporate Identification Number:** U52399GJ2016PLC085595

**Registered Office:**

Arvind Fashions Limited  
Arvind Limited Premises, Naroda Road, Ahmedabad – 380025

**Tel:** +91-79-30138000;

**Fax:** +91-79-30138668;

**Email:** [investor.relations@arvindbrands.com](mailto:investor.relations@arvindbrands.com)

**Website:** [www.arvind-fashions.com](http://www.arvind-fashions.com)

**Corporate Office:**

8th Floor, Du Parc Trinity, 17, M G Road, Bangalore-560001

**Tel:** +91-80-41550650;

**Fax:** +91-80-41550651;

**Address of the Registrar of Companies:**

The Company is registered with the Registrar of Companies, Ahmedabad, located at the following address:

**Registrar of Companies**

ROC Bhavan, Opp. Rupal Park Society,

Behind Ankur Bus Stop,

Naranpura, Ahmedabad-380013

Phone: 079-27437597,

Fax 079-27438371

E-mail: [roc.ahmedabad@mca.gov.in](mailto:roc.ahmedabad@mca.gov.in)

**Board of Directors:**

The following table sets out the details regarding Board as of the date of filing of this Information Memorandum:

Sr. No.	Name of the Director	Designation
1.	Mr. Sanjaybhai Shrenikbhai Lalbhai	Chairman & Non – Executive Director
2.	Mr. Suresh Jayaraman	Managing Director & CEO
3.	Mr. Jayesh Kantilal Shah	Non – Executive Director
4.	Mr. Kulin Sanjay Lalbhai	Non – Executive Director
5.	Ms. Nithya Easwaran	Non – Executive Director
6.	Mr. Nilesh Dhirajlal Shah	Independent Director
7.	Mr. Vallabh Roopchand Bhanshali	Independent Director
8.	Ms. Abanti Sankaranarayanan	Independent Director
9.	Mr. Achal Anil Bakeri	Independent Director
10.	Mr. Nagesh Dinkar Pinge	Independent Director

For brief profiles and further details of Directors, see “*Management*” on page 66.

**Chief Executive Officer:**

Mr. Suresh J

E-mail: [sureshj@arvindbrands.co.in](mailto:sureshj@arvindbrands.co.in)

Phone No.: +91-80-41550672

**Chief Financial Officer:**

Mr. Kannan S

E-mail: [kannans@arvindbrands.co.in](mailto:kannans@arvindbrands.co.in)

Phone No.: +91-80-41550322

**Company Secretary and Compliance Officer:** Mr. Vijay Kumar B S  
E-mail: [vijaykumar.bs@arvindbrands.com](mailto:vijaykumar.bs@arvindbrands.com)  
Phone No.: +91-9620655183

### **Authority for Listing**

The Hon'ble National Company Law Tribunal, Ahmedabad Bench through an order dated 26<sup>th</sup> October 2018 has approved the Composite Scheme of Arrangement for transfer of Branded Apparel Undertaking of Arvind Limited into Company. For more details relating to the Composite Scheme please refer to "*Objects and Rationale of the Scheme*" on page 41. In accordance with the Composite Scheme, Branded Apparel Undertaking of Arvind Limited was transferred to and vested with Company with effect from the Appointed Date viz. 30<sup>th</sup> November 2018 pursuant to Section 230 to 232 read with Section 66 and the applicable provisions of the Companies Act, 2013, as may be applicable amongst Arvind Limited and Arvind Fashions Limited and Anveshan Heavy Engineering Limited and the Anup Engineering Limited and their respective shareholders and creditors. In accordance with the said Scheme, the Equity Shares of Company shall be listed and admitted to trading on BSE Limited and National Stock Exchange of India Limited. Such listing and admission for trading is not automatic and will be subject to fulfilment of listing criteria by Company as permitted by BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application for listing by Company. Observations letters from BSE and NSE in relation to the Composite Scheme was granted vide their letters dated February 28, 2018.

### **Eligibility Criteria**

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable. SEBI has vide its circular SEBI/CFD/DIL3/CIR/2017/21 dated March 10, 2017; CFD/DIL3/CIR/2017/26 dated March 23, 2017 and CFD/DIL3/CIR/2018/2 dated January 3, 2018 (the "SEBI Circular") has subject to certain conditions permitted unlisted issuer companies to make an application for relaxing from the strict enforcement of Rule 19(2)(b) of SCRR.

The Company has submitted this Information Memorandum, containing information to BSE and NSE and making disclosure of such information available in line with disclosure requirement to public through their websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). The Company has made the said Information Memorandum available on its website viz [www.arvind-fashions.com](http://www.arvind-fashions.com). The Company will publish an advertisement in the newspapers containing details in accordance with applicable SEBI Circular. The advertisement shall contain specific reference to the availability of this Information Memorandum on Company's website.

### **Prohibition by SEBI**

The Company, its Promoters, its Directors, Promoter Group entities and other companies promoted by Promoters or Group Companies and natural persons behind corporate Promoters and companies with which the directors of Company are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

### **General Disclaimer from Company**

The Company accepts no responsibility for statement made otherwise than in this Information Memorandum or in the advertisements to be published in terms of SEBI Circular SEBI/CFD/DIL3/CIR/2017/21 dated March 10, 2017, or any other material issued by or at the instance of Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Listing**

The company has nominated BSE Limited as Designated Stock Exchange for the aforesaid listing of the Equity shares. The Company has received In-principle approvals from BSE on January 24, 2019 and NSE on January 30, 2019 and has received approval from SEBI under 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957 on February 25, 2019. The Company will now apply for commencement of trading at BSE and NSE.

### Designated stock exchange

The designated stock exchange is BSE Limited.

### Previous rights and public issues

The Company has made the following issues of equity shares since incorporation:

Date of allotment	Number of Equity Shares	Face value (₹)	Offer price (₹)
October 14, 2016	9,50,00,000	2	2
October 20, 2016	5,00,000	2	2
October 27, 2016	19,50,000	2	660.2
November 17, 2016	1,11,66,544	2	660.2
November 21, 2016	41,656	2	660.2
September 26, 2017	45,38,578	2	661

### Experts

Except for the report of Auditors on the “*Financial Statements*” on page 116 and the “*Statement of Possible Special Tax Benefits*” on page 46 included in this Information Memorandum, Company has not obtained any expert opinion.

### Bankers to Company:

#### IDFC Bank Limited

Sun Square. T.P 20, F.P No. 80+90+91,  
Besides Nest, Off C.G Road,  
Ahmedabad – 380 006  
Contact Person - Mr. Kaundinya Trivedi  
Phone: +91 22 4222 2000  
E-mail: [kaundinya.trivedi@idfcbank.com](mailto:kaundinya.trivedi@idfcbank.com)  
Website: [www.idfcbank.com](http://www.idfcbank.com)

### Statutory Auditors:

#### M/s. Sorab S. Engineer & Co.

No. 909, Atma House, Opp. Old R B I,  
Ashram Road,  
Ahmedabad – 380 009  
Contact Person - Mr. Shreyas Choksi  
Phone: +91 79 26584304  
E-mail: [sseahm@hotmail.com](mailto:sseahm@hotmail.com)  
Firm Registration no. 110417W

### Registrar & Share Transfer Agent:

#### Link Intime India Private Limited,

506-508, Amarnath Business Centre -1 (abc-1),  
Beside Gala Business Centre,  
Near St. Xavier’s College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad – 380006  
Tel: +91 79 2646 5179/86/87  
Fax: +91 79 2646 5179  
Investor Grievance e-mail: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Contact Person: R Chandrasekher  
SEBI Registration Number: INR000004058

**Changes in auditors**

We had the following changes in statutory auditors during last three years:

M/s. G K Choksi & Co., Chartered Accountants, (FRN:101895W) had expressed their unwillingness for re-appointment as statutory auditor of the Company and in place of them M/s. Sorab S Engineer & Co., Chartered Accountants, (FRN: 110417W) were appointed as statutory auditor of the Company in the first annual general meeting held on September 14, 2016.

## CAPITAL STRUCTURE

Pre and Post issue and allotment of equity shares pursuant to the Composite Scheme, the share capital of Company as at the date of this Information Memorandum is set forth below:

### Pre-Composite Scheme

Particulars	Aggregate Value at Face Value (in Rs.)
<b>Authorised Share Capital</b> 12,50,00,000 Equity Shares of Rs. 2/- each	25,00,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b> 11,58,51,454 Equity Shares of Rs. 2/- each	23,17,02,908

### Consolidation of Shares Pursuant to scheme of Arrangement approved by NCLT, Ahmedabad Bench on October 26, 2018

Particulars	Aggregate Value at Face Value (in Rs.)
<b>Authorised Share Capital</b> 6,25,00,000* Equity Shares of Rs. 4/- each	25,00,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b> 5,79,25,727 Equity Shares of Rs. 4/- each	23,17,02,908

\*2 Equity share of Rs.2 each was consolidated into 1 equity shares of Rs.4 each pursuant to the scheme of arrangement approved by NCLT, Ahmedabad Bench on October 26, 2018.

### Post-Composite Scheme

Particulars	Aggregate Value at Face Value (in Rs.)
<b>Authorised Share Capital</b> 18,75,00,000 Equity Shares of Rs. 4/- each	75,00,00,000
<b>Number of Equity Shares post reduction of Paid-up Share Capital, pursuant to the Composite Scheme of Arrangement upon the Scheme</b> 62,71,259* Equity Shares of Rs. 4/- each	2,50,85,036
<b>Number of Equity Shares issued as per the Composite Scheme of Arrangement upon the Scheme becoming the effective and as approved by the NCLT of Judicature at Ahmedabad</b> 5,17,23,414 Equity Shares of Rs. 4/- each	20,68,93,656
<b>Issued, Share Capital - post implementation of the Composite Scheme</b> 5,79,94,673 Equity Shares of Rs. 4/- each	23,19,78,692
<b>Subscribed and Paid-up Share Capital – post implementation of the Composite Scheme</b> 5,79,94,673 Equity Shares of Rs. 4/- each	23,19,78,692
<b>Securities Premium Account</b>	
Before the Composite Scheme	11,57,14,40,082
After the Composite Scheme	11,60,42,79,618

\*Includes 2,98,911 ESOPs exercised and allotted

### Changes in Authorised Share Capital

For details of changes in the authorised share capital of Company, see “*History and Certain Corporate Matters*” on page 61.

## Notes to Capital Structure

### 1. Share Capital History

#### (a) History of Equity Share capital of Company

The following table sets forth the history of the Equity Share capital of Company:

Date of allotment/ buy-back	Number of Equity Shares	Face value (₹)	Offer price (₹)	Nature of considerati on	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
January 05, 2016	10000*	10	10	Cash	Initial Subscription to the MoA	10000	100000
October 14, 2016	95000000	2	2	Cash	Rights Issue	95050000	190100000
October 20, 2016	500000	2	2	Cash	Rights Issue	95550000	191100000
October 27, 2016	1950000	2	660.2	Cash	Rights Issue	97500000	195000000
November 17, 2016	11166544	2	660.2	Cash	Private Placement	108666544	217333088
November 21, 2016	41656	2	660.2	Cash	Private Placement	108708200	217416400
September 26, 2017	4538578	2	661	Cash	Rights Issue	113246778	226493556
September 28, 2017	2604676	2	Bonus issue	Capitalisati on of reserves	Bonus Issue	115851454	231702908
November 28, 2018	298911	4**	i. 266357 shares at Rs. 105.58 per shares  ii. 22175 shares at Rs. 177.9 per shares  iii. 7597 shares at Rs. 185.64 per shares	Cash	ESOP Exercise	58224638	232898552

\* Equity share of Rs.10 each was sub-divided into 5 equity shares of Rs.2 each w.e.f. September 26, 2016, by virtue of this corporate action the number of shares got increased from 100000 to 500000.

\*\* 2 Equity share of Rs.2 each was consolidated into 1 equity shares of Rs.4 each pursuant to the scheme of arrangement approved by NCLT, Ahmedabad Bench on October 26, 2018.

For further details on the scheme, please refer chapter titled “*Objects and Rationale of the Scheme*” of this IM on page 41.

#### (b) Equity shares issued for consideration other than cash

The Company has not issued any Equity Shares for consideration other than cash except 26,04,676 Bonus Shares issued by capitalising securities premium to the extent of Rs. 52,09,352/-.

### 2. History of Build up, Contribution and Lock-in of Promoter’s Shareholding

#### a) Build up of Promoter’s shareholding in Company

Set forth below is the build-up of the equity shareholding of Promoter since incorporation of Company:



Date of allotment/transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Acquisition /Allotment/ Transfer	Percentage of Pre-scheme Equity Share Capital (%)	Percentage of Post-scheme Equity Share Capital (%)
September 29, 2016	50000*	2	2	Cash	Transfer	100%	0%^
October 14, 2016	95000000	2	2	Cash	Allotment	100%	0%^
October 20, 2016	500000	2	2	Cash	Allotment	100%	0%^
October 27, 2016	1950000	2	660.2	Cash	Allotment	100%	0%^
September 26, 2017	4070634	2	661	Cash	Allotment	89.69%	0%^
September 28, 2017	2336125	2	Bonus	Bonus	Allotment	89.69%	0%^
December 4, 2018	22235200	4#	-	Other than Cash	Pursuant to Scheme of Arrangement	0%	38.34%
<b>TOTAL</b>	<b>22231611</b>	<b>4</b>				<b>0%</b>	<b>38.34%</b>

\*Promoters Shareholding includes shares held by its 6 nominees of 50 shares each

^ Entire pre-scheme shareholding of promoters was cancelled pursuant to the Scheme

# Pursuant to Scheme of Arrangement, shares with face value of Rs. 2 each were consolidated to face value of Rs. 4 each

All the Equity Shares held by Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares as on the date of this Information Memorandum.

**b) Shareholding of Promoter, directors of Promoter and Promoter Group**

Provided below are details of Equity Shares held by Promoters, directors of Promoters and members of the Promoter Group as of the date of this Information Memorandum:

S No.	Name of shareholder	Pre-Scheme		Post-scheme	
		No. of Equity Shares	Percentage of pre-scheme capital (%)	No. of Equity Shares	Percentage of post-scheme capital (%)
<b>Promoter</b>					
1.	Arvind Limited*	103906759	89.69	0	0
2.	Aura Securities Private Limited	0	-	19112362	32.96
3.	Aura Business Ventures LLP	0	-	162000	0.28
4.	Sanjaybhai Shrenikbhai Lalbhai	0	-	311	0.00
5.	Jayshreeben Sanjaybhai Lalbhai	0	-	68	0
6.	Punit Sanjay Lalbhai	0	-	742	0.00
<b>Subtotal (A)</b>		<b>103906759</b>	<b>89.69</b>	<b>19275483</b>	<b>33.24</b>
<b>Promoter Group</b>					
1	Kalpanaben Shripalbhai Morakhia	0	-	2	0.00
2	Hansaben Niranjanbhai Lalbhai	0	-	2279	0.00
3	Saumya Samvegbhai Lalbhai	0	-	5331	0.01
4	Swati S Lalbhai	0	-	1942	0.00
5	Badlani Manini Rajiv	0	-	1430	0.00
6	Taral S Lalbhai	0	-	814	0.00
7	Sunil Siddharth Lalbhai	0	-	1087	0.00
8	Vimlaben S Lalbhai	0	-	918	0.00
9	Astha S. Lalbhai	0	-	385	0.00
10	Sunil Siddharth	0	-	3	0.00
11	Atul Limited	0	-	825494	1.42

S No.	Name of shareholder	Pre-Scheme		Post-scheme	
		No. of Equity Shares	Percentage of pre-scheme capital (%)	No. of Equity Shares	Percentage of post-scheme capital (%)
12	Aura Merchandise Private Limited			20	0.00
13	Aura Securities Private Limited	0	-	20	0.00
14	Arvind Farms Private Limited	0	-	298023	0.51
15	Adore Investments Private Limited	0	-	26459	0.05
16	Amardeep Holdings Private Limited	0	-	18850	0.03
17	Aayojan Resources Private Limited	0	-	18200	0.03
18	Adhinami Investment Private Limited	0	-	3700	0.01
19	Anusandhan Investments Limited	0	-	23000	0.04
20	Akshita Holdings Private Limited	0	-	27	0.00
21	Aura Business Enterprise Private Limited	0	-	20	0.00
22	Aagam Holdings Private Limited	0	-	375251	0.65
<b>Subtotal (B)</b>		<b>0</b>	<b>0%</b>	<b>1603255</b>	<b>2.76</b>
<b>Total Promoter and Promoter Group (A+B)</b>		<b>103906759</b>	<b>89.69</b>	<b>20878738</b>	<b>36.00</b>
<b>Directors of Promoters</b>					
1	Jayesh Kantilal Shah	0	0%	0	0.00
2	Jagdish Gajanand Dalal	0	0%	0	0

\*Arvind Limited Shareholding includes shares held by its 6 nominees of 50 shares each

### c) Details of lock-in

Following pre-scheme shares held by the public shareholders in the Company, still remain in existence and hence are subject to Lock-in for a period of one year from the date of listing:

Name of the Shareholders	No. of Shares	Distinctive Numbers	
		From	To
Plenty Private Equity Fund I Limited	39,35,458	51953380	55888837
Plenty Ci Fund I Limited	16,18,966	55888838	57507803
Multiples Private Equity Fund II LLP	4,17,924	57507804	57925727
Alok Dubey	75,000	57925728	58000727
Amit Sharma	1,000	58000728	58001727
Anindya Ray	20,000	58001728	58021727
Anupam Biswas	3,000	58021728	58024727
Soundararajan Kannan	19,175	58024728	58043902
Mohul Sinha	6,432	58043903	58050334
Piyush Kumar Chowhan	2,557	58050335	58052891
Rajesh Kumar	5,650	58052892	58058541
Ramesh Ramalingam	767	58058542	58059308
Shilpa Vaid	3,273	58059309	58062581
Sumit Dhingra	14,275	58062582	58076856
J Suresh Sheela Suresh	1,45,000	58076857	58221856
Gaurav Jadli	767	58221857	58222623
Rakesh Jallipally	2,015	58222624	58224638
<b>Total No. of shares</b>	<b>62,71,259</b>	-	-

### 3. Shareholding pattern

The table below represents the equity shareholding pattern of Company before and after the Scheme (as on date of this Information Memorandum):

#### Pre – Scheme – before reduction and allotment of Equity Shares

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid up Equity Shares held (V)	No. of shares are (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying Outstanding convertible securities (as a % of diluted share capital) (X) (A+B+C2)	Shareholding, as assumed in conversion of full convertible securities (as a % of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)	Number of Shares pledged or otherwise encumbered (XIII)	Number of Equity Shares held in dematerialized form (XIV)	
								No of Voting Rights								Total as a % of (A+B+C)
								Class :Equity	Class e.g. :y	Total						
(A)	Promoter and Promoter Group*	7	51953379	0	0	51953379	89.23%	51953379	0	51953379	89.23%	0	0	0	0	51953379
(B)	Public	17	6271259	0	0	6271259	10.77%	6271259	0	6271259	10.77%	0	0	0	0	6271259
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>24</b>	<b>58224638</b>	<b>0</b>	<b>0</b>	<b>58224638</b>	<b>100%</b>	<b>58224638</b>	<b>0</b>	<b>58224638</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58224638</b>

(\*Note: Promoter and Promoter Group Shareholding includes shares held by its 6 nominees of 25 shares each)

**Post – Scheme – before reduction and allotment of Equity Shares**

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid up Equity Shares held (V)	No. of shares under Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)			
								Class: Equity Shares	Class: Nil	Total								
(A)	Promoter and Promoter Group	27	20878738	0	0	20878738	36.00	20878738	0	20878738	36.00	0	36.00	0	0	850000	4.07	20878738
(B)	Public	195156	37115935	0	0	37115935	64.00	37115935	0	37115935	64.00	0	64.00	0	0	1351000	3.64	36497915
(C)	Non Promoter- Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>195183</b>	<b>57994673</b>	<b>0</b>	<b>0</b>	<b>57994673</b>	<b>100</b>	<b>57994673</b>	<b>0</b>	<b>57994673</b>	<b>100.00</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>2201000</b>	<b>3.80</b>	<b>57376653</b>

#### 4. Shareholding of Directors and Key Managerial Personnel in the Company

Details of Directors and Key Managerial Personnel who hold Equity Shares as of the date of this Information Memorandum are as follows:

Name	No. of Equity Shares	% of Equity Share capital
Mr. Sanjaybhai Shrenikbhai Lalbhai	311	0.00
Mr. Suresh Jayaraman	145000	0.00
Mr. Nilesh Dhirajlal Shah	40	0.00
Ms. Nithya Eashwaran	600	0.00
Mr. Kannan Soundararajan	19175	0.00

5. As of the date of this Information Memorandum, Company has 195183 Equity Shareholders.

#### 6. Top shareholders

(a) Equity Shareholders holding more than 1% equity shares of the company and the number of Equity Shares held by them as on the date of this Information Memorandum are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage of equity holding
1.	AURA SECURITIES PRIVATE LTD	1,91,12,362	32.96
2.	PLENTY PRIVATE EQUITY FUND I LIMITED	39,35,458	6.79
3.	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	24,09,075	4.15
4.	PLENTY CI FUND I LIMITED	16,18,966	2.79
5.	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA OPPORTUNITIES FUND	14,67,354	2.53
6.	AML EMPLOYEE WELFARE TRUST	12,65,462	2.18
7.	KOTAK STANDARD MULTICAP FUND	12,13,727	2.09
8.	KOTAK FUNDS - INDIA MIDCAP FUND	10,60,000	1.83
9.	MULTIPLES PRIVATE EQUITY FII I	9,14,133	1.58
10.	ATUL LIMITED	8,25,494	1.42
11.	LIFE INSURANCE CORPORATION OF INDIA	8,07,804	1.39
12.	INDIA CAPITAL FUND LIMITED	6,00,105	1.03

(b) The top ten Equity Shareholders as of the date two years prior to filing of this Information Memorandum are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage of equity holding
1.	Arvind Limited*	5,19,53,379	89.69%
2.	Plenty Private Equity Fund I Limited	39,35,458	6.79%
3.	Plenty CI Fund I Limited	16,18,966	2.79%
4.	Multiples Private Equity Fund II LLP	4,17,924	0.72%

(\*Note: Promoter and Promoter Group Shareholding includes shares held by its 6 nominees of 25 shares each)

For details relating to the cost of acquisition of Equity Shares by Promoter, see “*Summary of Offer Document*” on page 9.

## 7. Employee Stock Option Schemes

- a. Pursuant to a resolution of shareholders by way of separate resolution passed on 15th October 2016, which was amended by shareholders by way of separate resolution passed on 16th July 2018, Company has instituted AFL Employee Stock Option Scheme 2016 (“Scheme or AFL ESOP 2016”) in compliance with the SEBI ESOP Regulations and the Companies Act, 2013.

### Details pertaining to the AFL ESOP 2016:

Particulars	Details																																				
Options granted	<p>As on the date of this IM, Company has granted 39,78,000 options.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Grant Price</th> <th>Grant Options</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>54</td> <td>14,18,332</td> </tr> <tr> <td>II</td> <td>91</td> <td>1,69,846</td> </tr> <tr> <td>III</td> <td>97</td> <td>18,05,936</td> </tr> <tr> <td>IV</td> <td>106</td> <td>83,886</td> </tr> <tr> <td>V</td> <td>690.54</td> <td>5,00,000</td> </tr> </tbody> </table> <p>The Company had issued 2.3 Bonus Shares to the Equity Shareholders of the Company for every 100 Equity Shares and in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014; additional 78,065 options were issued to each ESOP holder and the exercise price was adjusted to give a fair treatment to the ESOP holders as follows:</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Grant Price</th> <th>Adjusted Exercise Price</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>54</td> <td>52.79</td> </tr> <tr> <td>II</td> <td>91</td> <td>88.95</td> </tr> <tr> <td>III</td> <td>97</td> <td>94.82</td> </tr> <tr> <td>IV</td> <td>106</td> <td>106.00</td> </tr> <tr> <td>V</td> <td>690.54</td> <td>690.54</td> </tr> </tbody> </table>	Type	Grant Price	Grant Options	I	54	14,18,332	II	91	1,69,846	III	97	18,05,936	IV	106	83,886	V	690.54	5,00,000	Type	Grant Price	Adjusted Exercise Price	I	54	52.79	II	91	88.95	III	97	94.82	IV	106	106.00	V	690.54	690.54
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Pricing Formula	<p>The Exercise Price has been decided by the Board/Committee at its own discretion. Provided that after listing of the equity shares of the Company on any recognized stock exchange in India, the exercise price shall be the Market Price of the share. However, it can be such other price as may be decided by the Board/Committee for grant of options not exceeding 0.5% of the paid-up equity shares as on 31st March 2018, i.e., not exceeding 5,79,257 shares or such other price as may be required to be arrived in accordance with the applicable laws. Further, Board/Committee shall grant such options not exceeding 0.5% of paid up capital as mentioned above to employees in lieu of cash compensation based on achievement of key performance indicators and such options shall not exceed 0.15% of the paid-up capital i.e. not exceeding 1,73,777 shares to any one employee.</p> <p>Explanation - Market Price means the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.</p>																																				
Vesting Period	<p><u>Type I and Type II options:</u> Vested on 31<sup>st</sup> October 2017 based on continuous employment with the company.</p> <p><u>Type III options:</u> Performance based step vesting from 31-May-18 to 31-May-21</p>																																				

	<p><u>Type IV options:</u> Performance based step vesting from 31-May-19 to 31-May-22</p> <p><u>Type V options:</u> Step vesting from 30-Nov-2019 to 30-Nov-2022 based on continuous employment with the company.</p>																																	
Options Vested	<p>19,68,590</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Exercise Price</th> <th>Issued Options</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>52.79</td> <td>14,50,953</td> </tr> <tr> <td>II</td> <td>88.95</td> <td>1,73,753</td> </tr> <tr> <td>III</td> <td>94.82</td> <td>3,43,884</td> </tr> <tr> <td>IV</td> <td>106.00</td> <td>0</td> </tr> <tr> <td>V</td> <td>690.54</td> <td>0</td> </tr> </tbody> </table>	Type	Exercise Price	Issued Options	I	52.79	14,50,953	II	88.95	1,73,753	III	94.82	3,43,884	IV	106.00	0	V	690.54	0															
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Options Lapsed	83,886 options at exercise price of 94.82 lapsed																																	
Variations in terms of options	NIL																																	
Options Exercised	<p>5,97,822</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Exercise Price</th> <th>Exercised Options</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>52.79</td> <td>5,32,714</td> </tr> <tr> <td>II</td> <td>88.95</td> <td>44,350</td> </tr> <tr> <td>III</td> <td>94.82</td> <td>20,758</td> </tr> </tbody> </table>	Type	Exercise Price	Exercised Options	I	52.79	5,32,714	II	88.95	44,350	III	94.82	20,758																					
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The total number of Equity Shares arising as a result of exercise of options	5,97,822																																	
Money realized by exercise of options	3,40,35,180/-																																	
Total number of options in force	<p>16,87,193</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Exercise Price</th> <th>Issued Options</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>105.58</td> <td>4,59,124</td> </tr> <tr> <td>II</td> <td>177.90</td> <td>64,705</td> </tr> <tr> <td>III</td> <td>189.64</td> <td>8,71,419</td> </tr> <tr> <td>IV</td> <td>212.00</td> <td>41,945</td> </tr> <tr> <td>V</td> <td>1381.08</td> <td>2,50,000</td> </tr> </tbody> </table> <p>As per Clause 31 of the Scheme of Arrangement, 2 (two) equity shares of INR 2 each of the Company have been consolidated into 1 (one) fully paid up equity share of INR 4 each. As a fair adjustment to this corporate action, the total options stand at:</p> <table border="1"> <thead> <tr> <th></th> <th>Before (FV: 2)</th> <th>After (FV: 4)</th> </tr> </thead> <tbody> <tr> <td>Options Granted (including bonus)</td> <td>40,56,065</td> <td>20,28,049</td> </tr> <tr> <td>(-) Lapsed</td> <td>83,886</td> <td>41,945</td> </tr> <tr> <td>(-) Exercised</td> <td>5,97,822</td> <td>2,98,911</td> </tr> <tr> <td><b>Total number of options in force</b></td> <td><b>33,74,357</b></td> <td><b>16,87,193</b></td> </tr> </tbody> </table>	Type	Exercise Price	Issued Options	I	105.58	4,59,124	II	177.90	64,705	III	189.64	8,71,419	IV	212.00	41,945	V	1381.08	2,50,000		Before (FV: 2)	After (FV: 4)	Options Granted (including bonus)	40,56,065	20,28,049	(-) Lapsed	83,886	41,945	(-) Exercised	5,97,822	2,98,911	<b>Total number of options in force</b>	<b>33,74,357</b>	<b>16,87,193</b>
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Employee-wise detail of options granted to																																		
(i) Senior managerial personnel	<p>For Financial Year 2017: Mr. Kannan S (CF0) – 1,20,000 options</p> <p>For Financial Year 2018: Nil</p> <p>For Current Financial Year: Nil</p>																																	
(ii) Any other employee who received a grant in any one year of options amounting to 5% or	<p>For Financial Year 2017: Mr. J Suresh - 12,42,750 options</p> <p>Mr. Jayesh Shah - 4,87,500 options</p> <p>For Financial Year 2018: Nil</p> <p>For Current Financial Year: Mr. Nitin Agarwal – 46,035 options</p> <p>Mr. Alok Dubey – 1,00,000 options</p>																																	

<p>more of the options granted during the year</p> <p>(iii) Identified employees who were granted options during any one year equal to/ exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</p>	<p>Mr. Sumit Dhingra – 50,000 options Mr. Anindya Ray – 50,000 options Mr. Shailesh Chaturvedi – 3,00,000 options</p> <p>For Financial Year 2017: Nil For Financial Year 2018: Nil For Current Financial Year: Nil</p>
Lock-in	No lock-in is required as per the ESOP Scheme of the Company
Method and significant assumptions used to estimate the fair value of options granted during the year including weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in the market at the time of grant of the option	Fair value of the options has been calculated using the Binomial model
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if Company had used fair value of options and impact of this difference on profits and EPS of Company	The Company follows Fair Value Method of Option Valuation and the Profits of the Company along with the Earnings per Share reflect the impact of the accounting expense.
Weighted-average exercise prices of options whose exercise price is less than the market price of the stock	162.91/-
Weighted-average exercise prices of	1,381.08/-



options whose exercise price is equal to the market price of the stock	
Impact on profits and EPS of the last three years if Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years	Not applicable as the company has accounted for the expense using Fair Value Method and the current profits of the company along with the Earnings per Share disclosed reflect the impact of such expense.

- b. In accordance with Clause 7.4 of the Scheme, the existing ESOP holders of Arvind Limited shall be allocated ESOPs under a scheme formulated by AFL to compensate these existing ESOP holders for the demerger of Branded Apparel Undertaking from Arvind Limited. In pursuance of the same, 3,15,200 options may be issued which shall be convertible into equal number of equity shares of the Company.
8. The Company and Directors have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares from any person.
  9. The Company has not issued any Equity Shares out of its revaluation reserves.
  10. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as of the date of filing this Information Memorandum.
  11. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of Company except as provided above in section named **"7. Employee Stock Options"**.
  12. Except to the extent of any Employee Stock Options Scheme that may be introduced or implemented by Company for employee stock options and subsequent issue of stock options to be granted in connection therewith, Company presently does not intend or propose to alter the capital structure for a period of six months from the date of this Information Memorandum, by way of split or consolidation of the denomination of Equity Shares or issue of Equity Shares (including any issue of fresh securities convertible into or exchangeable, directly or indirectly, for Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement otherwise. However, if Company enters into acquisitions, joint ventures or other arrangements, the company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures. Further pursuant to the Scheme Company may be required to make grants to employees being part of acquired business undertaking who were having Employee Stock Options in Arvind Fashions Limited and further allotment of shares to such employees on exercise of options granted.
  13. At least 25% of the post-scheme paid up share capital of Company comprises of Equity Shares allotted to the public shareholders of Company.
  14. None of the Equity Shares held by the members of Promoter Group are pledged or otherwise encumbered.
  15. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
  16. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## OBJECTS AND RATIONALE OF THE SCHEME

**Composite Scheme of Arrangement under Sections 230 To 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 amongst Arvind Limited (“Arvind”) and Arvind Fashions Limited (“AFL”) and Anveshan Heavy Engineering Limited (“AHEL”) and The Anup Engineering Limited (“Anup”) and their respective shareholders and creditors (“Scheme”)**

The Scheme envisages the following:

- (a) Transfer and vesting of the Branded Apparel Undertaking from Arvind into AFL and the consideration thereof;
- (b) Transfer and vesting of the Engineering Undertaking from Arvind into AHEL and the consideration thereof;
- (c) Amalgamation of Anup with AHEL;
- (d) Change in authorised share capital of Arvind;
- (e) Consolidation of existing equity share capital of AFL;
- (f) Reduction and cancellation of the existing equity share capital of AFL;
- (g) Reduction and cancellation of the existing equity share capital of AHEL;
- (h) Listing of the equity shares of AFL and AHEL; and
- (i) Matters consequential, supplemental and/or otherwise integrally connected therewith.

**A. “Branded Apparel Undertaking”** means the branded apparel business and ancillary and support services in relation thereto of Arvind, comprising of the branded apparel division and all assets, investments and liabilities relating thereto and shall include (without limitation):

(a) all the movable and immovable properties, tangible or intangible, including all, plant and machinery, equipment, furniture, fixtures, vehicles, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, leasehold assets and other properties, including contingent assets of whatsoever nature, cash in hand/ banks, investments, escrow accounts, claims, powers, authorities, rights, credits, titles, interests, benefits, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, all receivables (including, royalty receivables), loans and advances also including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of Arvind, and also, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by Arvind, all the debts, liabilities, duties and obligations including contingent liabilities of Arvind in relation to and pertaining to the branded apparel business;

(b) all receivables (including royalty receivables), loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of Arvind in relation to and pertaining to the branded apparel business;

(c) all goodwill, other intangibles, industrial and other licenses, approvals, Permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by Arvind;

(d) investments in shares, debentures and other securities held by Arvind in AFL;

(e) all the debts, liabilities, duties and obligations including contingent liabilities of Arvind in relation to and pertaining to the garment business. It is clarified that any question as to whether or not a specified liability pertains to the textile and branded apparel business shall be decided by Arvind, with requisite approvals of Appropriate Authorities, wherever applicable; and

(f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the branded apparel business of Arvind.

Explanation:

It is clarified that the question of whether a specified asset or liability pertains to the Branded Apparel Undertaking or arises out of the activities or operations of Branded Apparel Undertaking shall be decided by the Board of Arvind.

**B. “Engineering Undertaking”** all the engineering business and ancillary and support services in relation thereto of Arvind together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of Arvind, in relation to and pertaining to the engineering business and shall include (without limitation):

(a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate/ subsidiary/ joint venture companies, plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory including, cables, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, inverters, electrical fittings, submersible pumps, electrical erections, earthing and lighting systems, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, industrial and other licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by Arvind in relation to and pertaining to the engineering business;

(b) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of Arvind in relation to and pertaining to the engineering business;

(c) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertaking, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff orders, expression of interest, letter of intent, hire purchase agreements, lease/ licence agreements, tenancy rights, agreements/ panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/ manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the engineering business;

(d) investments in shares, debentures and other securities held by Arvind in Anup;

(e) all the debts, liabilities, duties and obligations including contingent liabilities of Arvind in relation to and pertaining to the engineering business. It is clarified that any question as to whether or not a specified liability pertains to the engineering business shall be decided by Arvind, with requisite approvals of Appropriate Authorities, wherever applicable; and

(f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the engineering business of Arvind.

Explanation:

It is clarified that the question of whether a specified asset or liability pertains to the Engineering Undertaking or arises out of the activities or operations of Engineering Undertaking shall be decided by the Board of Arvind.

### **C. Rationale for the Scheme**

Arvind is a public listed company. Over the course of time, Arvind has grown into a diversified conglomerate with interests in various businesses spanning the entire value chain of textiles consisting of manufacturing of yarn, denim, shirting and knit fabric, garments, technical textiles, branded apparel business and the engineering business carried on either directly or through its subsidiaries and joint ventures with other entities. The textiles business, branded apparel business and the engineering business all have different industry specific risks, business cycles and operate inter alia under different market dynamics, and thus can attract different types of investors as well as management teams and follow different and independent strategies, even as they all have a significant potential for growth and profitability.

Given its diversified business portfolio, it has become imperative for Arvind to reorient and reorganize itself in a manner that allows it to impart greater focus, management alignment and growth for each of its business lines. Arvind is also desirous of enhancing its operational efficiency, flexibility in attracting capital and management talent through aligned ESOP schemes through such a restructuring.

The Scheme proposes to reorganise and segregate the interest of Arvind in its various businesses and thus proposes demerger of the Branded Apparel Undertaking from Arvind to AFL and the Engineering Undertaking from Arvind to AHEL. Further, the Scheme proposes the merger of Anup with AHEL to rationalise and streamline the group structure.

Arvind will continue to conduct the Remaining Business.

The proposed restructuring pursuant to this Scheme is expected, inter alia, to result in following benefits:

(i) segregation and unbundling of the Branded Apparel business and the Engineering businesses of Arvind into AFL and AHEL;

(ii) unlocking of value for the shareholders of Arvind;

(iii) emergence of Arvind as a predominantly textile focused company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialization for sustained growth;

(iv) creation of listed Branded Apparel company and Engineering company with ability to achieve valuation based on respective risk return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;

(v) enhancing attractiveness of the entities for management teams by enabling ESOPs in each entity with direct correlation of the rewards to their efforts;

(vi) allowing the management of each of the Resulting Companies to pursue independent growth strategies in different regional and overseas markets;

(vii) augmenting the infrastructural capability of the Resulting Companies to effectively meet future challenges in their businesses;

(viii) Achieve cost optimisation and specialisation for sustained growth; and

(ix) enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies by merging the engineering businesses into AHEL.

The proposed restructuring is in the interest of the shareholders, creditors, employees and other stakeholders in each of the companies.

#### **D. Consolidation of Equity Shares of AFL**

With satisfaction or waiver of conditions mentioned in Clause 41.1 of the Scheme, AFL, 2 (two) equity shares of INR 2 each of AFL shall be consolidated into 1 (one) fully paid up equity share of INR 4 each.

The share certificates of AFL in relation to the equity shares held by its shareholders shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled pursuant to this Scheme. After taking into effect the consolidation of equity share capital of AFL and on the basis of shareholdings on the Record Date, either fresh share certificate(s) will be issued to the shareholders of AFL holding the shares in physical form, or, in case of shareholding in dematerialised form, appropriate number of shares in terms of this Scheme will automatically be credited to the respective dematerialised accounts of the said shareholders maintained with the depositories.

Due to such consolidation in capital of AFL, if a shareholder becomes entitled to a fraction of an equity share of AFL, AFL shall not issue fractional share certificates to such member/ beneficial owner but shall round off such shareholders entitlement to the nearest integer.

The aforesaid consolidation of the share capital of AFL shall be affected as an integral part of this Scheme itself, without having to follow the process under Section 61 of the Act separately and approval of the shareholders to the scheme shall be deemed to be approval to the consolidation of equity shares under Section 61 of the Act.

It is clarified that upon the Scheme becoming effective, the consolidation of shares as stated in this Part VI shall precede all other actions as stated in Part II and Part VII of this Scheme.

#### **E. Share Entitlement Ratio/Consideration**

(a) After effectiveness of Part VI of the Scheme and upon Part II of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, AFL shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of Arvind, 1 (One) fully paid up equity share of INR 4 (Indian Rupees Four ) each of AFL (“Branded Apparel Undertaking New Equity Shares”) for every 5 (Five) equity shares of INR 10 (Indian Rupees Ten) each in Arvind held by such shareholder whose name is recorded in the register of members and records of the depository as members of Arvind as on the Record Date.

(b) Upon Part III of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, AHEL shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of Arvind, 1 (One) fully paid up equity share of

INR 10 (Indian Rupees Ten) each of AHEL (“Engineering Undertaking New Equity Shares”), credited as fully paid up, for every 27 (Twenty Seven) equity shares of INR 10 (Indian Rupees Ten) each of Arvind held by such shareholder whose name is recorded in the register of members and records of the depository as members of Arvind as on the Record Date. The equity shares of AHEL to be issued and allotted as provided shall be subject to the provisions of the memorandum of association and articles of association of AHEL, as the case may be, and shall rank pari passu in all respects with any existing equity shares of AHEL, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of AHEL.

(c) After effectiveness of the Part III of the Scheme and in consideration of and subject to the provisions of Clause 25.3 and other provisions of this Scheme, AHEL shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of Anup whose name is recorded in the register of members of Anup on the Record Date, in the following proportion:

*“7 (Seven) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of AHEL shall be issued and allotted, credited as fully paid up, for every 10 (Ten) equity shares of INR 10 (Indian Rupees Ten) each held in Anup.” (“AHEL New Equity Shares”).*

No shares shall be issued by AHEL in respect of the shares held by AHEL in Anup.

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS**  
**AVAILABLE TO ARVIND FASHIONS LIMITED AND ITS SHAREHOLDERS UNDER THE**  
**APPLICABLE TAX LAWS IN INDIA**

To,

The Board of Directors  
**ARVIND FASHIONS LIMITED**  
Du Parc Trinity, 10<sup>th</sup> Floor,  
17, M.G. Road,  
Bangalore-560001.

Date: 5<sup>th</sup> December 2018

Dear Sirs,

**Subject: Statement of possible special tax benefits available to Arvind Fashions Limited ('the Company')**

We hereby report that the enclosed Annexure prepared by the Company, states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (the "IT Act") as amended by the Finance Act, 2017 (i.e., applicable for financial year 2017-18, relevant to the assessment year 2018-19) presently in force in India as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover the special tax benefits available to the Company and shareholders. Further, the preparation of the enclosed Annexure and its contents is the responsibility of the Management. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications. The company has conducted examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

The company has complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of understanding of their business activities and operations.

The views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially

determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

The enclosed annexure is intended for your information and for inclusion in the Information Memorandum in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without prior written consent.

**For, G. K. Choksi & Co.**  
Chartered Accountants  
Firm Reg. No.: 101895W

Sd/-

**ROHIT K. CHOKSI**  
*Partner*  
Membership No: 31103



## SECTION IV - ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### Indian Economy

India has emerged as the fastest growing major economy in the world and its GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19. The Gross Domestic Product (GDP) in India was worth USD 2.8 Trn in 2017 and is expected to reach USD 6 Trn by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. <sup>(1)</sup>

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

#### Industry Overview

India's retail market is expected to increase by 60 percent from USD 0.7 Trn in 2016 to USD 1.1 Trn by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent. Organized Retail Penetration (ORP) in India is low (7 per cent) compared with that in other countries, such as the US (85 per cent). This indicates strong growth potential for organized retail in India. <sup>(1)</sup> The long-term outlook for the industry is positive, supported by rising incomes, favourable demographics, entry of foreign players, and increasing urbanisation.

Demand for branded apparel, and footwear products is expected to strengthen over the coming years with the market expected to recover completely from the demonetization effect. Demand is also expected to be driven by increasing competition due to new players and especially international brands entering the market. The industry expects the Goods and Services Tax (GST) implemented by the government during 2017 to have a positive and incremental impact on the performance of branded apparel and footwear products. Both domestic and international brands are expected to make or increase their online presence and hence internet retailing is expected to continue to witness strong growth.

The Indian cosmetics industry has an overall market standing of USD 6.5 bn and is expected to grow to ~ USD 20 bn by 2025 with a CAGR of 25%. The premium segment is expected to grow at 6.3 per cent per annum, compared to the 1.1 per cent growth predicted for the mass market products. The unorganized channel caters 75% of total cosmetics market, and pushes products from mass positioned brands, while the organized market pushes luxury and premium positioned brands. <sup>(2)</sup>

#### Key Drivers of Growth

1. Favourable demographics
2. Rise in income and purchasing power
3. Change in consumer mindset
4. Brand consciousness
5. Easy consumer credit and increase in quality products

High real estate costs, competition among branded players and saturation in metro cities of the country have made big brands to move towards the smaller cities of the country. The increasing purchasing capacity and awareness of fashion and trend in small cities has resulted in providing a huge market to the organised players of the country.

*(1) Source: IBEF Report, 2018, (2) Source: Indian Cosmetics Report- Red Seer Consulting, 2017*

## **Indian Apparel Market – Segments**

The Indian apparel market can be broadly classified into men's wear, women's wear and kidswear. Currently, men's wear holds major share in the apparel market. It accounts for 41 percent of the total market. Women's wear contributes almost 38 percent, while kidswear contributes 21 percent of the market. It is estimated that over the next decade, while menswear will grow with a CAGR of 9 percent, women's wear and kids wear will demonstrate higher CAGR of 9.9 and 10.5 percent respectively, resulting in rise in market share of these categories. <sup>(3)</sup> By 2026, it is estimated that both Menswear and Womenswear will have 39 percent share each in the apparel market while kidswear will contribute 22 percent.

### ***Menswear***

With the market size of USD 19 bn, menswear is the largest segment in apparel market and is expected to grow at a CAGR of 9 percent for next 10 years to reach USD 45.5 bn by 2026. While shirts and trousers continue to be the largest categories, in recent years, denim, activewear and t-shirts have shown promising growth and are expected to grow at high CAGRs of 14 percent, 14 percent and 12 percent respectively, owing to changing preference of the consumers. While denim and t-shirts have matured as categories and have shown a consistent growth over a considerable period, activewear has recently evolved and has high growth potential. <sup>(3)</sup>

### ***Women's wear***

The women's wear market in India contributes 38 percent of the total apparel industry. It is estimated to be worth USD 17.5 bn in 2016 and is expected to grow at a CAGR of 9.9 percent to reach USD 44 bn by 2026. Saree, Salwar Kameez/Ethnic have a dominating (~66%) share in the women's wear market though salwar kameez has started receiving tough competition from the western wear owing to increased number of working women in the country, especially in urban areas. The increased competition from western wear has resulted in a new category — Indo-western (fusion-wear).

### ***Kidswear***

The kidswear segment is one of the fastest growing segments in the Indian apparel market. The Indian kids wear market in 2016 was estimated to be worth USD 9.1bn and accounted for 21 percent of the total apparel market of the country. It is expected to grow at a CAGR of 10.5 percent to reach USD 24.8 bn by 2026. The Indian kidswear market is slightly skewed towards boy's wear which accounts for 51 percent of the total kidswear market. <sup>(3)</sup>

## **Indian Beauty Business – Segments**

The Indian beauty business is majorly categorized into skin care, hair care, oral care, fragrances, and colour cosmetics segments. Under fragrance category (USD 0.47 bn), deodorants dominate the market while perfume along with its innovations is growing fast. Under skin care category (USD 1.63 bn), facial care products share 34% of total skin care market, dominate the market along with its various variants. Under hair care category (USD 3 bn), hair oil dominates the market having market share of 57% followed by hair shampoo along with its various variants. Toothpaste segment dominate the oral care market (USD 1.74 bn), with the market share of 50% along with its various variants. The market for cosmetic colours (USD 0.16 bn) is only expected to increase in the future, as people grow more image conscious, and social media acts as a messenger of beauty trends from around the world. <sup>(4)</sup>

*(3) Source: Technopak Report, (4) Source: Indian Cosmetics Report- Red Seer Consulting, 2017 (5) Euromonitor International, 2017*

## BUSINESS

Arvind Fashions Ltd. is among India’s fastest-growing lifestyle companies operating in branded apparels, beauty and footwear space.

In 1980, Flying Machine, India’s first denim apparel brand, was launched to meet the aspirations of the emerging youth segment. Through tie-ups with V.F. Corporation (USA) and Cluett Peabody & Co. USA, for manufacturing and marketing, Arvind was able to offer high quality global apparel brands like Lee Jeans and Arrow Shirts to the Indian market in 1993. The next two decades witnessed Arvind bringing some of the biggest global fashion brands like Calvin Klein, Tommy Hilfiger, US Polo, Gap, Ed Hardy, Hanes, Nautica and Elle to India.

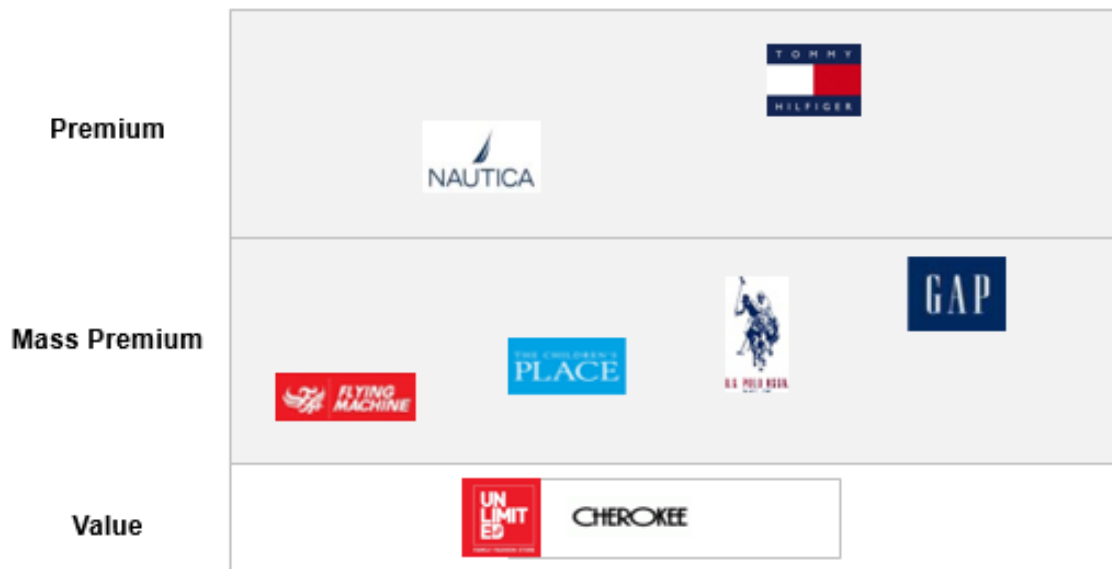
We currently have a strong portfolio of owned and licensed international brands including US Polo, Arrow, Tommy Hilfiger, Flying Machine, Aeropostale, GAP, Calvin Klein, GANT, Nautica, Unlimited, Sephora, Hanes and others - the company is well positioned to be a dominant player in the lifestyle space. The company has created a unique platform for launching and scaling brands, driven by best-in-class capabilities in designing, sourcing and distribution; long and successful relationships with the international brands; strong omni-channel capabilities and a best in class talent base.

The company has diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, topwear, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online). This allows us to maintain a balanced approach as operating results do not depend solely on the performance of any single brand, gender, category or channel. We cater to the customers across the income pyramid- the company has the dominant position in the bridge- to -luxury segment (Tommy Hilfiger, Nautica, Gant and Calvin Klein), will become a market leader in the mass premium segment (Arrow, GAP, US Polo, Flying Machine, Ed Hardy, The Children’s Place, Izod, Hanes and Aeropostale) and will be among top 3 in the mass value segment (Unlimited) by 2020.

With an enviable portfolio of brands, AFL commands dominant leadership in the largest and fastest growing mass premium, premium, menswear -casuals/denims wear segment.



The company is also gaining leadership in mass premium/premium kids wear segment.



AFL brands are able to attract a high footfall in either high street or malls which has enabled it to garner prime retail spaces across the country. It has a pan India presence with **more than 1300** stores (As of March 2018), distribution in **200+** cities, presence in all the major malls and departmental stores of India and presence on all the major online market places. It has a total retail space of approx. 1.5 million sq. ft. The company has a workforce of approximately 7,300 employees, which includes around 5,600 in-store staff.

Over the past few years, the company has driven innovation in branded apparel to bring differentiated products for discerning customers. We launched Anti UV (Ultra Violet) shirt made of light cotton treated with sun block technology with a smart button-down collar, long sleeves, a chest patch pocket and a curved hem. To tap into the wearable technologies market, the Company introduced Smart shirt, which allowed the wearer to share things like his LinkedIn profile, his Facebook profile or visiting card through a tap on the shirt’s cuff with a smartphone. The Smart Shirt comes with an inbuilt chip on the cuff that can be programmed by downloading the Arrow mobile app on a near field communication-enabled smartphone. We launched 4in1 shirt, where the Company developed an impervious fabric that was super breathable (odor-free), water repellant, wrinkle resistant and provided UV protection. The company is committed to identify and create products that can bridge distinct fashion innovation gaps that seep into the lifestyle of customers.

***Future Focus Segments***

***Innerwear***

Among the core apparel categories, innerwear appears to be a potential growth category across all segments. Currently, the Indian innerwear market is worth USD 4.0 bn (2016) and is estimated to grow at 12 percent to reach USD 9.3 bn by 2023. The women’s innerwear market is growing at a CAGR of 14 percent and is expected to reach USD 6.1 bn in 2023 from the current market size of USD 2.5 bn. Men’s innerwear market is expected to grow from USD 1.3 bn (in 2017) to USD 2.8 bn by 2023. <sup>(3)</sup> The women’s innerwear growth story in India is at its most promising phase with increasing demand for stylish and premium innerwear. There has been a significant shift in innerwear consumption as consumers are looking at innerwear as a fashion statement. Leading innerwear brands have invested heavily in brand promotions and distribution expansion. Growth of modern retailers such as departmental stores and hypermarkets is also a driving factor for growth of branded innerwear. brands Hanes and USPA cater to different segments of product

– from mass premium to premium-wear. Plan is to increase the focus on distribution channels, invest in comfort wear and re-align the product to brand’s DNA to capture this market.

### ***Athleisure***

The athleisure demand has accelerated as more consumers take up fitness regimes, jogging and swimming. This segment bridges the gap between casual wear and sportswear and is gradually becoming the fastest growing category within apparel. Healthier lifestyles and increasing trend of wearing athleisure to workplaces will open premiumization opportunities for branded players. Athleisure will continue to witness a robust growth as it is not a fashion trend but a lifestyle change. Active wear range under USPA has seen a tremendous response; the company has workout and running gear including Track pants, Shorts and Performance T-Shirts starting at Rs 1,499.

### ***Footwear & Apparel Accessories***

Driven by the rise of fashionable and active lifestyles, the total market of footwear in India is projected to grow from USD 9.5 bn in 2017 to USD 16.4 bn by 2022. During the same period, men’s footwear is supposed to grow from USD 5.0 bn to USD 7.4 bn. Women’s footwear registered the fastest value growth of 21% in 2017 with sales reaching USD 3.2 bn and is supposed to grow to USD 6.6 bn. Players are expected to push performance-orientated and sports-inspired footwear. Entry of international brands is also expected to influence footwear styling and design footwear. The current market for apparel accessories is USD 0.4 bn and is expected to rise at a CAGR of 9% to reach USD 0.7 bn in 2022 driven by increasing influence of social media on dressing trends and rising fashion consciousness. <sup>(5)</sup>vision is to be the industry leader in the casual lifestyle footwear space with a strong focus on product innovation, quality & service and build a profitable Rs 500Cr business by 2022. The company has a well-defined strategy to increase presence in casuals, semi-formal and formal segments of the footwear market through brands like Cole Haan, Arrow, USPA, Flying Machine and Aeropostale.

### ***Casualwear and Denim***

Demand for casual and denim wear has increased with relaxed norms for casual dressing at the workplace. Increasingly men are looking at the comfort factor when it comes to buying apparel. Another prime concern for consumers is the ease of maintenance, so demand for wrinkle-free and easy-to-wash products is on the rise. As lifestyles of urban men are evolving, demand for casual and designer partywear is expected to pick up. Denimwear has witnessed a robust demand and is estimated to grow from USD 2.9 bn (in 2017) to reach USD 4.3 bn in 2022. <sup>(5)</sup>The company has a strong portfolio of both home-grown and licensed brands which are positioned across various price points; which makes us a dominant leader in the segment.

### ***Kidswear***

Kidswear segment is the fastest growing segment in apparel. AFL has tapped into this segment through international brands like The Children Place (TCP), US Polo Kids, Nautica Kids, Tommy Hilfiger Kids, GAP Kids and own brands like Flying Machine Kids. Presence spans both boyswear and girlswear in this segment. We aim to grow this business by increasing distribution and retail footprint.

## **Brand Segments**

### ***Power Brands***

The power list includes Rs.350-crore-plus brands with double digit margins and over 20 per cent return on capital employed (ROCE). The company’s power brands include Arrow, US Polo, Flying Machine and Tommy Hilfiger. They contribute to more than 50 per cent of the revenues and are growing at 21-22 per cent. At a company level, the

Company plans to open another 200 stores in the coming months and of these 120 to 130 will be those for power brands. US Polo targets to join Rs. 1,000 crore club by FY19 backed by category expansion and high market penetration. The target customer of US Polo is just not limited to an urban enthusiast who is affluent; US Polo is an aspirational brand which talks to a young brand seeker as well. Flying Machine caters to youth fashion segment and is poised to join the Rs.500 crore club by FY19. Arrow is an authentic American brand and its core target is a customer who already buys into premium menswear brands and is keen to experience aspirational international brands. We aim to become ~Rs 700+ crore business in Arrow by FY19. Tommy Hilfiger is one of the world's most recognized premium designer lifestyle brand. With a portfolio that includes Tommy Hilfiger and Tommy Jeans, and was launched in India in 2004. In 2017, PVH corp. merged its brands Tommy Hilfiger and Calvin Klein with Arvind limited having an equal partnership in the venture.

### ***Emerging Brands***

The portfolio of emerging brands consists of Aeropostale, Izod, Gant, Nautica and Ed Hardy. Aeropostale brand is positioned around young consumers (16-25 years) who buys fast fashion brands. The sale is expected to grow to ~Rs.150 crore (FY19) through improving retail productivity and optimizing the channel mix by moving to wholesale market. Izod is poised to grow to Rs.50 crore by FY19; focus is entirely on expanding its presence in department stores. Currently, Bridge-to-luxury market is not seeing any growth; focus will be to drive capital and operational efficiency for Gant and Nautica for coming years. Ed Hardy is key brand growing its presence in premium denim market with robust 10% LTL growth. At its core, Ed Hardy is an alternative lifestyle fashion brand that celebrates the classic American tattoo as an art form. Increasing retail footprint and online sales will be key focus areas to make it a Rs. 80+ crore brand by FY19.

### ***Specialty Retail***

This portfolio includes global women's beauty brand Sephora, US apparel brand Gap and The Children's Place. Gap is poised to grow to Rs.190+ crore by FY19 backed by *India for India* where the company is developing products as per Indian customer's choice and expectations. Intake margin improvement will be driven by reduced cost structure through domestic production. Sephora is a strong brand, is already profitable and is likely to cross Rs 200 crore mark in FY19.

### ***Value Retail***

Unlimited is a chain of value department stores with offerings for the entire family. The focus for Unlimited is to grow by expanding footprint, building brand awareness, increasing product offering and build capabilities in omnichannel and e-commerce. It is expected to grow at a CAGR of 19% percent to reach Rs. 1,200+ crore by 2019.

### **Competitive Strengths**

#### **Multiple successful partnerships with international brands**

- 20+ years of working relationships with international brands
- Proven track record in launching international brands in India
- Unmatched 'future-ready' portfolio of global brands

#### **Best in class retail capabilities – both distribution and operations**

- Excellent retail footprint with strong momentum, strong distribution with focus on malls
- Excellent retail operations capability, cutting-edge retail formats across Bridge-to-Luxury to Value retail

### **Best-in-class backend capabilities – supply chain and organization**

- End-to-end integration of operations through technology
- State-of-the-art warehousing and logistics
- Strong online capabilities – both in-house and third-party
- Strong sourcing capabilities across multiple categories
- Combination of business focus organization and shared services

### **Best talent base in fashion lifestyle brands in India**

- Experienced team across all levels
- Practices in place to attract and retain best talent

### ***Growth Drivers***

Arvind has been consistently delivering higher growth than the industry. While the industry is witnessing around 8-10% growth, CAGR has been 22% to 25% over the past four-five years, which is by far the highest in the industry among the large players. The fundamental lever of growth is pivoted around portfolio of brands and expansion of distribution network capabilities.

The Company's aim is to build on the brand equity of power brands by extending them into new categories such as kidswear, innerwear and accessories such as footwear. US Polo had made a foray into kidswear in 2014 and is now Rs.100-crore business, accounting for a third of Arvind's overall kidswear business. Arvind has already launched footwear offerings in all three power brands and Aeropostale, aimed at different consumer segments.

Plans to scale up Unlimited and its new positioning as value fashion is already paying dividends and the Company plans to aggressively expand its footprint pan India penetrating into Tier 1/2/3 cities. The company is expanding Sephora's retail network (14 stores currently) rapidly to tap into the growing beauty segment in India covering all Metros and major Tier 1 and 2 cities.

The Company will be also be exploring strengthening positioning in women's ethnic-wear, western wear and innerwear in the coming years.

The company has invested in building an omni-channel platform Nnow, where the focus is on creating a virtual high street customer experience. The company is enabling platforms to provide a seamless experience throughout the online and offline journey where one can open the inventory of a store on the app and short list products which one will go and pick up from stores. Nnow connects digital shoppers to every piece of merchandise from Arvind's warehouses, all brands and a network of more than 1,300 stores across 200 Indian cities.

In the next four years, the Company aims to earn as much as 70% from apparels and the other 30% from other businesses such as beauty (10%), footwear (8%) and innerwear (12%). Building a portfolio has ensured that after the gestation period, different brands will start making profits at different points in time, ensuring a steady revenue stream for the group.

### ***Profit Drivers***

Each store format is focusing on improving profitability and is expected to contribute to AFL's consolidated P&L in the next one to two years after attaining certain scale. **Going forward, major lever for the profit growth will be increased operating leverage due to scale.**

Other initiatives such as strategic vendor management has helped us control product costs which has grown at a CAGR of only 1.2% over the past 5 years. Moving to India manufacturing on certain international brands has further helped in improving gross margin. Deployment of advanced analytics solutions and process optimization will help in controlling business and retailing costs to contribute to improving profitability.

### ***Capital Efficiency Drivers***

Implementation of automated replenishment system across businesses has helped to reduce the need for excess inventory in the frontend while ensuring the right stock is available at the right location at the right time. New initiatives in analytics driven buying, assortment planning and allocation will further lead to better inventory control. Initiatives to increase speed to market have been launched to create sourcing pipelines to manage inventory levels and cash flows in a better manner. Given exposure to the wholesale business, focus is to reduce debtor days through effective control and channel financing for customers.

### **Strategic Initiatives**

AFL's core strengths include a portfolio of lifestyle brands across segments, a well-diversified multi-channel distribution network, a growth philosophy supported by a strong balance sheet.

The company has developed a long-term growth strategy with the objective of delivering sustainable, profitable growth and high Orchestrate includes the following key initiatives:

- **Horizon 4 Vision of 2\*4** (doubling the Sales & quadrupling EBIDTA & ROCE), has resulted in a robust growth despite increased competitiveness and rapidly evolving retail landscape
- Company aims to strengthen its capability platforms across 4 themes – **A to D** (analytics driven, buy now, capability in new categories and digitization)
- **Enhanced customer- centricity:** End to end customer centric processes – Focus on improving internal processes to provide better services to customers by moving from channel to customer focused commercial organizational structure and digital initiatives like ticketing system, B2B customer portal and vendor portal.
- **Digital Transformation:** Arvind Fashions started its journey of Digital Transformation in 2016 to transform the organization to develop digital capabilities for its growth to next level. The journey was pivoted around three broad pillars i.e. IT Transformation, Business Process Transformation and Workforce Transformation. Phase 1 of the transformation is to complete the infrastructure elements and the core applications which would help digitize the processes across the fashion supply chain. Infrastructural upgrades like deployment of SAP FMS, New POS (Xtore) are already underway. The subsequent phases will help in getting the data elements and futuristic applications which will create value and competitive advantage for Arvind in the fashion space.
- **Retail Transformation:** retail planning approach is to create store/customer-specific assortments that are aligned to specific customer behaviour segments using advanced analytics. Buying process is also seeing a considerable shift as the Company tries to increase speed to market through various initiatives. As the Company grows business, the company is driving operational effectiveness through improved pullbacks and streamlined warehouse processes.

### **Human Resources Initiatives**

The company has amongst the best talent across the retail industry and have meticulously built capabilities in critical functions & infused young talent into the organization through multiple campus programs across management, fashion and CA campuses (GMT, RMT, FMT, SCMT etc.). High Impact Performance, performance management program helps cascade business priorities through the organization and instils accountability in employees towards achievement of Company objectives. Arvind University, in - house learning centre offers programs across retail, professional &



leadership development and functional areas through classroom, on the job training and digital learning platform (iLearn). Further, Arvind Express -career progression program for Retail ensures that internal employees have opportunities to progress their careers within the Company.

We take pride in offering a modern, engaging & inclusive work environment to employees and have taken progressive steps when crafting employee policies to ensure the needs of employees are kept first. This is reflective in employee - friendly policies such as maternity transitioning, flexi time, education assistance and numerous engagement, employee connect & wellness initiatives that focus on enhancing employee experience.

## **Risks**

The historical trends may not be a reliable indicator of future results because actual future results and trends may differ substantially depending on a variety of factors, including but not limited to the risks and uncertainties discussed below.

### ***Macroeconomic and industry risks***

- Economic uncertainty, changing consumer preferences and discretionary spending habits could have a material adverse effect on results of operations and liquidity, if reduced consumer demand for merchandise should occur. It could also impact ability to fund growth and/or result in becoming reliant on external financing, the availability and cost of which may be uncertain
- The Company's ability to anticipate, identify and respond to changing consumer preferences and fashion trends is crucial to sales levels and profitability
- The Company's market share may be negatively impacted by increasing competition and pricing pressures from companies with brands or merchandise competitive with the Company's
- Fluctuations in foreign currency exchange rates could adversely impact financial condition and results of operations

### ***Strategic risks***

- The expansion of sales channels and categories are significant components of growth strategy, and the failure to successfully develop position across all channels and categories could have an adverse impact on results of operations
- Failure to successfully implement strategic plans could have a negative impact on growth and profitability

### ***Operational risks***

- Failure to protect reputation could have a material adverse effect on brands
- Business could suffer if information technology systems are disrupted or cease to operate effectively
- The company may be exposed to risks and costs associated with cyber-attacks, credit card fraud and identity theft that would cause us to incur unexpected expenses and reputation loss
- Reliance on warehouses makes us susceptible to disruptions or adverse conditions affecting supply chain
- Changes in cost, availability and quality of raw materials, labour, transportation, and trade relations could cause manufacturing delays and increase costs
- Failure to secure adequate new locations, successfully modify or exit existing locations, or failure to effectively manage the profitability of existing fleet of stores, could have a material adverse effect on results of operations.
- We depend upon independent third parties for the manufacture of all merchandise, and a disruption of the manufacture or delivery of merchandise could result in lost sales and could increase costs
- We rely on the experience and skills of senior executive officers and associates, the loss of whom could have a material adverse effect on business

- Extreme weather conditions, including natural disasters, pandemic disease and other unexpected events, could negatively impact facilities, systems and stores, as well as the facilities and systems of vendors and manufacturers, which could result in an interruption to business and adversely affect operating results

*Legal, tax, regulatory and compliance risks*

- Fluctuations in tax obligations and effective tax rate may result in volatility in results of operations
- Failure to adequately protect trademarks could have a negative impact on brand image and limitability to penetrate new markets

Changes in the regulatory or compliance landscape and compliance with changing regulations for accounting, corporate governance and public disclosure could adversely affect business, results of operations and reported financial results

## **KEY REGULATIONS AND POLICIES IN INDIA**

*The following description is a summary of certain sector specific laws and regulations as prescribed by the Government of India or state governments which are applicable to Company and its subsidiaries. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modifications by subsequent legislative, regulatory, administrative or judicial decisions.*

### **Laws regulating to Selling Apparel, accessories and other Goods**

#### ***Legal Metrology Act, 2009 (“Legal Metrology Act”)***

The Legal Metrology Act has repealed and replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto.

#### ***Shops and Establishments Legislations***

Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states where such establishments are set up. Such legislations regulate the working and employment conditions of workers employed in such shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Shops and establishments have to be registered under the shops and establishments legislations of the respective states where they are located.

#### ***Sale of Goods Act, 1930***

The Sale of Goods Act, 1930 (the “**Sale of Goods Act**”) governs contracts relating to the sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract for sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for the sale of goods.

#### ***Consumer Protection Act, 1986 (“COPRA”)***

COPRA aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services, price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provides for a three-tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of these authorities attracts criminal penalties.

#### ***Trade Marks Act, 1999 (“Trade Marks Act”)***

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. Application for the registration of trademarks has to be made to Controller- General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

## ***Environmental Laws***

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (the “PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

## **Laws relating to employment**

### ***The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952***

The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 (the “**EPF Act**”) was introduced with the object to establish provident funds, pension funds and deposit -linked insurance funds for the benefit of employees in factories and other establishments. The EPF Act is applicable to all establishments which employ more than 20 persons, and to factories specified in Schedule I of the EPF Act which employ more than 20 persons. The funds constituted under the EPF Act consist of contributions from both the employer and the employees, in the manner specified in the EPF Act. The central or state government, as the case may be, may by a notification in the official gazette grant exemption to establishments or factories from the application of all or any of the provision of the EPF Act, if it is of the opinion that the employees in such establishments or factories receive benefits which are not less favourable than the benefits provided under the EPF Act.

### ***The Employees’ State Insurance Act, 1948***

The Employees’ State Insurance Act, 1948 (the “**ESI Act**”) was enacted with the object to setup the employees’ state insurance fund, funds of which shall be used to provide benefits to employees in case of sickness, maternity and employment injury. Both the employer and the employees are required to make contributions to the employees’ state insurance fund, in the manner provided under the ESI Act. The ESI Act applies to all establishments and factories including governmental factories (other than seasonal factories), which employ 10 or more employees and carry on a manufacturing process.

### ***The Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 (the “**Minimum Wages Act**”), has been enacted to secure the welfare of the workers in a competitive market by providing for a minimum limit of wages in certain employments. The central or state government(s) are authorised to fix minimum wages for employments mentioned in the schedule of the Minimum Wages Act. An employer is under an obligation to pay the minimum wages as fixed by the appropriate authorities and under no circumstance can an employer be exempted from its obligation to pay minimum wages as fixed under the Minimum Wages Act.

### ***Payment of Wages Act, 1936***

The Payment of Wages Act, 1936 (the “**Payment of Wages Act**”) has been enacted to regulate the period and payment of wages, overtime wages and deductions from wages and also to regulate the working hours, overtime, weekly holidays of certain classes of employed persons. The Payment of Wages Act contains provisions as to the minimum wages that are to be fixed by the appropriate governments for the employees, entitlement of bonus of the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

### ***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 (the “**Payment of Gratuity Act**”), provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, and shops and other establishments wherein 10 or more persons are employed, or were employed in the preceding 12 months. The Payment of Gratuity Act enforces the payment of gratuity, being a reward for long service, as a statutory benefit on the termination of employment of any employee who has rendered continuous service for not less than five years. The central or state government may exempt any employer from the application of the provisions of the Payment of Gratuity Act, if the gratuity or pensionary benefits paid or payable by such employer are more favourable than the benefits provided under the Payment of Gratuity Act. The Payment of Gratuity Act was amended in 2010 through the Payment of Gratuity (Amendment) Act, 2010, to increase the amount of maximum gratuity payable from Rs. 0.35 million to Rs. 1 million.

### ***The Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 (the “**Payment of Bonus Act**”), provides for the payment of bonus (linked with profits or productivity) to the employees of certain establishments. The Payment of Bonus Act applies to every factory, every other establishment employing 20 or more persons (including part time employees) on any day during an accounting year and any establishment specified by the Central Government, which employs less than 20 persons but more than 10 persons. The Payment of Bonus Act covers all employees doing any skilled or unskilled manual, supervisory, managerial, administrative, technical and clerical work for hire or reward and whose salary does not exceed Rs. 10,000 per month. The minimum bonus to be paid to each employee is either 8.33% of the salary or wage or Rs. 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus or profits.

### ***The Employees’ Compensation Act, 1923***

The Employee’s Compensation Act, 1923 (the “**Employees’ Compensation Act**”), was framed with a view to provide compensation to workmen (or their dependants as the case may be), including those employed by a contractor, due to such workmen, for disablement, either partially or fully, or death, caused by an injury from an accident arising out of and in the course of employment. However, no compensation shall be payable if the injury does not result in the disablement of the workman for a period of more than three days or if such workman was, at the time of such injury, under the influence of drugs or alcohol, or if such workman wilfully disobeyed and disregarded the safety rules prescribed by the employer.

### ***The Maternity Benefit Act, 1961***

The Maternity Benefit Act, 1951 (the “**Maternity Benefit Act**”), was enacted to regulate the employment of women in certain establishments for certain periods before and after child birth and to provide for maternity benefit and certain other benefits. The Maternity Benefit Act is applicable to every factory, mine or plantation, and to every shop and establishment wherein 10 or more workers are employed. Any woman who has worked for at least 80 days in the 12 months immediately preceding her expected date of delivery is entitled to receive maternity benefits under the Maternity Benefit Act. The maximum period for which a woman shall be entitled to maternity benefit is 12 weeks, of which not more than 6 weeks shall precede the date of her expected delivery. For this period of absence, a woman must be paid maternity benefit at the rate of the average daily wage.

### ***GST***

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017. Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

### ***Drugs and Cosmetics Act, 1940***

Drugs and Cosmetics Act, 1940, regulates the import, manufacture and distribution of drugs in India. The primary objective of the act is to ensure that the drugs and cosmetics sold in India are safe, effective and conform to state quality standards.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of the Company

The Company was originally incorporated as Arvind J&M Limited on January 05, 2016 at Ahmedabad. Further, the name of the Company was changed to Arvind Fashions Limited vide the necessary resolution dated September 26, 2016 and a fresh certificate of incorporation was obtained on October 14, 2016 from Ahmedabad ROC. The certificate of incorporation bears the corporate identity number as U52399GJ2016PLC085595.

For further details, see “*History and Certain Corporate Matters*” on page 61.

### Business and management

For a description of activities, services, market segments, the growth of Company, the standing of Company with reference to prominent competitors in connection with services, management and customers, geographical segment etc., see “*Business*”, “*Industry Overview*” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Government and Other Approvals*” on pages 50, 48, 191 and 210, respectively. For details of the management of Company and its managerial competence, see “*Management*” on page 66.

### Changes in Registered Office

There has been no change in Registered Office since the incorporation of Company.

### Main objects

The main objects of Company as contained in Memorandum of Association are:

To carry on business of manufacturing, marketing, importing, exporting, buying, selling, reselling, transporting, storing developing, promoting, supplying and to act as franchisors, franchisees, wholesalers by way of physical selling or selling online as principals or agents, of any branded or non-branded products or services including but not limited to sports and health improvement equipment, apparel, footwears, food & provisions, household goods, consumer durables, jewellery, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories and acquiring and running food, service and entertainment centres, to provide solutions and services related to web technologies, internet and e-commerce, set up portals and invest in companies providing similar services and purchasing or leasing any movable and immovable properties to carry on these activities.

The main object clause and objects incidental or ancillary to the main objects of the Memorandum and Articles of Association enable Company to undertake its existing activities.

### Amendments to Memorandum of Association

Since the incorporation of Company the following changes have been made to Memorandum of Association:

Date of change/ shareholders’ resolution	Nature of amendment
November 15, 2018	Pursuant to Scheme of Arrangement approved by NCLT, Ahmedabad Bench vide its order dating October 26, 2018, Authorized Capital of Company was increased from Rs. 25,00,00,000/- (Rupees Twenty-Five Crore) to Rs. 75,00,00,000/- (Rupees Seventy-Five Crore) and face value of Rs. 2 each were consolidated to face value of Rs. 4 each.
September 26, 2016	The name of Company was changed from Arvind J&M Limited to Arvind Fashions Limited through a Special Resolution passed at an Extra Ordinary General Meeting held on September 26, 2016.
September 26, 2016	The Authorised Capital of Company was sub-divided from Rs.10,00,000/- (Rupees Ten Lakhs) divided into 1,00,000 equity shares of Rs.10/- each to Rs. 10,00, 000/- (Rupees Ten Lakhs) divided

Date of change/ shareholders' resolution	Nature of amendment
	into 5,00,000 equity shares of Rs.2/- each through an Ordinary resolution passed at the Extra Ordinary General Meeting held on September 26, 2016.
September 26, 2016	The Authorized Capital of Company was increased from Rs.10,00,000/- (Rupees Ten Lakhs) to Rs. 25,00,00,000/- (Rupees Twenty-Five Crore) by further creation of 12,45,00,000 equity shares of Rs.2/- each ranking pari passu with existing equity shares by amending the Capital Clause of the Memorandum of Association through an ordinary Resolution passed at an Extra Ordinary General Meeting held on September 26, 2016
September 26, 2016	The Main Object Clause of the Memorandum of Association of Company was amended through a Special Resolution passed at an Extra Ordinary General Meeting held on September 26, 2016

### Total Number of Shareholders of the Company

As of the date of this Information Memorandum, Company has 195183 Equity Shareholders. For further details on the shareholding of Company, see “*Capital Structure*” on page 30.

### Major events and milestones

The table below sets forth some of the major events in the history of Company and Subsidiary:

Calendar Year	Details
2018	Transfer and vesting of Branded Apparel undertaking from Arvind Limited to Company pursuant to the Scheme of Arrangement
2016	Raised 10% equity capital from Private Equity investors
2016	Purchase of 100% stake in Arvind Lifestyle Brands Limited and Arvind Beauty Brands Retail Private Limited, 50% Stake in Tommy Hilfiger Arvind Fashion Private Limited and 49% stake in Calvin Klein Arvind Fashion Private Limited
2016	Acquired Wholesale Business of Arrow, Izod and Flying Machine from Arvind Lifestyle Brands Limited on slump sale basis

There is no change in the nature and activities of Subsidiary Companies

### Changes in activities of Company during the last five years

There have been no changes in the activities of Company during the last five years from the date of this Information Memorandum, which may have had a material effect on profits or loss, including discontinuance of lines of business, loss of agencies or markets and similar factors.

### Capital raising (Equity/ Debt)

Equity issuances in the past and outstanding debt as of September 30, 2018, have been provided in “*Capital Structure*” and “*Financial Information*” on pages 30 and 116, respectively. The Company has not undertaken any public offering of debt instruments since its incorporation.

### Strike and lock-outs

The company has not experienced any strike, lock-outs or labour unrest in the past.

### Time/cost overrun

The Company has not implemented any projects and therefore have not experienced any time or cost overruns in relation thereto.

### **Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by Company**

There are no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to Company. For details of instances of delays in payments and non-compliance with certain covenants by Company in the past, see “*Risk Factors*” and “*Summary Financial Information*” on pages 11 and 20, respectively. None of Company’s loans have been converted into Equity Shares.

### **Injunctions or Restraining Order against Company**

There are no injunctions or restraining orders against Company or Subsidiary.

### **Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc.**

The Company has not acquired any business or undertaking other than the below mentioned, and has not undertaken any merger, amalgamation or revaluation of assets.

1. *The Company had acquired wholesale business of Arrow, Izod, & Flying Machine brands from Arvind Lifestyle Brands Limited on slump sale basis on October 21, 2016.*
2. *Pursuant to the Composite Scheme of Arrangement amongst Arvind Limited (“Demerged Company”) and Arvind Fashions Limited (“Resulting Company 1”) and Anveshan Heavy Engineering Limited (“Resulting Company 2”) or “Transferee Company”) and The Anup Engineering Limited (“Transferor Company”) and their respective Shareholders and Creditors, Branded Apparel Undertaking was Demerged into the Company from Arvind Limited*

### **Material Agreements**

#### ***Share sale and purchase agreement dated October 22, 2016 entered into with Arvind Brands & Retail Limited***

Our Company has entered into a share Sale and purchase agreement dated October 22, 2016 with Arvind Brands & Retail Limited for purchase of 4,10,63,670 fully paid up Equity Shares of Arvind Lifestyle Brands Limited for a purchase price of Rs. 115 per Equity Share and an aggregate purchase price of Rs. 4,72,23,22,050.

#### ***Share subscription and shareholders agreement dated October 25, 2016 entered into by and amongst Company, Multiples Private Equity Fund II LLP, Plenty Private Equity Fund I Limited, Plenty CI Fund I Limited, Arvind Limited and Mr. Sanjay Lalbhai***

Our Company has entered into a share subscription and shareholders agreement dated October 25, 2016 entered into by and amongst Company, Multiples Private Equity Fund II LLP, Plenty Private Equity Fund I Limited, Plenty CI Fund I Limited, Arvind Limited and Mr. Sanjay Lalbhai. Pursuant to this agreement, Multiples Private Equity Fund II LLP has subscribed to 7,84,311 fully paid up Equity Shares of Company for a purchase price of Rs. 660.20 per Equity Share for a consideration of Rs. 51,78,02,123, Plenty Private Equity Fund I Limited has subscribed to 73,85,605 fully paid up Equity Shares of Company for a purchase price of Rs. 660.20 per Equity Share for a consideration of Rs. 487,59,76,421 and Plenty CI Fund I Limited LLP has subscribed to 30,38,284 fully paid up Equity Shares of Company for a purchase price of Rs. 660.20 per Equity Share for a consideration of Rs. 200,58,75,097.

By virtue of the clause 20.2.2. of Share subscription and shareholders agreement shall stand terminated, in the event of listing of shares, save and except rights or a sub-set of such rights as permitted by SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be amended from time to time.

### **Holding Company**

For details of holding company, see “*Our Promoters, Promoter Group and Group Companies*” on page 83.



## Subsidiary of the Company

Currently, the Company has 2 Subsidiary Companies and 2 controlled Joint Ventures.

The details of Subsidiaries are as follows:

### 1. *Arvind Lifestyle Brands Limited (“ALBL”)*

#### Corporate Information

ALBL was incorporated on February 13, 1995 under the Companies Act, 1956, and has its registered office at Arvind Mills Premises, Naroda Road, Ahmedabad, Gujarat-380025, India.

ALBL is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Company includes Domestic and International brands like US Polo, Arrow, Flying Machine, Izod, Nautica, GANT, GAP, TCP, Aeropostal, Hanes, Ed hardy, Cherokee etc. It also operates apparel value retail stores UNLIMITED.

#### Capital Structure

	No. of Shares
Authorised capital	85,00,00,000
Issued, subscribed and paid-up capital of Rs. 10 each	81,27,87,230

#### Shareholding Pattern

The shareholding pattern of ALBL is as follows:

Sr. No.	Name of the shareholder	No. of shares	Percentage of shareholding
1	Arvind Fashions Limited (Along with 6 Nominees)	8,12,78,723	100%

### 2. *Arvind Beauty Brands Retail Private Limited (“ABBRPL”)*

#### Corporate Information

ABBRPL was incorporated on April 24, 2015 under the Companies Act, 2013, and has its registered office at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad, Gujarat-380025, India.

ABBRPL is engaged in the business of retailing of Cosmetic/Beauty care products and Accessories of SEPHORA and other Partner Brands. SEPHORA is a French Chain of Cosmetic stores which offers beauty products including make-up, fragrance and hair care. The Company has some of the best known international brands apart from SEPHORA, like MUFE, BOSCHIA, DIOR, CLINIQUE, STILA, ESTEE LAUDER, LANCOME.

#### Capital Structure

	No. of Shares
Authorised capital	10,00,00,000
Issued, subscribed and paid-up capital of Rs. 10 each	76,89,488

## Shareholding Pattern

The shareholding pattern of ABBRPL is as follows:

Sr. No.	Name of the shareholder	No. of shares	Percentage of shareholding
1	Arvind Fashions Limited (Along with 1 Nominee)	76,89,488	100%

The details of Controlled Joint Ventures are as follows:

### 1. Tommy Hilfiger Arvind Fashion Private Limited (“THAFPL”)

#### Corporate Information

THAFPL was incorporated on September 09, 2003 under the Companies Act, 1956, and has its registered office at Arvind Mills Premises, Naroda Road, Ahmedabad, Gujaraat-380025, India.

THAFPL has the license to use Tommy Hilfiger trademarks in connection with the manufacture, import, distribution, promotion, advertising and sale of products in India. The Company is engaged in marketing and wholesale and retail trading activity of Tommy Hilfiger brand apparels, accessories and other products in India.

#### Capital Structure

	No. of Shares
Authorised capital	30,00,00,000
Issued, subscribed and paid-up capital of Rs. 10 each	29,89,43,180

#### Shareholding Pattern

The shareholding pattern of THAFPL is as follows:

Sr. No.	Name of the shareholder	No. of shares	Percentage of shareholding
1	Arvind Fashions Limited	14,947,159	50%
2	PVH BV	12,256,670	41%
3	Tommy Hilfiger Europe BV	2,690,489	9%

### 2. Calvin Klein Arvind Fashion Private Limited (“CKAFPL”)

#### Corporate Information

CKAFPL was incorporated on March 31, 2011 under the Companies Act, 1956, and has its registered office at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad, Gujaraat-380025, India. CKAFPL has the license to use Calvin Klein trademarks in connection with the manufacture, import, distribution, promotion, advertising and sale of products in India. The Company is engaged in marketing and wholesale trading activity of Calvin Klein brand apparels, accessories and other products in India.

#### Capital Structure

	No. of Shares
Authorised capital	2,00,00,000
Issued, subscribed and paid-up capital of Rs. 10 each	1,00,92,960

#### Shareholding Pattern

The shareholding pattern of THAFPL is as follows:

Sr. No.	Name of the shareholder	No. of shares	Percentage of shareholding
1	Arvind Fashions Limited	5 04,648	50%
2	PVH Singapore Private Limited	5 04,648	50%

## Strategic and financial partnerships

The Company currently does not have any strategic or financial partners.

## MANAGEMENT

As per Articles of Association, Company is required to have not less than three Directors and not more than fifteen Directors. The Company currently has ten Directors on its Board, including five Independent Directors.

### Board

The following table sets forth details regarding Board as of the date of this Information Memorandum.

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other Directorships/Designated Partnership
<p><b>Mr. Sanjaybhai Shrenikbhai Lalbhai</b></p> <p><i>Designation:</i> Non – Executive Director</p> <p><i>Address:</i> Lalbaug Shahibaug, Ahmedabad-380004, Gujarat</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Retire by Rotation</p> <p><i>DIN:</i> 00008329</p>	64	<ol style="list-style-type: none"> <li>1. Arvind Limited</li> <li>2. The Anup Engineering Limited (formerly known as Anveshan Heavy Engineering Limited)</li> <li>3. Arvind SmartSpaces Limited</li> <li>4. Arvind Lifestyle Brands Limited</li> <li>5. Adani Ports and Special Economic Zone Limited</li> <li>6. Arvind Foundations</li> <li>7. Aura Business Ventures LLP</li> <li>8. Animesh Holdings Private Limited</li> </ol>
<p><b>Mr. Suresh Jayaraman</b></p> <p><i>Designation:</i> Managing Director &amp; CEO</p> <p><i>Address:</i> of S-02, Magnolia, No 170/5, 5th Main, Defense Colony, Indiranagar, Bangalore- 560038, Karnataka</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 3 years (from August 01, 2018 to July 31, 2021)</p> <p><i>DIN:</i> 03033110</p>	61	<ol style="list-style-type: none"> <li>1. Arvind Lifestyle Brands Limited</li> <li>2. Arvind Beauty Brands Retail Private Limited</li> <li>3. Arvind True Blue Limited</li> <li>4. Arvind Ruf &amp; Tuf Private Limited</li> <li>5. Arvind Premium Retail Limited</li> </ol>
<p><b>Mr. Jayesh Kantilal Shah</b></p> <p><i>Designation:</i> Non – Executive Director</p> <p><i>Address:</i> 26, Amaltas Bungalows, Vastrapur, Ahmedabad-380015, Gujarat</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Retire by Rotation</p> <p><i>DIN:</i> 00008349</p>	58	<ol style="list-style-type: none"> <li>1. Arvind Limited</li> <li>2. Arvind Lifestyle Brands Limited</li> <li>3. Arvind Foundation</li> <li>4. Centerac Emarket Places Private Limited</li> <li>5. Aura Business Enterprise Private Limited</li> <li>6. Arvind Internet Limited</li> <li>7. Arvind Goodhill Suit Manufacturing Private Limited</li> <li>8. Amplus Capital Advisors Private Limited</li> <li>9. Firenze Properties and investments Private Limited</li> <li>10. Arvind PD Composites Private Limited</li> <li>11. Calvin Klein Arvind Fashion Private Limited</li> <li>12. Aura Securities Private Limited</li> <li>13. Endor Properties LLP</li> <li>14. Morpheus Properties LLP</li> <li>15. Amber Apparels LLP</li> <li>16. Tesla Properties LLP</li> <li>17. Maruti &amp; Ornet Infrabuild LLP</li> <li>18. Multiples Private Equity Fund II LLP</li> </ol>

<b>Name, designation, address, occupation, nationality, term and DIN</b>	<b>Age (years)</b>	<b>Other Directorships/Designated Partnership</b>
<p><b>Mr. Kulin Sanjay Lalbhai</b></p> <p><i>Designation:</i> Non – Executive Director</p> <p><i>Address:</i> Lalbaug Shahibaug, Ahmedabad 380004, Gujarat</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Retire by Rotation</p> <p><i>DIN:</i> 05206878</p>	32	<ol style="list-style-type: none"> <li>1. Arvind Limited</li> <li>2. Arvind Smartspace Limited</li> <li>3. Zydus Wellness Limited</li> <li>4. Arvind Goodhill Suit Manufacturing Private Limited</li> <li>5. Arvind Internet Limited</li> <li>6. Style Audit LLP</li> </ol>
<p><b>Ms. Nithya Easwaran</b></p> <p><i>Designation:</i> Non Executive Director</p> <p><i>Address:</i> A-405, Floor No. 4, Ashok Garden T-1 180/188, T.J. Road, Sewree, Mumbai 400015</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Until ensuing Annual General Meeting</p> <p><i>DIN:</i> 03605392</p>	44	<ol style="list-style-type: none"> <li>1. Arvind Lifestyle Brands Limited</li> <li>2. Axis Securities Limited</li> <li>3. Accelyst Solutions Private Limited</li> <li>4. Freecharge Payment Technologies Private Limited</li> <li>5. Apac Financial Services Private Limited</li> <li>6. Multiples Private Equity Fund II LLP</li> </ol>
<p><b>Mr. Nilesh Dhirajlal Shah</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 501, Radhika Chs, Gulmohar Road, Plot No 55, Jvpd Scheme, Vile Parle (W) Mumbai – 400049, Maharashtra</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 5 Years (From February 7, 2017 to February 6, 2022)</p> <p><i>DIN:</i> 01711720</p>	49	<ol style="list-style-type: none"> <li>1. Arvind Limited</li> <li>2. Kotak Mahindra Asset Management Company Limited</li> <li>3. Association of Mutual Funds in India</li> <li>4. Kotak Mahindra Pension Fund Limited</li> </ol>
<p><b>Mr. Vallabh Roopchand Bhanshali</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 18th Floor, Vandan CHS, 191, Dongarsi Road, Walkeshwar, Mumbai-400006</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 5 Years (From October 10, 2018 to October 9, 2023)</p> <p><i>DIN:</i> 00184775</p>	67	<ol style="list-style-type: none"> <li>1. Arvind Limited</li> <li>2. Enam Financial Consultants Private Limited</li> <li>3. Indore Composite Private Limited</li> <li>4. Enam Securities Private Limited</li> <li>5. Foundation for Liberal and Management Education</li> <li>6. Suroop Fresh Private Limited</li> <li>7. Sarvatra Technologies Private Limited</li> <li>8. Desh Apnayan Sahayog Foundation</li> <li>9. Enam Investment &amp; Services Private Limited</li> <li>10. Everfresh Enterprises LLP</li> <li>11. Enine Consultants LLP</li> </ol>

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other Directorships/Designated Partnership
<p><b>Ms. Abanti Sankaranarayanan</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 10, Sealand Co. Op. Hsg. Soc., 4th Floor, 41, Cuffe Parade, Mumbai-400005</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 5 Years (From October 10, 2018 to October 9, 2023)</p> <p><i>DIN:</i> 01788443</p>	49	<ol style="list-style-type: none"> <li>1. Diageo Distilleries Private Limited</li> <li>2. Confederation of Indian Alcoholic Beverage Companies (U/S 25)</li> <li>3. UK India Business Council India Private Limited</li> <li>4. International Spirits and Wines Association of India</li> <li>5. The Advertising Standards Council of India</li> <li>6. Diageo India Private Limited</li> </ol>
<p><b>Mr. Achal Anil Bakeri</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 415, Sargam Marg, Opp. Nehru Foundation, Bodakdev, Ahmedabad – 380054, Gujarat</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 5 Years (From October 10, 2018 to October 9, 2023)</p> <p><i>DIN:</i> 00397573</p>	58	<ol style="list-style-type: none"> <li>1. Symphony Limited</li> <li>2. Bakeri Real Estate Private Limited</li> <li>3. Sanskrut Finance Private Limited</li> <li>4. Harmony Holding Private Limited</li> <li>5. Sanskrut Tradecom Private Limited</li> <li>6. Scarlet Living Private Limited</li> <li>7. Bakeri Construction LLP</li> <li>8. Bakeri Realty LLP</li> <li>9. Bakeri Land Developers LLP</li> </ol>
<p><b>Mr. Nagesh Dinkar Pinge</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> B-403, Rajkamal CHS, Subhas Road, Near Vile Parle Mahila Sangh School, Vile Parle (E), Mumbai-400057</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> 5 Years (From October 10, 2018 to October 9, 2023)</p> <p><i>DIN:</i> 00062900</p>	60	<ol style="list-style-type: none"> <li>1. Inventia Healthcare Limited</li> <li>2. Multi Commodity Exchange Clearing Corporation Limited</li> <li>3. Motilal Oswal Trustee Company Limited</li> </ol>

None of the directors have been appointed pursuant to an arrangement with licensors, banks/ financial institutions, shareholders, etc.

### Brief profiles of Directors

**Mr. Sanjay Lalbhai** is the Chairman and Managing Director of Arvind Ltd., a 1.3 Billion Dollar Indian conglomerate. Over last four decades he has led the transformation of Arvind from a traditional textile mill into one of the world's leading manufacturers of denims, fine woven fabrics, and apparel solutions. He laid the foundations for the branded apparel business by bringing India's initial brands – Flying Machine and Arrow, and opening Exclusive Brand Outlets. Sanjay Lalbhai serves on the Board of Adani Ports & Special Economic Zone Ltd. He is the president of Ahmedabad Education Society, Ahmedabad University and CEPT University, and the Chairman of Council of Administration of Ahmedabad Textile Industry Research Association (ATIRA). Mr. Lalbhai believes that addressing societal concerns and creating long lasting benefit to society is integral to the business strategy and a duty of every business leader. He provides strategic leadership SHARDA Trust, the CSR arm of Arvind. Mr. Lalbhai is an MBA from Jannalal Bajaj Institute.

**Mr. Suresh** is the Managing Director of Arvind Fashions Ltd & Arvind Lifestyle Brands Ltd. Mr. Suresh joined the company in September 2005 and since then has led the company's 10x growth through organic and inorganic means. During his tenure, Arvind added international marquee brands like Calvin Klein, Nautica, US Polo, Gap, The Children's Place, Aeropostale and Sephora to its portfolio. More recently, he has built-up Unlimited as a leading player in value fashion retail. Prior to joining Arvind, Suresh served as the CEO of MTR Foods, wherein he was instrumental in growing a regional brand to a national brand with global presence. Earlier, Mr. Suresh has held several senior positions during his 18 years old stint in Hindustan Unilever Ltd. He was the past Chairman of the CII National Committee on Retail in 2013-2014 and is a member of the National Council of Retailers Association of India. Mr. J. Suresh is a Mechanical Engineer and an MBA from IIM Bangalore.

**Mr. Jayesh K. Shah** is the Director and Chief Financial Officer of Arvind Limited, a flagship company of the Lalbhai Group, having an annual turnover of US \$ 1103 million. He was working with the group in its various business divisions since 1985 and in the year 2002, he became Director on the Board. Mr. Shah has distinguished academic career and has extensive administrative, financial regulatory and managerial expertise with his vast experience in the field. He started his career in Garment division of the Lalbhai Group and then textile division and also looked after all the financial aspects of the group companies, viz., Textiles, branded garments, electronics and telecom. He was also actively involved in merger, acquisition, expansion, diversification, project funding and Euro issue of the company. Being a dynamic professional, he has always been exploring new business opportunities and challenges. He successfully undertook financial restructuring of the company during the period 2000 to 2002. Mr. Shah is Associate member of ICAI and a Commerce Graduate from Gujarat University.

**Mr. Kulin Lalbhai** is the Executive Director of Arvind Limited. He is driving new initiatives in the consumer businesses of the group. He is also spearheading Arvind's foray into e-commerce space. He also plays an active role in the overall corporate strategy for the group with particular focus on B2C business. Mr. Kulin Lalbhai holds an MBA from the Harvard Business School and a B.Sc. in Electrical Engineering from the Stanford University. Prior to his current role, he has also worked with McKinsey & Co.'s Mumbai office.

**Ms. Nithya Easwaran** has over 20 years of rich experience in financial services. She is Managing Director of Multiples Alternate Asset Management, a private equity platform with over US\$1 billion of assets under management. Prior to joining Multiples Alternate Asset Management, she headed the Structured Finance Team of Citibank in India and before that she was a part of the structured finance business of ICICI Ltd.

**Mr. Nilesh Shah** is the Managing Director (MD) of Kotak Mahindra Asset Management Co. Ltd. He has over 25 years of experience in capital markets and market related investments, having managed funds across equity, fixed income securities and real estate for local and global investors. In his previous assignments, Mr. Nilesh Shah has held leadership roles with Axis Capital, ICICI Prudential Asset Management, Franklin Templeton and ICICI securities. Mr. Nilesh Shah is the recipient of the inaugural Business Standard Fund Manager of the year award – Debt in 2004. Kotak, Franklin Templeton and ICICI Prudential Mutual Fund has received many awards including the best fund house of the year award under his leadership. Mr. Nilesh Shah is a gold medalist chartered accountant and a merit ranking cost accountant. His hobbies include reading and educating investors on financial planning. Mr. Nilesh Shah has co-authored book on Financial Planning called "A Direct Take".

**Mr. Vallabh Bhanshali** is a well-known thought leader and investment banker. He is the Co-founder of ENAM group, a reputed home-grown investment banking and long-term investor groups of the country. He has keen interest in several subjects outside his core activity such as behavioral science, economic and national development and scientific spirituality. He is widely recognized across business, media, social and spiritual circles for his work, talks, interviews and innovative ideas. Amongst his many honors, he is a doctorate from Teerthankar Mahavir University. He is a Chartered Accountant and has a degree in law. He has recently accepted the position of President at FJEI (Federation of Jain Educational Institutes). He is a trustee and former chairman of the Global Vipassana Foundation. He was a Trustee of the Bombay Stock Exchange. He is the founder and chief mentor of Desh Apnayan Sahayog Foundation and the founder Director of FLAME University - India's innovative Liberal Arts University.

**Ms. Abanti Sankaranarayanan** leads the Strategy and Corporate Affairs functions at Diageo India. She is an accomplished business leader with over two decades experience across general management, marketing, public policy, corporate reputation and sustainability in the consumer products and luxury industry. A considerable part of her career was spent with the Tata Group, as part of the elite Tata Administrative Services (TAS). In June 2010, since joining

Diageo India Private Ltd, she went on to take the mantle of Managing Director responsible for its business, brands and people in India. She also serves on the CII National Committee on FMCG, Vice Chairperson of ASCI and member of the board of ISWAI (industry body for domestic alcohol beverage producers in India) and the Chairman of Four Seasons Wines Ltd. Her contribution to the business has been recognized by Fortune India, India Today and Fast Company, New York. Abanti is an Economics Graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management (IIM), Ahmedabad.

**Mr. Achal Bakeri** is the Chairman and Managing Director of Symphony Limited. He leads the management of critical organizational functions such as corporate strategy, international growth opportunities and people development. He is an Architect and has studied Master of Business Administration from University of Southern California. Mr. Bakeri has 32 years of experience in varied fields, including construction, exports, manufacturing and design development. Under his guidance and leadership, Symphony has established its position as the largest manufacturer of air coolers in the world.

**Mr. Nagesh Pinge** is an Expert in Ethics, Corporate Governance, Risk Management and Internal Audit. He is a Chartered Accountant and Law Graduate from India. He has also completed Executive Education Program from The Stephen M Ross School of Business of the University of Michigan, USA. In a career spanning 35 year, he has worked with many organizations of repute like Tata Motors as "Chief-Internal Audit, Risk Management and Ethics". Prior to that he has also served Reliance Retail Ltd, JSW Steel Ltd. and ICICI Bank and its Group Companies. He is an Independent Director in many reputed Companies. He is a past President of the Institute of Internal Auditors, India.

#### **Relationship between Directors**

Mr. Kulin S Lalbhai is the son of Mr. Sanjay Lalbhai. None of the directors are related to each other.

#### **Terms of Appointment of Managing Director**

Mr. Suresh Jayaraman has been appointed for a term of 3 years from 1<sup>st</sup> August 2018 to 31<sup>st</sup> July 2021. His appointed terms are as set for the below:

##### **(a) Basic Salary:**

Rs. 9,70,000 (Rupees Nine Lacs and Seventy Thousand only) per month with such increase as may be decided by Board of Directors (which includes any Committee thereof) from time to time, but subject to maximum salary of Rs. 20,00,000 (Rupees Twenty lacs only) per month.

##### **(b) Perquisites and Allowances:**

In addition to salary, the following perquisites / allowances shall be allowed to the Managing Director & CEO:

#### **CATEGORY – A**

##### **i) Other Allowances, Personal Accident insurance and Medical expenses:**

The Company shall pay other allowances Personal Accident insurance and Medical expenses as per the Company's policy.

##### **ii) Club Fees:**

The Company shall reimburse club fees as per the Company's policy.

The aggregate value of perquisites for (i) to (ii) above for each year shall be computed as per the provisions of Income-tax Act, 1961. In case of benefits for which no specific rule of valuation is provided under the Income-tax Act, the perquisites value of such benefit shall be taken at actual cost.

## **CATEGORY – B**

- i) The Company shall contribute towards Provident Fund provided that such contributions either singly or put together shall not exceed the tax-free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity as per rules of the Company.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

## **CATEGORY – C**

- i) The Company shall provide car(s) at the cost of the Company for use on Company's business and the same will not be considered as perquisites.
- ii) The Company shall provide telephone and other communication facilities to the Managing Director & CEO at the cost of the Company.

## **CATEGORY – D**

The Managing Director & CEO shall be entitled to Performance Linked Variable Pay/Special Allowance/Role Award/Bonus/ Commission on profits etc. or in any other form as the Nomination and Remuneration Committee and the Board of Directors may determine from time to time within the overall limit of 10% of the net profits and the overall limits of remuneration prescribed under Sections 197 and other applicable provisions of the Companies Act 2013.

### **Remuneration details of Independent Directors and Non-Executive Directors**

Commission of up to 1% of the net profits of the Company may be paid to all the Non-Executive Directors and Independent Directors of the Company.

### **Remuneration paid or payable from Subsidiary and Associate Company**

Nil

### **Loans to Directors**

There are no loans that have been availed of by Directors from Company, which are outstanding as of the date of this information Memorandum.

### **Bonus or profit sharing plan for the Directors**

Except as disclosed above in respect of the remuneration payable to Managing Director under "*Remuneration details of Executive Directors*" above, Company does not have a bonus or profit sharing plan for any other Directors.

### **Shareholding of Directors**

The Articles of Association do not require the Directors to hold any qualification shares.



Details of Directors who hold Equity Shares as of the date of this Information Memorandum are as follows:

Name	No. of Equity Shares	% of Equity Share capital
Mr. Sanjaybhai Shrenikbhai Lalbhai	311	0.00
Mr. Suresh Jayaraman	145000	0.00
Mr. Nilesh Dhirajlal Shah	40	0.00
Ms. Nithya Eashwaran	600	0.00

Except above none of Directors hold Equity Shares, as of the date of this Information Memorandum. For further details, see “*History and Certain Corporate Matters*” on page 61.

### Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment except with Managing Director.

### Interest of Directors

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. Further, Directors may also be regarded as interested in the Equity Shares held by them and the dividends payable to them in relation to such Equity Shares or that may, be allotted to their relatives or to companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares, held by them, as also to the extent of stock options that may be granted to them from time to time under the Employee Stock Option Scheme 2016 For further details, see “*Capital Structure*” on page 30.

Directors have no interest in the promotion of Company apart from the interest they have as shareholders of the Company.

No proceedings/ investigations have been initiated by SEBI against any company, the board of directors of which also comprise any of the Directors of Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of Company.

### *Interest in property*

Except as stated above and as disclosed in “*Related Party Transactions*” on page 114, Directors have no interest in any property acquired by Company within the two preceding years of the date of filing of this Information Memorandum, or presently intended to be acquired by Company.

### *Payment of benefits (non-salary related)*

Except as stated in “*Management*” on page 66, no amount or benefit (non-salary related) has been paid or given to any Directors within the two years preceding the date of filing of this Information Memorandum or is intended to be paid, other than in the ordinary course of their employment. Further, Company has not granted loans to its Directors, Key Managerial Personnel or its employees, as of the date of this Information Memorandum.

### *Appointment of relatives to a place of profit*

None of the relatives of any of the Directors has been appointed to an office or place of profit with Company or Subsidiary.

### *Business interest*

Except as stated in Restated Financial Information, Directors do not have any interest in the business of Company and Promoter Group.

### **Directorships of Directors in listed companies whose shares have been/were suspended from being traded**

None of the Directors have been on the board of any listed company whose shares have been/were suspended from being traded on BSE Limited or National Stock Exchange of India Limited, for the five years prior to the date of filing this Information Memorandum.

For details of the Directors' association with the securities market see "*Other Regulatory and Statutory Disclosures*" on page 211.

### **Changes in the Board during the last three years**

The changes in the Board during the three years immediately preceding the date of this Information Memorandum are as follows:

<b>Name of Director</b>	<b>Date of appointment</b>	<b>of Date of Cessation</b>	<b>of Designation</b>	<b>Reasons</b>
Mr. Puneet Jain	January 05, 2016	October 12, 2016	Non-Executive Director	Personal Reasons
Mr. Rajiv Nitinbhai Mehta	January 05, 2016	March 21, 2016	Non-Executive Director	Personal Reasons
Mr. Sandip Baksi	January 05, 2016	March 21, 2016	Non-Executive Director	Personal Reasons
Mr. Jaipal Singal	February 04, 2016	March 21, 2016	Non-Executive Director	Personal Reasons
Mr. Jagdish Dalal	March 21, 2016	February 07, 2017	Non-Executive Director	Personal Reasons
Mr. Kamal Sheth	March 21, 2016	October 12, 2016	Non-Executive Director	Personal Reasons
Mr. Soundararajan Kannan	September 24, 2016	February 07, 2017	Non-Executive Director	Personal Reasons
Mr. Suresh Jayaraman	September 24, 2016	March 01, 2017	Non-Executive Director	Personal Reasons
Mr. Jayesh K. Shah	September 24, 2016	-	Non-Executive Director	-
Ms. Renuka Ramnath	February 07, 2017	October 10, 2018	Nominee Director	Personal Reasons
Ms. Nithya Easwaran	February 07, 2017	October 10, 2018	Nominee Director	Personal Reasons
Mr. Nilesh Dhirajlal Shah	February 07, 2017	-	Independent Director	-
Mr. Kulin Sanjay Lalbhai	February 07, 2017	-	Non-Executive Director	-
Mr. Sanjaybhai Shrenikbhai Lalbhai	February 07, 2017	-	Non-Executive Director	-
Mr. Kamal Singal	March 29, 2017	October 10, 2018	Independent Director	Personal Reasons
Mr. Suresh Jayaraman	August 01, 2018	-	Managing Director & CEO	-

<b>Name of Director</b>	<b>Date of appointment</b>	<b>Date of Cessation</b>	<b>Designation</b>	<b>Reasons</b>
Ms. Nithya Easwaran	October 10, 2018	-	Non-Executive Director	-
Mr. Vallabh Roopchand Bhanshali	October 10, 2018	-	Independent Director	-
Ms. Abanti Sankaranarayanan	October 10, 2018	-	Independent Director	-
Mr. Achal Anil Bakeri	October 10, 2018	-	Independent Director	-
Mr. Nagesh Dinkar Pinge	October 10, 2018	-	Independent Director	-

### **Borrowing Powers**

Pursuant to Articles of Association, subject to applicable law and pursuant to a resolution passed by Board at their meeting held on May 03, 2018 and a resolution of the shareholders of the Company passed at the AGM held on July 16, 2018, the Board has been authorised by the Company to borrow sums of money for the purpose of the Company with or without security upon such terms and conditions as the Board may think fit, which, together with the monies borrowed by Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 2000 Crores over and above the aggregate of the paid-up share capital, free reserves and securities premium of the Company.

### **Corporate Governance**

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of Equity Shares with the Stock Exchanges. We believe the company is in compliance with the requirements of the applicable regulations, including the Companies Act, the SEBI Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including constitution of Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of Board's supervisory role from the executive management team and constitution of the committees of Board, as required under law.

As of the date of this Information Memorandum, there are 10 Directors onboard, comprising 1 Executive Director, 4 Non-Executive Directors and 5 Independent Directors. Board include two women Directors. The Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to appointment of independent Directors to Board and constitution of Board-level committees.

The Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013.

### **Board-level committees**

In terms of the SEBI Listing Regulations, the Companies Act, 2013, and the circulars and guidelines laid down by the RBI in respect of NBFCs, Company, has constituted the following Board-level committees:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee;
- (d) Corporate and Social Responsibility Committee;
- (e) Risk Management Committee; and

**(a) Audit Committee**

The Audit Committee was constituted by a resolution of Board dated February 07, 2017. The charter of the Audit Committee was amended in accordance with the provisions of Section 177 of the Companies Act, 2013 pursuant to board resolution dated May 11, 2017. The Audit Committee was last re-constituted pursuant to a circular resolution dated October 10, 2018 and currently consists of the following members:

<b>Name</b>	<b>Position on the committee</b>	<b>Designation</b>
Mr. Jayesh Shah	Member	Non-Executive Director
Ms. Nithya Easwaran	Member	Non-Executive Director
Mr. Nilesh Shah	Member	Independent Director
Ms. Abanti Sankaranarayanan	Member	Independent Director
Mr. Nagesh Dinkar Pinge	Member	Independent Director

The Chairman of the Audit Committee, shall be an Independent Director elected by the members amongst themselves and the Company Secretary shall act as the secretary to the Audit Committee.

**A. Powers of the Audit Committee:**

The powers of the Audit Committee include:

- (a) To investigate any activity within its terms of reference;
- (b) To seek information from any employee of Company;
- (c) To obtain outside legal or other professional advice;
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) To ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

**B. Role of the Audit Committee:**

The role of the Audit Committee includes:

- (a) Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommendation for appointment, remuneration and terms of appointment of auditors of Company;
- (c) Approval of payment to Auditors for any other services rendered by the Auditors of Company;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons thereto;
  - Major accounting entries involving estimates based on the exercise of judgment by management;

- Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (g) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of Company with related parties;  
**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the Accounting Standards.
- (j) Scrutiny of inter-corporate loans and investments;
- (k) Valuation of undertakings or assets of Company, wherever it is necessary;
- (l) Evaluation of internal financial controls and risk management systems;
- (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) Discussion with internal auditors of any significant findings and follow up there on;
- (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (s) To review the functioning of the whistle blower mechanism;

- (t) Approval of the appointment of the CFO of Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- (u) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**C. *Mandatory review by the Audit Committee***

The Audit Committee is required to mandatorily review the following information:

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of Company;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors of Company;
- (d) Internal audit reports relating to internal control weaknesses;
- (e) The appointment, removal and terms of remuneration of the chief internal auditor;
- (f) Statement of deviations:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-regulation (1) of Regulation 32 of the SEBI Listing Regulations; and
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of sub-Regulation (7) of Regulation 32 of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times in a year and not more than 120 days should elapse between two meetings. The quorum is either two members or one third of the members of the Audit Committee whichever is greater, provided a minimum of two independent members are present.

**(b) *Nomination and Remuneration Committee***

The Nomination and Remuneration Committee was constituted by a resolution of Board dated February 22, 2017. The charter of the Nomination and Remuneration Committee was amended in accordance with the provisions of Section 178 of the Companies Act, 2013 by board resolution dated May 11, 2017. The Nomination and Remuneration Committee was last re-constituted pursuant to a circular resolution dated October 10, 2018 and currently consists of the following members:

<b>Name</b>	<b>Position on the committee</b>	<b>Designation</b>
Mr. Jayesh K Shah	Member	Non-Executive Director
Ms. Nithya Easwaran	Member	Non-Executive Director
Mr. Nilesh Shah	Member	Independent Director
Mr. Achal Anil Bakeri	Member	Independent Director

The Chairman of the Nomination and Remuneration Committee, shall be an Independent Director elected by the members amongst themselves and the Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

*Scope and terms of reference:* The terms of reference of the Nomination and Remuneration Committee include:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- b. Formulation of criteria for evaluation of independent directors and the Board.
- c. Devising a policy on Board diversity.
- d. Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report.
- e. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(c) ***Stakeholders' Relationship Committee***

The Stakeholders' Relationship Committee which was originally constituted by a circular resolution of Board dated October 10, 2018 and consists of the following members:

<b>Name</b>	<b>Position on the committee</b>	<b>Designation</b>
Mr. Jayesh Shah	Member	Non-Executive Director
Ms. Nithya Easwaran	Member	Non-Executive Director
Mr. Nilesh Shah	Member	Independent Director

The Chairman of the Stakeholders' Relationship Committee, shall be a Non-Executive Director elected by the members amongst themselves and the Company Secretary shall act as the secretary to the Stakeholders' Relationship Committee.

*Scope and terms of reference:* The terms of reference of the Stakeholders' Relationship Committee include:

- a. To specifically look into the redressal of Investors' Grievances pertaining to:
  - a. Transfer of shares and debentures;
  - b. Non-receipt of declared dividends, interests and redemption proceeds of debentures;
  - c. Dematerialization of Shares and debentures;
  - d. Replacement of lost, stolen, mutilated share and debenture certificates;
  - e. Non-receipt of rights, bonus, split share and debenture certificates;
  - f. Non-receipt of balance sheet.
- b. To look into other related issues towards strengthening investors' relations.
- c. To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
- d. To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors."

**(d) Corporate Social Responsibility Committee**

The CSR Committee was constituted by a resolution of Board dated February 22, 2017, in compliance with Section 135 of the Companies Act, 2013 and was last reconstituted by a circular resolution dated October 10, 2018. The CSR Committee currently consists of:

Name	Position on the committee	Designation
Mr. Jayesh K Shah	Member	Non-Executive Director
Mr. Kulin Sanjay Lalbhai	Member	Non-Executive Director
Mr. Nilesh Shah	Member	Independent Director

The Chairman of the Corporate Social Responsibility Committee, shall be elected by the members amongst themselves and the Company Secretary shall act as the secretary to the Corporate Social Responsibility.

The CSR Committee shall meet at least once a year and the quorum for a meeting shall be either two members or one third of the members of the CSR Committee whichever is higher.

*Scope and terms of reference:*

The terms of reference of the CSR Committee shall include the following:

- (i) Formulate and Recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by Company as specified in Schedule VII of the Companies Act, 2013;
- (ii) To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically including the modalities for their execution / implementation schedules and to review the same from time to time in accordance with requirements of section 135 of the Companies Act 2013;
- (iii) To review and recommend the amount of expenditure to be undertaken by Company;
- (iv) To monitor the Corporate Social Responsibility Policy of Company from time to time; and
- (v) Any other matter as the CSR Committee may deem appropriate after approval of Board or as may be directed by Board from time to time pursuant to the provisions of Section 135 of the Companies Act and rules in relation thereto, as amended from time to time.

The Company has set aside 2% of standalone net profit for Fiscal 2015 for CSR activities. The Company aims to donate the balance set aside by the CSR Committee once it identifies a suitable cause/activity as specified in Schedule VII of the Companies Act, 2013.

**(e) Risk Management Committee**

The Risk Management Committee was constituted by a Circular resolution dated October 10, 2018 and currently consists of the following members:

Name	Position on the committee	Designation
Mr. Jayesh Shah	Manager	Non-Executive Director
Ms. Nithya Easwaran	Manager	Non-Executive Director
Mr. Nilesh Shah	Manager	Independent Director
Ms. Abanti Sankaranarayanan	Manager	Independent Director
Mr. Nagesh Dinkar Pinge	Manager	Independent Director

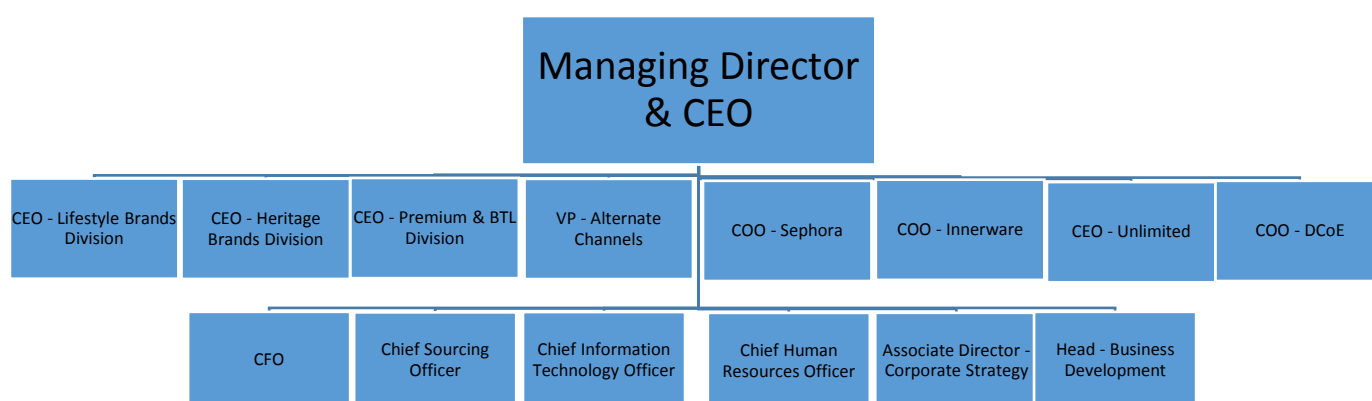
The Company Secretary shall act as the secretary to Risk Management Committee. A majority of the members of Risk Management Committee shall be Independent Directors who shall be appointed by the Chairman of the Board. The Board shall designate one Independent Director as the chairperson to Risk Management Committee.



*Scope and terms of reference:* The terms of reference of Risk Management Committee include:

- a. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
- b. To frame and devise risk management plan and policy of the Company and review the progress made in putting in place a progressive risk management system;
- c. To review and recommend potential risk involved in any new business plans and processes;
- d. To ensure that the Company is in conformity with corporate governance standards pertaining to the composition, role and function of various committees formed by the Board; and
- e. Any other similar or other functions as may be laid down by Board from time to time.

### Management organisation structure



### Key Managerial Personnel

The details of other Key Managerial Personnel as of the date of this Information Memorandum are as follows:

#### 1. Suresh Jayaraman – Managing Director & CEO

Mr. Suresh is the Managing Director & CEO of Arvind Fashions Ltd & Arvind Lifestyle Brands Ltd. Mr. Suresh joined the company in September 2005 and since then has led the company’s 10x growth through organic and inorganic means. During his tenure, Arvind added international marquee brands like Calvin Klein, Nautica, US Polo, Gap, The Children’s Place, Aeropostale and Sephora to its portfolio. More recently, he has built-up Unlimited as a leading player in value fashion retail. Prior to joining Arvind, Suresh served as the CEO of MTR Foods, wherein he was instrumental in growing a regional brand to a national brand with global presence. Earlier, Mr. Suresh has held several senior positions during his 18 years old stint in Hindustan Unilever Ltd. He was the past Chairman of the CII National Committee on Retail in 2013-2014 and is a member of the National Council of Retailers Association of India. Mr. J. Suresh is a Mechanical Engineer and an MBA from IIM Bangalore.

The Shareholders in their Meeting held on July 16, 2016 has appointed Mr. Suresh as Managing Director & Chief Executive Officer with effect from August 01, 2018.

## 2. Kannan S – CFO

Mr. Kannan is a Chartered Accountant with more than 30 years' experience of working both in a MNC and Indian company environment. He has worked with Murugappa Group, Hindustan Lever Ltd in Financial Accounting, Commercial and Supply Chain Management functions in a senior role with significant contribution to Business Integration and Business Turn around playing a strategic role to ensure profitable growth of various business units. Subsequently, Kannan spent 7 years in a CFO role with TVS Group, working closely with the Chairman helping him in Business structuring, evaluating new business proposals and a few M&A deals. Kannan joined us in Dec 2011 to head the Finance and Supply Chain (Warehousing & Distribution) function.

The Board of Directors in their Board Meeting held on February 22, 2017 has appointed Mr. Kannan as Chief Financial Officer.

## 3. Vijay Kumar B S – Company Secretary

Mr. Vijay is a member of Institute of Company Secretaries of India, Law Graduate (LL.B.) with over 6 years of experience. He was appointed as Company Secretary and Compliance Officer of Company with effect from February 22, 2017. Mr. Vijay started his journey with Arvind Group in June 2015. Prior to his association with Arvind Group, he worked with Foodworld Supermarkets Pvt Ltd and Health & Glow Retailing Pvt Ltd. Mr. Vijay has strong domain knowledge of Corporate Secretarial and Compliance. He has experience in the field of Corporate Restructuring, Mergers, Amalgamations, Takeover and Raising Capital.

The Board of Directors in their Board Meeting held on February 22, 2017 has appointed Mr. Vijay as Company Secretary.

All the Key Managerial Personnel are permanent employees of the Company.

### Relationship among Key Managerial Personnel

None of the Key Managerial Personnel is related to one another.

### Bonus or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the key managerial personnel. The Company makes bonus payments based on their performance, which is in accordance with their terms of appointment.

### Shareholding of Key Managerial Personnel

Details of the Key Managerial Personnel who hold Equity Shares as of the date of this Information Memorandum are as follows:

Name	No. of Equity Shares	% of Equity Share capital
Mr. Suresh Jayaraman	1,45,000	0.0
Mr. Kannan Soundararajan	19,175	0.0
Mr. Vijaykumar BS	47,391*	0.0

*\*Fractional shares held as a trustee acting on behalf of the fractional shareholders.*

### Service Contracts with Key Managerial Personnel

Other than as disclosed under this chapter, Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Managerial Personnel, are entitled to benefits upon termination of employment.

Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company including Directors and Key Managerial Personnel, are entitled to any benefit upon termination of employment or superannuation.

### **Loans to Key Managerial Personnel**

As on the date of this Information Memorandum, there is no amount outstanding under any loan given by the Company to the benefit of any key managerial personnel.

### **Interest of Key Managerial Personnel**

None of the Key Managerial Personnel have any interest in Company except to the extent of their shareholding in Company, remuneration, benefits, and reimbursement of expenses incurred by them in the ordinary course of business and stock options that may be granted to them from time to time under Employee Stock Option Scheme 2016. None of the Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with Company's major shareholders, customers or suppliers or others.

For details regarding the shareholding of Key Managerial Personnel and grants pursuant to the Employee Stock Options Schemes of the Company, see "*Capital Structure*" on page 30 respectively.

### **Contingent and deferred compensation payable to Key Managerial Personnel**

There is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form part of their remuneration.

### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of the KMPs have been appointed pursuant to any arrangement with shareholders, customers, suppliers or others.

### **Changes in Key Managerial Personnel during the last three years**

The changes in the Key Managerial Personnel during the three years immediately preceding the date of this Information Memorandum are as follows:

<b>Name</b>	<b>Designation</b>	<b>Date of appointment as Key Managerial Personnel</b>	<b>Date of cessation</b>	<b>Reason</b>
Suresh Jayaraman	Managing Director & CEO	August 01, 2018	-	
Kannan S	CFO	February 22, 2017	-	
Vijay Kumar B S	Company Secretary	February 22, 2017	-	

### **Employee stock option and stock purchase schemes**

For details, see "*Capital Structure*" on page 30.

### **Payment of non-salary related benefits to officers of Company**

No amount or benefit has been paid or given to any officer of Company within the two years preceding the date of filing of this Information Memorandum or is intended to be paid or given, other than in the ordinary course of their employment.

## PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

The Promoters of the Company are:

1. Aura Securities Private Limited
2. Aura Business Ventures LLP
3. Sanjaybhai Shrenikbhai Lalbhai
4. Punit Sanjaybhai
5. Kulin S Lalbhai
6. Jayshreeben Sanjaybhai Lalbhai
7. Lalbhai Poorva Punitbhai
8. Jaina Kulin Lalbhai
9. Ishaan Punit Lalbhai
10. Ruhani Punit Lalbhai
11. Ananyaa Kulin Lalbhai

As on the date of this Information Memorandum, they hold 3590158 Equity Shares, which constitutes 33.24% of the Company's issued and paid-up Equity Share capital.

### Details of Promoters

1. *Aura Securities Private Limited ("ASPL")*

#### Brief History

ASPL was incorporated in the name of "Mayur Prakash Trading & Commercial Private Limited" on November 14, 1985 under the provisions of the Companies Act, 1956. The name of ASPL changed from "Mayur Prakash Trading & Commercial Limited" to "Aura Securities Private Limited" in pursuance of the Hon'ble High Court Order notified on November 14, 2016 for the Scheme of Arrangement amongst Aura Securities Private Limited and Anagram Knowledge Academy Limited and Avadh Materials and Equipments Suppliers Private Limited and Mayur Prakash Trading & Commercial Private Limited and their respective shareholders and creditors. The CIN of ASPL is U51909GJ1985PTC008269. The registered office of ASPL is located at 1st Floor, Akshay Building, 53, Shrimali Society, B/h Vadilal House, Navrangpura, Ahmedabad, Gujarat – 380 009. ASPL is holding 3551617 shares in the Company.

ASPL has become deemed NBFC as per Audited Financials for the year ended 31st March 2017 vide Audit Report dated 28th September 2017 and has made online application with RBI for registration as NBFC on February 16, 2018 and is awaiting NBFC Registration Certificate.

It is one of the Promoters of Arvind Limited (Formerly The Arvind Mills Limited), Ahmedabad and Arvind SmartSpaces Limited (Formerly Arvind Infrastructure Limited). It has 6 subsidiary companies namely: Arvind SmartSpaces Limited (Formerly Arvind Infrastructure Limited), Anukul Investments Private Limited, Shruti Tradelink Private Limited, Amplus Capital Advisors Pvt. Ltd., Aura Business Enterprises Limited and Aura Merchandise Private Limited.

#### Promoters of ASPL

Promoters of ASPL are as follows:

Sanjaybhai Shrenikbhai Lalbhai (as a trustee of Sanjay Family Trust)

Punit Sanjaybhai Lalbhai

Jayshreeben Sanjaybhai Lalbhai

## Current Nature of Activities

ASPL is currently a deemed NBFC engaged in the business of making investments in group companies and is awaiting registration with Reserve Bank of India.

## Shareholding Pattern

The shareholding pattern of ASPL as on the date of the Information Memorandum is as follows:

Name of the Shareholder	Number of Equity Shares held	Percentage of shareholding (in %)
Sanjaybhai Lalbhai (as a trustee of Sanjay Family Trust)	1,20,27,864	99.99%
Jayshree Lalbhai	993	0.01%
Punit Lalbhai	3	0.00%
Total	1,20,28,860	100.00%

## Board of Directors

As on date of the Information Memorandum, the board of directors of ASPL comprises of the following persons:

Name	Designation
Jayesh Kantilal Shah	Director
Jagdish Gajanand Dalal	Director

## Financial Information

(Rs. in Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Share Capital	1,202.89	1,202.89	3.7
Sales and other income	2,929.95	6,541.23	0.02
Profit/Loss after tax	2,449.97	2,213.15	(0.18)
Reserves and Surplus (excl. revaluation reserves)	32,561.81	30,111.84	4.21
Earnings per share (in Rs.)	20.37	24.53	(8.96)
Diluted Earnings per share (in Rs.)	20.37	24.53	(8.96)
Net Asset Value per share	280.70	260.33	21.39

### 2. *Aura Business Ventures LLP ("ABV-LLP")*

#### Brief History

ABV-LLP was incorporated in the name and style of "Avadh Materials and Equipments Suppliers Private Limited" on August 7, 1987 under the provisions of the Companies Act, 1956. It was converted into "Avadh Materials and Equipments Suppliers LLP" on January 25, 2017. Subsequently, "Avadh Materials and Equipments Suppliers LLP" was renamed to "Aura Business Ventures LLP" by order of Registrar of Companies, Gujarat dated April 5, 2017. The LLPIN of ABV-LLP is AAI-3775. The registered office of ABV-LLP is located at 1st Floor, Akshay Building, B/h Vadilal House, 53, Shrimali Society, Navrangpura, Ahmedabad, Gujarat – 380 009. ABV-LLP is holding 30000 shares in the Company.

## Promoters of ABV-LLP

Promoters of ABV-LLP are as follows:

Sanjaybhai Shrenikbhai Lalbhai (as a trustee of Sanjay Family Trust)

Punit Sanjaybhai Lalbhai

Jayshreeben Sanjaybhai Lalbhai

## Current Nature of Activities

ABV-LLP is an LLP engaged in the business of Investment in Shares and Securities.

## Partnership Structure

The partnership structure of ABV-LLP as on the date of the Information Memorandum is as follows:

Name of the Partner	Percentage (in %)
Punit Lalbhai	0.00%
Jayshree Lalbhai	0.01%
Sanjaybhai Lalbhai (as a trustee of Sanjay Family Trust)	99.99%
Total	100.00%

## Financial Information

(in Rs. Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 24-Jan-17*	As on 31-Mar-16
Share Capital / Partner's Fixed Capital	356.38	356.38	356.38	1.00
Sales and other income	10.16	188.78	959.71	0.33
Profit/Loss after tax	2.62	94.37	(903.74)	(0.20)
Reserves (excluding revaluation reserves) and Surplus / Partner's Current Capital	31,801.93	31,539.77	31,445.40	3.97
Earnings per share (in Rs.)	NA	NA	(33.78)	(2.01)
Diluted Earnings per share (in Rs.)	NA	NA	(33.78)	(2.01)
Net Asset Value per share	NA	NA	892.36	49.7

\* Aura Business Ventures Private Limited was converted to Aura Business Ventures LLP on January 25, 2017.

### 3. Sanjaybhai Shrenikbhai Lalbhai

Sanjaybhai Shrenikbhai Lalbhai, aged 64 years is one of the Promoters of the Company. He has overall experience of more than 35 years in textile industry. Other than the Company, he holds directorships in following companies or acts as partner/designated partner in following LLPs:

1. Arvind Limited
2. Animesh Holdings Private Limited
3. Arvind Lifestyle Brands Limited
4. Adani Ports and Special Economic Zone Limited
5. Arvind SmartSpaces Limited
6. Arvind Foundation
7. Aura Business Ventures LLP
8. Arvind Fashions Limited

Aadhaar Number: 3173-1183-4563  
Driving License: GJ01 20090089356  
Residential address: Lalbaug, Shahibaug, Ahmedabad - 380 004. Gujarat, India

Sanjaybhai Shrenikbhai Lalbhai is holding 1421 shares in the Company.

4. Punit Sanjaybhai

Punit Sanjaybhai, 36 years, is one of the promoters of the Company. He is the Executive Director of Arvind Limited. He has done his Masters in Environmental Science from Yale University, USA. He has a Bachelor's degree in Conservation Biology from University of California He is also deeply involved in sustainability conservation. Other than the Company, he holds directorships in following companies or acts as partner/designated partner in following LLPs:

1. Arvind Limited
2. Arvind Envisol Limited
3. Arvind PD Composites Private Limited
4. Arvind OG Nonwovens Private Limited
5. Arvind Norm CBRN Systems Private Limited
6. Adient Arvind Automotive Fabrics India Private Limited
7. Arvind Polser Engineered Composite Panels Private Limited
8. Heartfulness Institute
9. Confederation of Indian Textile Industry
10. Arvind Smart Textiles Limited
11. Aura Business Ventures LLP

Aadhaar Number: 6431-4072-4799  
Driving License: GJ01-068295-08  
Residential address: Lalbaug, Shahibaug, Ahmedabad - 380 004. Gujarat, India

Punit Sanjaybhai Lalbhai is holding 137 shares in the Company.

5. Kulin S Lalbhai

Kulin S Lalbhai, 33 years, is one of the promoters of the Company. He is the Executive Director of Arvind Limited. He holds Bachelor's of Science in Electrical Engineering from Stanford University, USA. He has also worked as a management consulting with Mckinsey & Co. Other than the Company, he holds directorships in following companies or acts as partner/designated partner in following LLPs:

1. Arvind Limited
2. Zydus Wellness Limited
3. Arvind SmartSpaces Limited
4. Arvind Goodhill Suit Manufacturing Private Limited
5. Arvind Internet Limited
6. Arvind Fashions Limited
7. Style Audit LLP

Aadhaar Number: 4948-0392-6037  
Driving License: GJ01 20030155694  
Residential address: Lalbaug, Shahibaug, Ahmedabad - 380 004. Gujarat, India

Kulin S Lalbhai is holding 1960 shares in the Company.

6. Jayshreeben Sanjaybhai Lalbhai

Jayshreeben Sanjaybhai Lalbhai, aged 61 years is one of the Promoters of the Company. She is wife of Sanjaybhai Shrenikbhai Lalbhai. She has Bachelor's degree in Arts from Bombay University. She also holds a diploma in Nursery Teacher's Training from Sophia Polytechnic, Mumbai. She has been conferred the Degree of Master of Education (Special Education) by the Gujarat University. She holds directorships in following companies or acts as partner/designated partner in following LLPs:

1. Anukul Investments Private Limited
2. Able Investments Private Limited
3. Animesh Holdings Private Limited
4. Avirat Investments Private Limited
5. Aura Business Ventures LLP
6. Sona Lank Investment and Trading LLP

Aadhaar Number: 2360-7185-6348

Driving License: GJ01 20070054476

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

Jayshreeben Sanjaybhai Lalbhai is holding 5023 shares in the Company.

7. Lalbhai Poorva Punitbhai

Lalbhai Poorva Punitbhai, aged 35 years is one of the Promoters of the Company. She is wife of Punit Sanjaybhai. Poorva Lalbhai has a background in biochemistry and environmental management. She is a graduate in water resource management from Yale School of Forestry and Environmental Studies. She has worked for a year at CEPT University, Ahmedabad as a part of a team looking at Performance Assessment Systems for water and sanitation in India.

Aadhaar Number: 5209-7822-7149

Driving License: GJ01/198592/08

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

Lalbhai Poorva Punitbhai is holding NIL shares in the Company.

8. Jaina Kulin Lalbhai

Jaina Kulin Lalbhai, aged 33 years is one of the Promoters of the Company. She is wife of Kulin S Lalbhai. She has done her BSL, LLB from ILS College, Pune University and worked as a lawyer in Mumbai for a year with Amarchand Mangaldas before studying Fashion Merchandising in Boston at Mt. Ida. She acts as a designated partner in Style Audit LLP, which deals with women's fashion. She also runs Baby's Day Out, which primarily deals with kids' fashion.

Aadhaar Number: 8093-0601-3325

Driving License: GJ01-2010-1418393

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

Jaina Kulin Lalbhai is holding NIL shares in the Company.



9. Ishaan Punit Lalbhai (Minor)

Ishaan Punit Lalbhai, aged 7 years is one of the Promoters of the Company. He is son of Punit Sanjaybhai. He is holding NIL shares in the Company.

Aadhaar Number: 3172-5785-8467

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

10. Ruhani Punit Lalbhai (Minor)

Ruhani Punit Lalbhai, aged 3 years is one of the Promoters of the Company. She is daughter of Punit Sanjaybhai. She is holding NIL shares in the Company.

Aadhaar Number: 8093-0601-3325

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

11. Ananyaa Kulin Lalbhai (Minor)

Ananyaa Kulin Lalbhai, aged 5 years is one of the Promoters of the Company. She is daughter of Kulin S Lalbhai. She is holding NIL shares in the Company.

Aadhaar Number: 4749-7967-4640

Residential address: Lalbaug, Shahibaug, Ahmedabad – 380 004. Gujarat, India

**Common Pursuits**

Further except as disclosed in the Information Memorandum, none of Promoters have any interest in any venture that is involved in any activities similar to those conducted by Company.

**Interests of the Promoters**

The Promoters are interested in the Company to the extent of the Equity Shares held by them and any dividend or other distributions thereon, which may be made by the Company in the future. For more information pertaining to Promoter's shareholding, see "*Capital Structure*" on page 30.

Except as otherwise disclosed in this Information Memorandum, Promoters are not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by Promoters or by such firm or company in connection with the promotion or formation of Company.

The Promoters do not have any business interest in any venture that is or could be involved in any activities similar to those conducted by the Company. The Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation, in the event or as and when a conflict arises.

**Related Party Transactions**

Except as disclosed in "*Related Party Transactions*" on page 114:

- a) The Company has neither entered into any contract, agreements or arrangements during the preceding two years from the date of this Information Memorandum which are not in the ordinary course of business nor proposes to enter into any such contract in which Promoters are directly or indirectly interested.

- b) The Promoters do not have any interest in any property acquired by Company within two years of the date of filing this Information Memorandum or proposed to be acquired by it, or any interest in any transaction by Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

### **Change in management or control of the Promoters**

There has not been any change in the management or control of Promoters in the three years immediately preceding the filing of this Information Memorandum, except as disclosed under “*Capital Structure*” on page 30.

### **Confirmations**

Except as disclosed in “*Business*” on page 50, Promoters are not interested in any entity which holds any intellectual property rights that are used by the Company.

There are no litigation or legal action pending or taken by any department of the Government or statutory authority during the last five years preceding the date of this Information Memorandum against Promoters, except as disclosed under “*Outstanding Litigation and Material Developments*” on page 202.

None of the Promoters has been declared a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by Promoters in the past and no proceedings for violation of securities laws are pending against Promoters.

As on the date of this Information Memorandum, Promoters, Promoter Group, or directors or persons in control of the Promoters have not been prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reasons Further, Promoter was not or are not a promoter or person in control of any other company that is or has been debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

The Promoters are not related to any sundry debtors of the Company.

No winding up proceedings have been initiated against any of the Promoters. The Promoters have not become defunct in the five years preceding the date of this IM.

### **Disassociation by the Promoters in the preceding three years**

Except as provided below, the promoters have not disassociated themselves from any company or firm during the three years preceding the date of this Information Memorandum:

<b>S.No.</b>	<b>Name of the promoter</b>	<b>Name of the company</b>	<b>Reason for disassociation</b>
1.	Sanjaybhai Shrenikbhai Lalbhai	Amol Dicalite Limited	Resignation as Director w.e.f. 25-Nov-16
2.	Sanjaybhai Shrenikbhai Lalbhai	Arvind Brands & Retail Limited	Company got amalgamated into Arvind Limited
3.	Punit Sanjaybhai Lalbhai	Arvind Fashion Brands Limited	Company got amalgamated into Anveshan Textiles Limited
4.	Punit Sanjaybhai Lalbhai	Arvind Sports Lifestyle Limited	Company got amalgamated into Anveshan Textiles Limited
5.	Punit Sanjaybhai Lalbhai	Arvind Internet Limited	Resignation on 28.08.2018
6.	Punit Sanjaybhai Lalbhai	Arvind Transformational Solutions Private Limited	Resignation on 29.08.2018
7.	Kulin Sanjaybhai Lalbhai	Arvind Fashion Brands Limited	Company got amalgamated into Anveshan Textiles Limited
8.	Kulin Sanjaybhai Lalbhai	Arvind Sports Lifestyle Limited	Company got amalgamated into Anveshan Textiles Limited
9.	Kulin Sanjaybhai Lalbhai	Anagram Knowledge Academy Limited	Resignation on 29.03.2016
10.	Aura Business Ventures LLP Aura Merchandise Pvt. Ltd.	Atul Limited	Reclassified from Promoters and Promoters Group of Atul Limited to Public because of

S.No.	Name of the promoter	Name of the company	Reason for disassociation
	Aura Business Enterprise Pvt Ltd Sanjaybhai Shrenikbhai Lalbhai Jayshreeben Sanjaybhai Lalbhai Punit Sanjaybhai Lalbhai Kulin Sanjaybhai Lalbhai		less than 0.01% control on the shares of Atul Limited

**I. Details of Promoter Group**

**(a) Natural Persons**

The natural persons that form part of Promoter Group are as follows:

1. Samvegbhai Arvindbhai Lalbhai
2. Samvegbhai Arvindbhai
3. Kalpanaben Shripalbhai Morakhia
4. Hansaben Niranjanbhai Lalbhai
5. Saumya Samvegbhai Lalbhai
6. Vimla Siddharth
7. Swati S Lalbhai
8. Badlani Manini Rajiv
9. Sunil Siddharth Lalbhai
10. Vimlaben S Lalbhai
11. Taral S Lalbhai
12. Astha Lalbhai
13. Sunil Siddharth
14. Snehal Mohta

**(b) Bodies Corporate forming part of Promoter Group**

The companies that form part of Promoter Group are as follows:

1. Arvind Limited
2. Arvind SmartSpaces Limited
3. Anveshan Heavy Engineering Limited
4. Atul Limited
5. Aura Merchandise Private Limited
6. Aura Business Enterprise Private Limited (Formerly Fast Credit Consulting Pvt. Ltd.)
7. Anukul Investments Private Limited
8. Shruti Trade Link Private Limited
9. Anagram Knowledge Academy Limited
10. Amplus Capital Advisors Private Limited
11. Arvind Farms Private Limited
12. Adore Investments Private Limited
13. Amardeep Holdings Private Limited
14. Anshuman Holdings Private Limited
15. Aayojan Resources Private Limited
16. Adhigam Investments Private Limited
17. Adhinami Investment Private Limited
18. Aahvan Agencies Limited (Formerly known as Agrimore Limited)
19. Anusandhan Investments Limited
20. Akshita Holdings Private Limited
21. Amal Limited
22. Ameer Trading Corporation Limited
23. Anchor Adhesives Private Limited
24. Atul Bioscience Limited
25. Gujarat Synthwood Limited
26. Rudolf Atul Chemicals Limited
27. Aagam Holdings Private Limited
28. Aura Securities Private Limited

**(c) Partnerships forming part of Promoter Group**

There are no partnerships forming part of Promoter Group.

**(d) Shareholding of the Promoter Group in Company**

Members of Promoter Group hold, in aggregate, 16,03,255 Equity Shares in the Company, representing 2.76% of the total issued and paid-up Equity Share capital of the Company, as on the date of this Information Memorandum. For further details of their shareholding see “*Capital Structure*” on page 30.

**Interest of Promoters/ Promoters Group**

Sanjaybhai Shrenikbhai Lalbhai and Kulin Sanjaybhai Lalbhai are also onboard and can therefore be considered interested to the extent of his shareholding as mentioned in the section named “*Details of Promoters*” above.

Moreover, certain Promoters are also shareholders and on the Boards of certain Promoters Group Companies (aforementioned) and may be deemed to be interested to the extent of their shareholding in those Companies, for which they are entitled to receive the dividend declared and other distributions in respect of Equity Shares, if any, or payments made by those Promoter Group Companies, if any, to the Promoters or may deemed to be interested to the extent of being Directors in the said Promoters Group Companies.

**Payment of benefits to the Promoters and Promoter Group during the last two years**

Other than the benefits disclosed in “*Related Party Transactions*” on page 114, there has been no payment of any amount of benefits to Promoters or the members of Promoter Group during the last two years from the date of this Information Memorandum nor is there any intention to pay or give any benefit to Promoters or Promoter group as on the date of this Information Memorandum.

**II. Group Companies**

**Details of the Group Companies**

As per the SEBI ICDR Regulations, for the purpose of identification of group companies, Company has, considered companies covered under the applicable accounting standards (i.e., Accounting Standard 18 issued by the Institute of Chartered Accountants of India, irrespective of whether there have been any transactions with such companies) on a consolidated basis, or such other companies considered material by Board. For avoidance of doubt, it is clarified that Promoters and Subsidiaries shall not be considered ‘Group Companies’. Pursuant to the materiality policy adopted by Board for the purpose of disclosure in the Information Memorandum, following are Group Companies:

1. Arvind Envisol Limited
2. Syntel Telecom Limited
3. Arvind OG Nonwovens Private Limited
4. Arvind PD Composites Private Limited
5. Arvind Goodhill Suit Manufacturing Private Limited
6. Arvind Internet Limited
7. Arvind Ruf & Tuf Private Limited
8. Arvind Premium Retail Limited
9. Arvind True Blue Limited
10. Arvind Transformational Solutions Private Limited
11. Arvind Smart Textiles Limited
12. Arvind Norm CBRN Systems Private Limited
13. Arvind Polser Engineered Composite Panels Private Limited
14. Arya Omnitalk Wireless Solutions Private Limited
15. Arvind Worldwide Inc., USA

16. Arvind Textile Mills Limited, Bangladesh
17. Arvind Niloy Exports Private Limited, Bangladesh
18. Arvind Lifestyle Apparel Manufacturing PLC, Ethiopia
19. Westech Advanced Materials Limited
20. Arvind Enterprise FZE
21. Arvind Envisol PLC
22. Brillaire Inc.
23. Maruti Ornet and Infrabuild LLP
24. Enkay Converged Technologies LLP
25. Arvind Hebbal Homes Private Limited
26. Ahmedabad East Infrastructure LLP
27. ASL Facilities Management LLP
28. Changodar Industrial Infrastructure (One) LLP
29. Arvind Altura LLP
30. Arvind Beyond Five Club LLP
31. Arvind Infracon LLP
32. Ahmedabad Industrial Infrastructure (One) LLP
33. Arvind Five Homes LLP

## **A. Details of Top 5 Group Companies**

### **1. Arvind Limited (“AL”)**

#### **Corporate Information**

AL was incorporated in the name of “Arvind Mills Limited” on June 1, 1931 under the provisions of the Companies Act, 1913. The name of AL changed from “Arvind Mills Limited” to “Arvind Limited” pursuant to fresh certificate of incorporation dated May 12, 2008. The CIN of AL is L17119GJ1931PLC000093. The registered office of AL is located at Naroda Road, Ahmedabad – 380 025, Gujarat.

#### **Current Nature of Activities**

AL was originally incorporated for manufacturing and marketing of textile products. However, it has grown and diversified in several distinct business activities through different undertakings, including:

Textiles business comprising of manufacturing of yarn, denim, shirting and knit fabrics, garments, and technical textiles; Branded Apparel Undertaking consisting of branded apparel, accessories and customised clothing business; and Engineering Undertaking consisting of manufacturing of critical process engineering equipment. Textile Business Division related to activities of Denim Manufacturing, Yarn Manufacturing, Apparels, Marketing through EBO stores etc.

As on the date of this IM, the Engineering Undertaking of Arvind Limited has demerged into the Company.

#### **Board of Directors**

The board of directors of AL consists of:

1. Mr. Sanjaybhai Lalbhai
2. Mr. Jayesh Shah
3. Mr. Punit Lalbhai
4. Mr. Kulin Lalbhai
5. Mr. Bakul Dholakia
6. Mr. Dileep Choksi
7. Mr. Samir Mehta
8. Ms. Renuka Ramnath
9. Mr. Vallabh Bhanshali
10. Mr. Nilesh Shah

## Shareholding Pattern

The equity shares of AL (each of face value Rs. 10) are listed on BSE and NSE. The shareholding pattern of AL as on September 30, 2018 is as follows:

Description	No. of shareholders	No. of Equity Shares	Percentage
Promoter and Promoter Group	29	11,11,58,057	42.98%
Public	1,91,846	14,74,59,012	57.02%
Total	1,91,875	25,86,17,069	100.00%

## Capital Structure

The Capital Structure of the Company as on September 30, 2018:

Particulars	Aggregate Nominal Value (Rs.)
Authorized share capital (57,45,00,000 equity shares of Rs.10 each) (1,00,00,000 Preference Shares of Rs.100 Each)	574,50,00,000 100,00,00,000
Issued share capital (25,86,17,969 equity shares of Rs.10 each)	258,61,79,690
Subscribed and Paid Up share capital (25,86,17,069 equity shares of Rs.10 each)	258,61,70,690

## Financial Information (Standalone)

(in Rs. Crores)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Share Capital	258.62	258.36	258.24
Sales and other income	6,498.30	6,053.23	5,466.02
Profit/Loss after tax	250.04	320.84	357.38
Reserves (excluding revaluation reserves) and Surplus	2,899.61	2,983.35	2,727.89
Earnings per share (in Rs.)	9.67	10.49	12.42
Diluted Earnings per share (in Rs.)	9.65	10.48	12.41
Net Asset Value per share	122.12	125.47	115.63

## Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November, 2018	355.30	90.25*	355.95	90.25
October, 2018	348.05	289.15	348.55	289.05
September, 2018	409.40	315.00	409.40	313.35
August, 2018	438.00	388.90	434.90	387.60
July, 2018	438.75	384.40	438.70	384.15
June, 2018	421.90	371.15	421.65	370.75

Source: BSE Official website i.e. [www.bseindia.com](http://www.bseindia.com) and NSE Official website i.e. [www.nseindia.com](http://www.nseindia.com)

\*Record Date for demerger of Branded Apparel Undertaking and Engineering Undertaking from Arvind Limited was on 29th November 2018. So, from opening hours of 28th November 2018, shares of Arvind Limited started trading at ex-demerger market price.

The closing share price of AL as on December 18, 2018 on the BSE was 98.25 per equity share and the NSE was 98.25 per equity share.

The market capitalization of AL as on December 18, 2018 was 2540.91 Crores on the BSE and 2540.91 Crores on the NSE.

### **Details of Public Issue/Rights Issue of capital in the last 3 years**

AL has not made any public issue/ rights issue during the last 3 years.

### **Mechanism for redressal of Investor grievance**

The Company has appointed registrars & transfer agents, Link Intime India Private Limited (“RTA”) having their Corporate Office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400083 and Ahmedabad Office at 506-508, Amarnath Business Centre -1 (abc-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380006 as RTA to redress investors’ grievances.

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by RTA.

AL has an established mechanism for Investor service and grievance handling with its RTA and the compliance officer appointed by it. The board of directors of AL has constituted a ‘Stakeholders Relationship Committee’ which, inter alia, consider Stakeholders/Shareholders and Investors complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc. and to redress genuine grievances of Shareholders and Investors.

The RTA under the supervision of the secretarial department of AL looks after the investor’s grievances. The company secretary of AL has been appointed as compliance officer for this purpose. At each meeting of Stakeholders’ Relationship Committee all matters pertaining to investors including their grievances and redressal are reported.

RTA redresses physical complaints within 15 days and for complaints received by email it redresses within 2-3 from the date of its receipt.

Since AL’s shares are compulsorily traded in demat segment on the stock exchanges, bulk of transfers take place in electronic form. For expediting physical transfers, the board of AL has delegated transfer formalities to certain officers of AL who attend to them at least 3 times in a month. However, as per the Securitisation and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018; starting from December 5, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

AL has also formed the stakeholders’ relationship committee and it has three members, comprising of independent director acting as Chairman. The terms of reference of the said committee are as under:

To specifically look into the redressal of Investors’ Grievances pertaining to:

- Transfer of shares and debentures;
- Non-receipt of declared dividends, interests and redemption proceeds of debentures;
- Dematerialization of Shares and debentures;
- Replacement of lost, stolen, mutilated share and debenture certificates;
- Non-receipt of rights, bonus, split share and debenture certificates;
- Non-receipt of balance sheet.

To look into other related issues towards strengthening investors’ relations.

To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.

To look into the reasons for any defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

## **Status of Complaints**

Details of Complaints / Queries received and redressed during April 1, 2017 till March 31, 2018:

Number of shareholders' complaints pending at the beginning of the year: 1

Number of shareholders' complaints received during the year: 32

Number of shareholders' complaints redressed during the year: 33

Number of shareholders' complaints pending at the end of the year: Nil

All the complaints/ queries have been redressed to the satisfaction of the complainants and no shareholders' complaint/ query was pending at the end of the year.

## **Interest of Promoters**

Promoters are also promoters of AL and hold 37.26% shareholding in AL.

## **Other disclosures**

AL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further, AL is not under winding up, neither does it have a negative net-worth. Further, no action has been taken against the AL by any of the stock exchanges or SEBI.

AL has not incurred loss in the immediately preceding financial year, i.e. 2018.

AL is not a defunct company and no application was made to the Registrar of Companies for striking off the name of AL during the five years preceding the date of filing of this Information Memorandum.

There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against AL.

## **2. Arvind SmartSpaces Limited ("ASL")**

### **Corporate Information**

ASL was incorporated in the name of "Arvind Infrastructure Limited" on December 12, 2008 under the provisions of the Companies Act, 1956. The name of ASL changed from "Arvind Infrastructure Limited" to "Arvind SmartSpaces Limited" pursuant to fresh certificate of incorporation dated 16th November 2016. The CIN of ASL is L45201GJ2008PLC055771. The registered office of ASL is located at 24, Government Servant's Society, Near Municipal Market, off. C.G. Road, Navrangpura, Ahmedabad - 380009, Gujarat.

### **Current Nature of Activities**

ASL is a real estate development company primarily focused on the development of residential projects.

### **Board of Directors**

The board of directors of ASL consists of:

1. Mr. Sanjaybhai Lalbhai
2. Mr. Kamal Singal
3. Mr. Kulin Lalbhai
4. Mr. Pratul Shroff
5. Mr. Prem Prakash Pangotra
6. Ms. Indira J. Parikh
7. Mr. Nirav K. Shah



## Shareholding Pattern

The equity shares of ASL (each of face value Rs.10) are listed on BSE and NSE. The shareholding pattern of ASL as on September 30, 2018 is as follows:

Description	No. of shareholders	No. of Equity Shares	Percentage
Promoter and Promoter Group	32	2,09,98,370	60.22%
Public	1,18,807	1,38,69,180	39.78%
Total	1,18,839	3,48,67,550	100.00%

## Capital Structure

The Capital Structure of the Company as on September 30, 2018:

Particulars	Aggregate Nominal Value (Rs.)
Authorized share capital (5,00,00,000 equity shares of Rs.10 each)	50,00,00,000
Issued, Subscribed and Paid Up share capital (3,50,97,550 equity shares of Rs. 10 each)	35,09,75,500

## Financial Information (Standalone)

(in Rs. Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Share Capital	3,186.46	2,840.93	2,582.43
Sales and other income	14,216.01	9,484.30	11,437.94
Profit/Loss after tax	2,978.02	2,127.78	1,730.62
Reserves (excluding revaluation reserves) and Surplus	26,313.90	15,914.83	11,775.42
Earnings per share (in Rs.)	9.88	8.03	6.70
Diluted Earnings per share (in Rs.)	9.57	7.85	6.70
Net Asset Value per share	92.58	66.02	55.60

## Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November, 2018	122.95	107.75	124.00	107.00
October, 2018	123.50	102.00	130.00	102.00
September, 2018	160.00	118.00	158.25	114.00
August, 2018	180.00	154.00	179.85	154.00
July, 2018	180.00	153.00	181.00	152.15
June, 2018	175.50	152.00	176.50	145.30

Source: BSE Official website i.e. [www.bseindia.com](http://www.bseindia.com) and NSE Official website i.e. [www.nseindia.com](http://www.nseindia.com)

The closing share price of ASL as on December 18, 2018 on the BSE was Rs.107.75 per equity share and the NSE was Rs.109.05 per equity share.

The market capitalization of ASL as on December 18, 2018 was 378.18 Crores on the BSE and 382.74 Crores on the NSE.

## Details of Public Issue/Rights Issue of capital in the last 3 years

ASL has made preferential issues to Promoters and Promoter Group during the last 3 years as follows:

Promoter Name	Shares Issued	Price per Share
Aura Securities Private Limited	53,70,000	88.00
Amardeep Holding Pvt. Ltd.	88,000	88.00
Aagam Holdings Pvt. Ltd.	2,92,000	88.00
Aura Securities Private Limited	28,00,000	178.00
Samvegbhai Arvindbhai Lalbhai	50,000	178.00
Aagam Holdings Pvt. Ltd.	1,50,000	178.00
Total	87,50,000	88.00, 178.00

## Mechanism for redressal of Investor grievance

The Company has appointed registrars & transfer agents, Link Intime India Private Limited (“RTA”) having their Corporate Office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400083 and Ahmedabad Office at 506-508, Amarnath Business Centre -1 (abc-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380006 as RTA to redress investors’ grievances.

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by RTA.

ASL has an established mechanism for Investor service and grievance handling with its RTA and the compliance officer appointed by it. The board of directors of ASL has constituted a ‘Stakeholders Relationship Committee’ which, inter alia, consider Stakeholders/Shareholders and Investors complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc. and to redress genuine grievances of Shareholders and Investors.

The RTA under the supervision of the secretarial department of ASL looks after the investor’s grievances. The company secretary of ASL has been appointed as compliance officer for this purpose. At each meeting of Stakeholders’ Relationship Committee all matters pertaining to investors including their grievances and redressal are reported.

RTA redresses physical complaints within 15 days and for complaints received by email it redresses within 2-3 from the date of its receipt.

Since ASL’s shares are compulsorily traded in demat segment on the stock exchanges, bulk of transfers take place in electronic form. For expediting physical transfers, the board of AL has delegated transfer formalities to certain officers of AL who attend to them at least 3 times in a month. However, as per the Securitisation and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018; starting from December 5, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

ASL has also formed the stakeholders’ relationship committee and it has 6 members, comprising of two independent directors and two non-independent directors. The terms of reference of the said committee are as under:

To specifically look into the redressal of Investors’ Grievances pertaining to:

- Transfer of shares and debentures;
- Non-receipt of declared dividends, interests and redemption proceeds of debentures;
- Dematerialization of Shares and debentures;
- Replacement of lost, stolen, mutilated share and debenture certificates;
- Non-receipt of rights, bonus, split share and debenture certificates;
- Non-receipt of balance sheet.

To look into other related issues towards strengthening investors' relations.

To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.

To look into the reasons for any defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

### Status of Complaints

Details of Complaints / Queries received and redressed during April 1, 2017 till March 31, 2018:

Sr. No.	Particulars of Complaints / Queries	Received	Redressed	Pending as on March 31, 2018
1	Non receipt of Share Certificates – Direct from Shareholders – Received from SEBI	NIL NIL	NIL NIL	NIL NIL
2	Non receipt of Dividend /Interest Warrants – Direct from Shareholders – Received from SEBI	NIL NIL	NIL NIL	NIL NIL
3	Confirmation of Demat Credit	NIL	NIL	NIL
4	Non receipt of Debentures Redemption payment	NIL	NIL	NIL
5	Non receipt of letter of offer, allotment advice, share certificates etc. for Rights Issue & others	2	2	0
6	Others - Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc.	NIL	NIL	NIL
	Total	2	2	0

### Interest of Promoters

Promoters are also promoters of ASL and hold 54.20% shareholding in ASL.

### Other disclosures

ASL is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further, ASL is not under winding up, neither does it have a negative net-worth. Further, no action has been taken against the ASL by any of the stock exchanges or SEBI.

ASL has not incurred loss in the immediately preceding financial year, i.e. 2018.

ASL is not a defunct company and no application was made to the Registrar of Companies for striking off the name of ASL during the five years preceding the date of filing of this Information Memorandum.

There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against ASL.

### 3. Atul Limited (“Atul”)

#### Corporate Information

Atul was incorporated on December 11, 1975 under the provisions of the Companies Act, 1956. The CIN of Atul is L99999GJ1975PLC002859. The registered office of Atul is located at Atul House, G. I. Patel Marg, Ahmedabad – 380014, Gujarat.

## Current Nature of Activities

Atul is a diversified Indian company (a part of Lalbhai Group, one of the oldest business houses of India with a legacy of conducting business with a larger purpose) meeting the needs of varied industries such as Adhesive, Agriculture, Animal Feed, Automobile, Composite, Construction, Cosmetic, Defence, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Plastic, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy across the world. We manage complex chemical processes in a responsible way.

## Board of Directors

The board of directors of Atul consists of:

1. Mr. Samvegbhai Arvindbhai Lalbhai
2. Mr. Sunil Siddharth Lalbhai
3. Mr. Rajendra Ambalal Shah
4. Mr. Satguru Sharan Baijal
5. Mr. Vedanthachari Srinivasa Rangan
6. Mr. Susim Mukul Datta
7. Mr. Bansidhar Sunderlal Mehta
8. Mr. Gopi Kannan Rengachari Thirukonda
9. Mr. Mukund Manohar Chitale
10. Mr. Hasmukh Shantilal Shah
11. Mr. Baldev Raj Arora
12. Mr. Bharathy Narayanan Mohanan
13. Ms. Shubhalakshmi Aamod Panse

## Shareholding Pattern

The equity shares of Atul (each of face value Rs.10) are listed on BSE and NSE. The shareholding pattern of Atul as on September 30, 2018 is as follows:

Description	No. of shareholders	No. of Equity Shares	Percentage
Promoter and Promoter Group	24	1,32,49,967	44.67%
Public	24,490	1,64,11,766	55.33%
Total	24,514	2,96,61,733	100.00%

## Capital Structure

The Capital Structure of the Company as on September 30, 2018:

Particulars	Aggregate Nominal Value (Rs.)
Authorized share capital (8,00,00,000 equity shares of Rs.10 each) (80,00,000 preference shares of Rs.100 each)	80,00,00,000 80,00,00,000
Issued share capital (2,96,91,780 equity shares of Rs. 10 each)	29,69,17,800
Subscribed and Paid Up share capital (2,96,61,733 equity shares of Rs. 10 each)	29,66,17,330

## Financial Information (Standalone)

(in Rs. Crs.)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Share Capital	29.68	29.68	29.68
Sales and other income	3,186.02	2,890.73	2,504.64
Profit/Loss after tax	270.41	285.30	268.06
Reserves (excluding revaluation reserves) and Surplus	2,167.86	1,891.14	1,221.21

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Earnings per share (in Rs.)	91.16	96.18	90.37
Diluted Earnings per share (in Rs.)	91.16	96.18	90.37
Net Asset Value per share	740.41	647.18	421.46

### Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November, 2018	3,618.00	3,300.05	3645.00	3310.00
October, 2018	3,434.00	2,830.00	3415.00	2830.10
September, 2018	3,290.00	3,032.90	3293.05	3035.05
August, 2018	3,344.00	2,827.20	3365.35	2802.00
July, 2018	2,917.45	2,600.00	2927.15	2618.00
June, 2018	2,806.00	2,601.50	2824.00	2600.75

Source: BSE Official website i.e. [www.bseindia.com](http://www.bseindia.com) and NSE Official website i.e. [www.nseindia.com](http://www.nseindia.com)

The closing share price of Atul as on December 18, 2018 on the BSE was Rs.3401.50 per equity share and the NSE was 3399.40 per equity share.

The market capitalization of Atul as on December 18, 2018 was Rs. 10,089.44 Crores on the BSE and Rs. 10,083.21 Crores on the NSE.

### Details of Public Issue/Rights Issue of capital in the last 3 years

Atul has not made any public issue/ rights issue during the last 3 years.

### Mechanism for redressal of Investor grievance

The Company has appointed registrars & transfer agents, Link Intime India Private Limited (“RTA”) having their Corporate Office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400083 and Ahmedabad Office at 506-508, Amarnath Business Centre -1 (abc-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380006 as RTA to redress investors’ grievances.

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by RTA.

Atul has an established mechanism for Investor service and grievance handling with its RTA and the compliance officer appointed by it. The board of directors of Atul has constituted a ‘Stakeholders Relationship Committee’ which, inter alia, consider Stakeholders/Shareholders and Investors complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc. and to redress genuine grievances of Shareholders and Investors.

The RTA under the supervision of the secretarial department of Atul looks after the investor’s grievances. The company secretary of Atul has been appointed as compliance officer for this purpose. At each meeting of Stakeholders’ Relationship Committee all matters pertaining to investors including their grievances and redressal are reported.

RTA redresses physical complaints within 15 days and for complaints received by email it redresses within 2-3 from the date of its receipt.

Since Atul’s shares are compulsorily traded in demat segment on the stock exchanges, bulk of transfers take place in electronic form. For expediting physical transfers, the board of AL has delegated transfer formalities to certain officers of AL who attend to them at least 3 times in a month. However, as per the Securitisation and Exchange Board of India

(Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018; starting from December 5, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

Atul has also formed the stakeholders' relationship committee and it has 6 members, comprising of two independent directors and two non-independent directors. The terms of reference of the said committee are as under:

To specifically look into the redressal of Investors' Grievances pertaining to:

- Transfer of shares and debentures;
- Non-receipt of declared dividends, interests and redemption proceeds of debentures;
- Dematerialization of Shares and debentures;
- Replacement of lost, stolen, mutilated share and debenture certificates;
- Non-receipt of rights, bonus, split share and debenture certificates;
- Non-receipt of balance sheet.

To look into other related issues towards strengthening investors' relations.

To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.

To look into the reasons for any defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

### **Status of Complaints**

Details of Complaints / Queries received and redressed during April 1, 2017 till March 31, 2018:

Sr. No.	Particulars of Complaints / Queries	Received	Redressed
1	Non-receipt of dividend warrant	-	-
2	Non-receipt of share certificates	1	1
3	Non-receipt of duplicate share certificates	1	1
4	Others	4	4
	Total	6	6

### **Interest of Promoters**

Promoters are not holding shares in Atul.

### **Other disclosures**

Atul is not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction. Further, Atul is not under winding up, neither does it have a negative net-worth. Further, no action has been taken against the Atul by any of the stock exchanges or SEBI.

Atul has not incurred loss in the immediately preceding financial year, i.e. 2018.

Atul is not a defunct company and no application was made to the Registrar of Companies for striking off the name of Atul during the five years preceding the date of filing of this Information Memorandum.

There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against Atul.

#### 4. *The Anup Engineering Limited (Formerly known as Anveshan Heavy Engineering Limited) (“TAEL”)*

##### *Corporate Information*

TAEL was incorporated on September 14, 2017 under the provisions of the Companies Act, 2013. Its name was changed from ‘Anveshan Heavy Engineering Limited’ to ‘The Anup Engineering Limited’ vide fresh Certificate of Incorporation pursuant to change of name dated January 29, 2019. The CIN of TAEL is U29306GJ2017PLC099085. The registered office of TAEL is located at Behind 66 KV Elec. Sub-Station, Odhav Road, Ahmedabad - 382415, Gujarat. With the listing of company, TAEL is also getting listed on BSE Limited and National Stock Exchange of India Limited.

##### *Current Nature of Activities*

TAEL is engaged in the business of manufacturing, fabricating, altering, marketing, buying, selling, dealing in all kinds of centrifuges, water softening plants, pumps, dryers and other plants and apparatus.

##### *Shareholding Pattern*

The shareholding pattern of TAEL as on 04/12/2018 is as follows:

<b>Description</b>	<b>No. of shareholders</b>	<b>No. of Equity Shares</b>	<b>Percentage</b>
Promoter and Promoter Group	39	3949851	38.75
Public	122471	6244111	61.25
<b>Total</b>	<b>122510</b>	<b>10193962</b>	<b>100.00%</b>

##### *Financial Information (Standalone)*

(in ` Crs)

Particulars	As on 31-Mar-18
Equity Suspense	214.99
Sales and other income	104.60
Profit/Loss after tax	25.51
Reserves (excluding revaluation reserves) and Surplus	25.72
Earnings per share (in `)	100.08
Diluted Earnings per share (in `)	97.36
Net Asset Value per share	236.13

##### **Interest of Promoters**

The Promoters hold 35.22% shareholding in TAEL.

#### 5. *Arvind Envisol Limited (“AEL”)*

##### *Corporate Information*

AEL was incorporated in the name and style of “Arvind Accel Limited” on March 13, 2008 under the provisions of the Companies Act, 1956. Its name was changed from “Arvind Accel Limited” to “Arvind Envisol Limited” vide Hon’ble High Court, Gujarat order dated September 17, 2013 on the Scheme of Arrangement in the nature of Amalgamation of Arvind Envisol Private Limited with Arvind Accel Limited. The CIN of AEL is U29100GJ2008PLC053226. The registered office of AEL is located at Arvind Mill Premises, Naroda Road, Ahmedabad - 380025, Gujarat.

### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Equity Capital	0.21	0.21	0.05
Sales and other income	171.55	110.18	17.91
Profit/Loss after tax	19.71	12.10	2.56
Reserves (excluding revaluation reserves) and Surplus	33.63	13.90	(13.22)
Earnings per share (in `)	938.57	576.19	512.00
Diluted Earnings per share (in `)	938.57	576.19	512.00
Net Asset Value per share	1611.43	671.90	(2,634)

### Interest of Promoters

One of group companies, Arvind Limited holds 100% shares of AEL and Promoters are interested in Arvind Limited as disclosed above.

## B. Details of Group Companies with negative net worth

### 1. Arvind Premium Retail Limited (“APRL”)

#### Corporate Information

APRL was incorporated on February 3, 2016 under the provisions of the Companies Act, 2013. The CIN of APRL is U52390GJ2016PLC085946. The registered office of APRL is located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

#### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18	As on 31-Mar-17
Share Capital	0.02	0.02
Sales and other income	2.39	0.00
Profit/Loss after tax	(2.44)	(2.44)
Reserves and Surplus (excl. revaluation reserves)	(4.63)	0.00
Earnings per share (in Rs.)	(1,220)	0
Diluted Earnings per share (in Rs.)	(1,220)	0
Net Asset Value per share	(2,305)	(1,210)

### Interest of Promoters

One of group companies, Arvind Limited holds 51% shares of APRL and Promoters are interested in Arvind Limited as disclosed above.

### 2. Arvind True Blue Limited (“ATBL”)

#### Corporate Information

ATBL was incorporated on November 24, 2015 under the provisions of the Companies Act, 2013. The CIN of ATBL is U52100GJ2015PLC085165. The registered office of ATBL is located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.



### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18	As on 31-Mar-17
Share Capital	16.01	8.01
Sales and other income	9.52	0.00
Profit/Loss after tax	(13.36)	0.00
Reserves and Surplus (excl. revaluation reserves)	(22.36)	(8.88)
Earnings per share (in Rs.)	(8.34)	0
Diluted Earnings per share (in Rs.)	(8.34)	0
Net Asset Value per share	(3.97)	(1.09)

### Interest of Promoters

One of group companies, Arvind Limited holds 87.5% shares of ATBL and Promoters are interested in Arvind Limited as disclosed above.

### 3. Arvind Smart Textiles Limited (“ASTL”)

#### Corporate Information

ASTL was incorporated on December 19, 2017 under the provisions of the Companies Act, 2013. The CIN of ASTL is U17299GJ2017PLC100201. The registered office of ASTL is located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18
Share Capital	0.01
Sales and other income	0.00
Profit/Loss after tax	(0.03)
Reserves and Surplus (excl. revaluation reserves)	(0.04)
Earnings per share (in Rs.)	(30)
Diluted Earnings per share (in Rs.)	(30)
Net Asset Value per share	(30)

### Interest of Promoters

One of group companies, Arvind Limited holds 100% shares of ASTL and Promoters are interested in Arvind Limited as disclosed above.

### 4. Arvind Niloy Exports Private Limited (“ANEPL”)

#### Corporate Information

ANEPL was incorporated on 2<sup>nd</sup> January 2013 in Bangladesh under the provisions of The Companies Act (act XVIII) of 1994. The registered office of ANEPL is located at Nikunja, Airport Road, Dhaka, Bangladesh.

### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Share Capital	0.65	0.65	0.65
Sales and other income	0.00	0.00	0.00
Profit/Loss after tax	0.00	(0.01)	(0.23)
Reserves and Surplus (excl. revaluation reserves)	(1.68)	(1.68)	(2.62)
Earnings per share (in Rs.)	0	(0.15)	(3.54)

Diluted Earnings per share (in Rs.)	0	(0.15)	(3.54)
Net Asset Value per share	(15.85)	(15.85)	(30.31)

### Interest of Promoters

One of group companies, Arvind Limited holds 70% shares of ANEPL and Promoters are interested in Arvind Limited as disclosed above.

### 5. Arvind Envisol PLC (“AEPLC”)

#### Corporate Information

AEPLC was incorporated on 6<sup>th</sup> July 2017 in Ethiopia under the provisions of the commercial code of Ethiopia. The registered office of AEPLC is located at Addis Ababa, SubCity – Bole, City – Bole, Woreda – 05, House No – 404/01 Addis Ababa, Ethiopia.

#### Financial Information

(in `Crs)

Particulars	As on 31-Mar-18
Share Capital	1.28
Sales and other income	0.16
Profit/Loss after tax	(2.10)
Reserves and Surplus (excl. revaluation reserves)	(1.93)
Earnings per share (in Rs.)	(16.41)
Diluted Earnings per share (in Rs.)	(16.41)
Net Asset Value per share	(50.78)

### Interest of Promoters

One of group companies, Arvind Limited holds 100% shares of AEPLC and Promoters are interested in Arvind Limited as disclosed above.

### 6. Arvind Beyond Five Club LLP (“ABFC”)

#### Corporate Information

ABFC was incorporated on June 12, 2014 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of ABFC is AAC-3674. The registered office of ABFC is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### Financial Information

(in `Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Partner’s Fixed Capital	1.00	1.00	1.00
Sales and other income	0.00	0.00	0.00
Profit/Loss after tax	(0.82)	(0.80)	(0.44)
Partner’s Current Capital	(2.29)	(1.47)	(0.67)

### Interest of Promoters

One of group companies, Arvind SmartSpaces Limited holds 100% capital of ABFC and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

## 7. Arvind Infracon LLP (“AILLP”)

AILLP was incorporated on March 04, 2014 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of AILLP is AAC-1446. The registered office of AILLP is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

### Financial Information

(in ` Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Partner’s Fixed Capital	1.00	1.00	1.00
Sales and other income	0.00	0.00	0.00
Profit/Loss after tax	(15.78)	(0.38)	(0.21)
Partner’s Current Capital	(16.56)	(0.77)	(0.39)

### Interest of Promoters

One of group companies, Arvind SmartSpaces Limited holds 100% capital of AILLP and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

## 8. Arvind Five Homes LLP (“AFH”)

AFH was incorporated on August 21, 2012 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of AFH is AAB-0742. The registered office of AFH is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

### Financial Information

(in ` Lacs)

Particulars	As on 31-Mar-18	As on 31-Mar-17	As on 31-Mar-16
Partner’s Fixed Capital	1.00	1.00	1.00
Sales and other income	0.00	0.00	0.00
Profit/Loss after tax	(2.12)	(21.12)	(22.65)
Partner’s Current Capital	(74.95)	(72.82)	(51.70)

### Interest of Promoters

One of group companies, Arvind SmartSpaces Limited holds 100% capital of AFH and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

## A. Details of other Group Companies

### 1. Syntel Telecom Limited (“Syntel”)

#### Corporate Information

Syntel was incorporated on November 26, 1985 under the provisions of the Companies Act, 1956. The CIN of Syntel is U30006GJ1985PLC008289. The registered office of Syntel is located at Arvind Mills Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

#### Interest of Promoters

One of group companies, Arvind Limited holds 100% capital of Syntel and Promoters are interested in Arvind Limited as disclosed above.

## **2. Arvind PD Composites Private Limited (“APD”)**

### ***Corporate Information***

APD was incorporated on July 2, 2011 under the provisions of the Companies Act, 1956. The CIN of APD is U17120GJ2011PTC066160. The registered office of APD is located at Arvind Mills Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 51% capital of APD and Promoters are interested in Arvind Limited as disclosed above.

## **3. Arvind Goodhill Suit Manufacturing Private Limited (“AGH”)**

### ***Corporate Information***

AGH was incorporated on September 14, 2012 under the provisions of the Companies Act, 1956. The CIN of AGH is U17121GJ2012PTC071968. The registered office of AGH is located at Final Plot No. 10, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 51% capital of AGH and Promoters are interested in Arvind Limited as disclosed above.

## **4. Arvind OG Nonwovens Private Limited (“AOG”)**

### ***Corporate Information***

AOG was incorporated on March 01, 2013 under the provisions of the Companies Act, 1956. The CIN of AOG is U17120GJ2013PTC073807. The registered office of AOG is located at Final Plot No. 10, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 74% capital of AOG and Promoters are interested in Arvind Limited as disclosed above.

## **5. Arvind Internet Limited (“AIL”)**

### ***Corporate Information***

AIL was incorporated on April 18, 2013 under the provisions of the Companies Act, 1956. The CIN of AIL is U72400GJ2013PLC074576. The registered office of AIL is located at Final Plot No. 10, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of AIL and Promoters are interested in Arvind Limited as disclosed above.

## **6. *Arvind Ruf & Tuf Private Limited (“AR&T”)***

### ***Corporate Information***

AR&T was incorporated on July 22, 2016 under the provisions of the Companies Act, 2013. The CIN of AR&T is U52609GJ2016PTC093051. The registered office of AR&T is located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of AR&T and Promoters are interested in Arvind Limited as disclosed above.

## **7. *Arvind Transformational Solutions Private Limited (“ATSP”)***

### ***Corporate Information***

ATSP was incorporated on April 11, 2017 under the provisions of the Companies Act, 2013. The CIN of ATSP is U25111GJ2017PTC096807. The registered office of ATSP is located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of ATSP and Promoters are interested in Arvind Limited as disclosed above.

## **8. *Arvind Norm CBRN Systems Private Limited (“Arvind Norm”)***

### ***Corporate Information***

Arvind Norm was incorporated on July 10, 2018 under the provisions of the Companies Act, 2013. The CIN of Arvind Norm is U74999GJ2018PTC103195. The registered office of Arvind Norm is located at Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of Arvind Norm and Promoters are interested in Arvind Limited as disclosed above.

## **9. *Arvind Polser Engineered Composite Panels Private Limited (“Arvind Polser”)***

### ***Corporate Information***

Arvind Polser was incorporated on December 10, 2018 under the provisions of the Companies Act, 2013. The CIN of Arvind Polser is U25199GJ2018PTC105475. The registered office of Arvind Norm is located at Survey No. 12, Final Plot No. 10, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of Arvind Polser and Promoters are interested in Arvind Limited as disclosed above.

#### ***10. Arya Omnitalk Wireless Solutions Private Limited (“AOWSPL”)***

##### ***Corporate Information***

AOWSPL was incorporated on February 13, 1995 under the provisions of the Companies Act, 1956. The CIN of AOWSPL is U31100GJ1995PTC024599. The registered office of AOWSPL is located at Arvind Mills Ltd., Naroda Road, Ahmedabad – 380 025, Gujarat.

##### **Interest of Promoters**

One of group companies, Arvind Limited holds 50.06% capital of AOWSPL and Promoters are interested in Arvind Limited as disclosed above.

#### ***11. Arvind Worldwide Inc. (“AWI”)***

##### ***Corporate Information***

AWI was incorporated in USA.

##### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of AWI and Promoters are interested in Arvind Limited as disclosed above.

#### ***12. Arvind Textile Mills Limited (“ATML”)***

##### ***Corporate Information***

ATML was incorporated on 25<sup>th</sup> September 2006 in Bangladesh under the provisions of The Companies Act (act XVIII) of 1994. The registered office of ATML is located at In Hassan Court (9th Floor), 23/1 Motijheel Commercial Area, Dhaka 1000, Bangladesh.

##### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of ATML and Promoters are interested in Arvind Limited as disclosed above.

#### ***13. Arvind Lifestyle Apparel Manufacturing PLC (“ALAM”)***

##### ***Corporate Information***

ALAM was incorporated on 24<sup>th</sup> July 2015 in Ethiopia under the provisions of the commercial code of Ethiopia. The registered office of ALAM is located at Bliz Shed 5, Woreda 11, Bole City, Addis Ababa, Ethiopia. The Objective of

##### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of ALAM and Promoters are interested in Arvind Limited as disclosed above.

#### ***14. Westech Advanced Materials Limited (“WAML”)***

##### ***Corporate Information***

WAML was incorporated on 29<sup>th</sup> May 2015 in Canada under the provisions of The British Columbia Business Corporation Act. The registered office of WAML is located at 2200 Hsbc Building, 885 West Georgia Street, Vancouver BC V6C 3E8, Canada.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 51% capital of WAML and Promoters are interested in Arvind Limited as disclosed above.

#### ***15. Arvind Enterprise FZE (“AEFZE”)***

##### ***Corporate Information***

AEFZE was incorporated on 29th November 2015 in UAE under the provisions of Emeeri Decree No. 2 of 1995 and in accordance with the Implementation procedures of the Free Zone Establishment. The registered office of AEFZE is located at Saif - Zone, Sharjah, U.A.E.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of AEFZE and Promoters are interested in Arvind Limited as disclosed above.

#### ***16. Brillaire Inc. (“Brillaire”)***

##### ***Corporate Information***

Brillaire was incorporated on 13th March 2017 in Canada under the provisions of The Law of the Province of Ontario. The registered office of Brillaire is located at 1203 Leewood Drive, Oakville, Canada.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of Brillaire and Promoters are interested in Arvind Limited as disclosed above.

#### ***17. Maruti & Ornet Infrabuild LLP (“Maruti Ornet”)***

##### ***Corporate Information***

Maruti Ornet was incorporated on June 10, 2014 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of Maruti Ornet is AAC-3603. The registered office of Maruti Ornet is located at Arvind Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of Maruti Ornet and Promoters are interested in Arvind Limited as disclosed above.

#### ***18. Enkay Converged Technologies LLP (“Enkay”)***

##### ***Corporate Information***

Enkay was incorporated on June 30, 2017 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of Enkay is AAJ-8489. The registered office of Enkay is located at Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat.

### **Interest of Promoters**

One of group companies, Arvind Limited holds 100% capital of Enkay and Promoters are interested in Arvind Limited as disclosed above.

### **19. Arvind Hebbal Homes Private Limited (“Hebbal Homes”)**

#### **Corporate Information**

Hebbal Homes was incorporated on June 22, 2011 under the provisions of the Companies Act, 1956. The CIN of Hebbal Homes is U45200GJ2011PTC066023. The registered office of Hebbal Homes is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 100% capital of Hebbal Homes and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

### **20. Ahmedabad East Infrastructure LLP (“AEILLP”)**

AEILLP was incorporated on July 12, 2010 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of AEILLP is AAA-1786. The registered office of AEILLP is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 51% capital of AEILLP and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

### **21. ASL Facilities Management LLP (“AFMLLP”)**

#### **Corporate Information**

AFMLLP was incorporated on November 01, 2012 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of AFMLLP is AAB-1983. The registered office of AFMLLP is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 100% capital of AFMLLP and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

### **22. Changodar Industrial Infrastructure (One) LLP (“CIOLLP”)**

CIOLLP was incorporated on November 21, 2013 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of CIOLLP is AAB-8772. The registered office of CIOLLP is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 100% capital of CIOLLP and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

### **23. Arvind Altura LLP (“Altura”)**

ALTURA was incorporated on October 30, 2012 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of ALTURA is AAB-1906. The registered office of ALTURA is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.



## **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 100% capital of ALTURA and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

### **24. Ahmedabad Industrial Infrastructure (One) LLP (“AIIOLLP”)**

#### ***Corporate Information***

AIIOLLP was incorporated on October 17, 2013 under the provisions of the Limited Liability Partnership Act, 2008. The LLPIN of AIIOLLP is AAB-8247. The registered office of AIIOLLP is located at 24, Government Servant Society, Near Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

#### **Interest of Promoters**

One of group companies, Arvind SmartSpaces Limited holds 100% capital of AIIOLLP and Promoters are interested in Arvind SmartSpaces Limited as disclosed above.

#### **Interests and common pursuits of the Group Companies**

Except as otherwise disclosed in this Information Memorandum, Group Companies do not have any interest in the promotion or formation of Company.

There are no common pursuits between the Group Companies and Company.

#### **Related Party Transactions**

Except as disclosed in “*Related Party Transactions*” on page 114:

- a) The Group Companies do not have any interest in any property acquired by the Company within two years of the date of filing this Information Memorandum or proposed to be acquired by the Company, or any interest in any transaction by Company pertaining to acquisition of land, construction of building and supply of machinery, etc.
- b) The Group Companies do not have any commercial business interest in Company except for business conducted on an arm’s length basis. Further, Company does not have any sales or purchase with its Group Companies exceeding, in the aggregate, 10% of the total sales or purchases of Company. For more information on business transactions with Group Companies and its significance on financial performance, see “*Financial Statements*” on page 116.

#### **Other confirmations/disclosures**

The Group Companies have not been declared as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings for violation of securities laws are pending against Group Companies.

As on the date of this Information Memorandum, Group Companies have not been prohibited by SEBI or any other regulatory or governmental authorities, from accessing the capital markets for any reason.

#### **Sick or Defunct Companies**

The Group Companies have not become a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985 and no winding up proceedings have been initiated against them. Further, Group Companies have not made a loss in the immediately preceding year. Further, Group Companies have not become defunct and no application has been made in respect of them, to the respective registrar of companies where they are situated, for striking off their names, in the five years immediately preceding the date of this Information Memorandum.

None of group companies is defunct and no application has been made to the Registrar of Companies for striking off the name of any of group companies during the five years preceding the date of filing of this Information Memorandum. There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against any of group companies.

**Significant sale/purchase between Group Companies and Company**

None of the Group Companies are involved in any sales or purchases with Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of Company.

As on the date of this IM, none of Group Companies have an outstanding unsecured loan taken from Company which is repayable on demand

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions since incorporation, pursuant to the requirements under Ind-AS, issued by the Institute of Chartered Accountants of India, see “*Financial Statements*” on page 116.

## **DIVIDEND POLICY**

### **1. Introduction**

As per Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy of the Company at its meeting held on July 26, 2018.

The objective of this policy is to provide the dividend distribution framework to the stakeholders of the Company.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

### **2. Target Dividend Payout**

Dividend will be declared out of the current year's Profit after Tax of the Company.

Only in exceptional circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions.

'Other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains/losses, will not be considered for the purpose of declaration of dividend.

The Board will endeavour to achieve a dividend Payout ratio (including all applicable taxes on distribution of such dividend) in the range of 15% to 30% of the Consolidated Profit after Tax, net of dividend Payout to preference shareholders, if any.

### **3. Factors to be considered for Dividend Payout**

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividends:

- Stability of earnings;
- Cash flow from operations;
- Consolidated net operating profit after tax;
- Working capital requirements;
- Future capital expenditure, inorganic growth plans and reinvestment opportunities;
- Resources required to fund acquisitions and/or new business;
- Industry outlook and stage of business cycle for underlying businesses;
- Leverage profile and capital adequacy metrics
- Overall economic / regulatory environment
- Contingent liabilities
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

### **4. General**

Retained earnings will be used inter alia for the Company's growth plans, working capital requirements, debt repayments and other contingencies.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company, as in force and as amended from time to time.

If the Board decides to deviate from this policy, the rationale for the same will be suitably disclosed. This policy would be subject to revision / amendment on a periodic basis, as may be necessary. This policy (as amended from time to time) will be available on the company's website and in the annual report.

**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page Numbers</b>
Examination report on Consolidated Financial Information	117
Consolidated Financial Statements	119

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Please find below the link for accessing standalone financial statements of the Company and material subsidiaries.

<https://www.arvind-fashions.com/overview/>

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS OF ARVIND FASHIONS LIMITED**

#### **Report on the Interim Consolidated Financial Statements**

The company has audited the accompanying Interim Consolidated Financial Statements of ARVIND FASHIONS LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at Sep 30, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the six months period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim consolidated financial statements").

#### **Management's Responsibility for the Interim Consolidated Financial Statements**

The Company's Board of Directors is responsible for the preparation of these interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim consolidated 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 interim consolidated financial statements based on audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim consolidated 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 and presentation of the interim consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim consolidated financial statements.

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

## Opinion

In opinion and to the best of information and according to the explanations given to us, the aforesaid interim consolidated financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at Sep 30, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the six months period ended on that date.

For **SORAB. S. ENGINEER & CO.,**  
Chartered Accountants  
(Firm's Registration No. 110417W)

Sd/-  
**C.A. CHOKSHI SHREYAS. B.,**  
Partner  
(Membership No. 100892)

Ahmedabad  
December 4, 2018

## BALANCE SHEET AS AT SEPTEMBER 30, 2018\*

Particulars	Notes	As at	As at
		Sep 30, 2018	March 31, 2018
		₹ Millions	₹ Millions
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	5	3,489.46	3,541.44
(b) Capital work in progress	5	7.67	6.43
(c) Goodwill on Consolidation	6	1,112.32	1,112.32
(d) Intangible assets	6	572.39	665.93
(e) Financial assets			
(i) Investments	7	0.16	0.17
(ii) Loans	7	7.32	7.01
(iii) Other financial assets	7	2,325.77	2,213.51
(f) Deferred tax assets (net)	25	2,566.94	2,376.23
(g) Other non-current assets	8	93.90	109.85
<b>Total non-current assets</b>		<b>10,175.93</b>	<b>10,032.89</b>
<b>II. Current assets</b>			
(a) Inventories	9	10,158.47	7,272.91
(b) Financial assets			

(i) Trade receivables	7	10,041.56	7,844.84
(ii) Cash and cash equivalents	7	59.96	122.98
(iii) Bank balance other than (iii) above	7	51.98	161.30
(iv) Loans	7	31.81	43.57
(v) Others financial assets	7	365.18	236.57
(c) Current tax assets (net)	10	158.24	149.99
(d) Other current assets	8	6,200.75	5,909.88
<b>Total current assets</b>		<b>27,067.94</b>	<b>21,742.03</b>
<b>Total Assets</b>		<b>37,243.88</b>	<b>31,774.92</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	231.70	231.70
Other equity	12	10,256.28	10,366.07
<b>Non-controlling Interest</b>		889.96	873.07
<b>Total equity</b>		<b>11,377.94</b>	<b>11,470.85</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	170.61	806.26
(ii) Other financial liabilities	13	628.31	568.29
(b) Long-term provisions	14	210.56	185.90
(c) Deferred tax liabilities (net)	25	14.23	14.23
<b>Total non-current liabilities</b>		<b>1,023.71</b>	<b>1,574.67</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	8,502.98	5,902.20
(ii) Trade payables	13		
A. Total outstanding dues of micro enterprises and small enterprises		1,200.69	336.13
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		13,242.73	10,343.77



(iii) Other financial liabilities	13	1,257.40	1,577.58
(c) Short-term provisions	14	178.32	166.22
(e) Current tax liabilities (net)	10	-	4.89
(b) Other current liabilities	15	460.10	398.60
<b>Total current liabilities</b>		<b>24,842.22</b>	<b>18,729.40</b>
<b>Total equity and liabilities</b>		<b>37,243.88</b>	<b>31,774.92</b>

**STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED SEPTEMBER 30, 2018\***

Particulars	Notes	Period ended	Year ended
		30-Sep-18	31-Mar-18
		₹ Millions	₹ Millions
<b>Income</b>			
<b>Revenue from operations</b>			
Sale of Products	16	21,961.53	41,840.26
Sale of Services	16	194.53	333.70
Operating Income	16	2.73	15.06
<b>Revenue from operations</b>		<b>22,158.79</b>	<b>42,189.02</b>
Other income	17	51.37	125.66
<b>Total income (I)</b>		<b>22,210.16</b>	<b>42,314.67</b>
<b>Expenses</b>			
Cost of raw materials and accessories consumed	18	24.26	29.21
Purchase of Stock-in-trade	19	13,655.35	15,723.94
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(2,661.25)	4,035.94
Employee benefits expense	21	2,045.39	3,668.81
Finance costs	22	566.21	913.35
Depreciation and amortisation expense	23	748.99	1,389.45
Other expenses	24	7,913.56	16,438.32
<b>Total expenses (II)</b>		<b>22,292.51</b>	<b>42,199.02</b>
<b>Profit before exceptional items and tax (III=I-II)</b>		<b>(82.35)</b>	<b>115.66</b>
Exceptional items (IV)		-	-
<b>Profit before tax (V) = (III-IV)</b>	<b>2</b>	<b>(82.35)</b>	<b>115.66</b>

<b>Tax expense</b>			
Current tax	25	183.66	257.30
Deferred tax	25	(183.86)	(270.83)
<b>Total tax expense (VI)</b>		<b>(0.20)</b>	<b>(13.53)</b>
<b>Profit for the year (VII) = (V-VI)</b>		<b>(82.15)</b>	<b>129.19</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans	12	(19.16)	(21.55)
Income tax effect	25	6.66	7.09
Net gain / (loss) on FVOCI equity instruments	12	(0.01)	901.60
Income tax effect	25	-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(12.51)</b>	<b>887.13</b>
<b>Other comprehensive that may be reclassified to profit or loss in subsequent periods:</b>			
Net gains / (loss) on hedging instruments in a cash flow hedge	12	(0.53)	-
Income tax effect	25	0.19	-
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		<b>(0.35)</b>	<b>-</b>
<b>Total other comprehensive income for the period, net of tax (VIII)</b>		<b>(12.85)</b>	<b>887.13</b>
<b>Total comprehensive income for the period, net of tax (VII+VIII)</b>		<b>(95.00)</b>	<b>1,016.32</b>
<b>Earning per equity share</b>			
Basic	32	(0.85)	1.27
Diluted	32	(0.83)	1.24
Summary of significant accounting policies	3		

**CASH FLOWS STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2018\***

Particulars	Period ended		Year ended	
	30-Sep-18		31-Mar-18	
<b>A Operating activities</b>				

	<b>Profit Before taxation</b>		<b>(82.35)</b>	<b>115.66</b>
	<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
	Depreciation /Amortization	748.99	1,389.45	
	Interest Income	(5.26)	(33.35)	
	Interest and Other Borrowing Cost	566.21	913.35	
	Allowance for doubtful advances	-	5.11	
	Allowance of doubtful debts	11.00	20.35	
	Provision for Litigation/Disputes	(5.00)	104.70	
	Sundry Credit Balances Appropriated	-	(55.91)	
	Liability no longer required written back	(6.33)	-	
	Property, Plant & Equipment written off	21.89	76.22	
	Share based payment expense	2.10	6.93	
	Profit on Sale of Property, Plant & Equipment	(0.22)	(2.44)	
			<b>1,333.37</b>	<b>2,424.41</b>
	<b>Operating Profit before Working Capital Changes</b>		<b>1,251.03</b>	<b>2,540.07</b>
	<b>Working Capital Changes:</b>			
	Changes in Inventories	(2,885.56)	355.12	
	Changes in trade payables	3,769.85	2,234.87	
	Changes in other current liabilities	61.50	(538.60)	
	Changes in other financial liabilities	79.96	191.98	
	Changes in provisions	22.59	35.06	
	Changes in trade receivables	(2,207.72)	(4,282.59)	
	Changes in other assets	(290.87)	(754.58)	
	Changes in other financial assets	(243.04)	(287.53)	
	Changes in Other Bank Balances	109.32	6.38	

	<b>Net Changes in Working Capital</b>		<b>(1,583.98)</b>		<b>(3,039.88)</b>
	<b>Cash Generated from Operations</b>		<b>(332.95)</b>		<b>(499.81)</b>
	Direct Taxes paid (Net of Income Tax refund)		(196.79)		(254.30)
	<b>Net Cash from Operating Activities</b>		<b>(529.74)</b>		<b>(754.11)</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>				
	Purchase of tangible/intangible assets	(626.38)		(1,700.72)	
	Changes in Capital Advances	15.95		(37.67)	
	Changes in Loans given	11.45		(32.56)	
	Changes in Non Controlling Interest	-		250.41	
	Interest Income	7.43		30.70	
	<b>Net cash flow from Investing Activities</b>		<b>(591.55)</b>		<b>(1,489.83)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>				
	Issue of Share Capital	-		14.29	
	Securities Premium received	-		2,985.71	
	Changes in long term Borrowings	(999.40)		(259.02)	
	Changes in short term borrowings	2,600.78		396.72	
	Interest and Other Borrowing Cost Paid	(543.11)		(875.58)	
	<b>Net Cash flow from Financing Activities</b>		<b>1,058.27</b>		<b>2,262.11</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>		<b>(63.02)</b>		<b>18.16</b>
	Cash & Cash equivalent at the beginning of the period		122.98		63.58
	Add: Adjustment due to Business Combination		-		41.23
	Cash & Cash equivalent at the end of the period		59.96		122.98

<b>Particulars</b>	<b>Period ended</b>	<b>Year ended</b>
	<b>30-Sep-18</b>	<b>31-Mar-18</b>
<b>Cash and cash equivalents comprise of: (Note 7(d))</b>		

Cash on Hand	0.63	0.77
Balances with Banks	59.33	122.21
<b>Cash and cash equivalents</b>	<b>59.96</b>	<b>122.98</b>

**Note:** \*w.e.f 1<sup>st</sup> April 2018 Company adopted IND AS 115 under the full retrospective approach, accordingly comparative financials of March 2018, have been adjusted to give the retrospective impact. The effect of adoption of IND as 115 is insignificant on financial results.

#### **STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

##### **A. Equity Share Capital**

<b>Balance (Note 11)</b>	<b>Rupees in Mn</b>
As at April 1, 2017	217.42
Issue of Equity Share capital	14.28
<b>As at March 31, 2018</b>	<b>231.70</b>
Issue of Equity Share capital	-
<b>As at Sep 30, 2018</b>	<b>231.70</b>

**(B) Other Equity**

Particulars	Reserves and Surplus				Other Reserves		Total	Non-controlling interest	Total equity
	Securities premium	Share Based Payment Reserve	Retained Earnings	Capital Reserve on Consolidation	Net gains / (loss) on hedging instruments in a cash flow hedge	Net gain / (loss) on FVOCI equity instruments			
	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12			
<b>Balance as at April 1, 2017</b>	<b>8,585.73</b>	<b>6.72</b>	<b>142.19</b>	<b>(2,371.63)</b>	-	<b>(0.00)</b>	<b>6,363.00</b>	-	<b>6,363.00</b>
Profit for the year	-	-	144.65	-	-	-	144.65	(15.46)	129.19
Other comprehensive income for the year	-	-	(13.32)	-	-	901.60	888.28	(1.15)	887.13
<b>Total Comprehensive income for the year</b>	<b>8,585.73</b>	<b>6.72</b>	<b>273.52</b>	<b>(2,371.63)</b>	-	<b>901.60</b>	<b>7,395.93</b>	<b>(16.61)</b>	<b>7,379.32</b>
Addition during the year	2,990.92	14.07	-	-	-	-	3,005.00	889.68	3,894.68
Adjustment on Consolidation	-	-	(23.33)	0.83	-	-	(22.51)	-	(22.51)
Utilized during the year for bonus shares	(5.21)	-	-	-	-	-	(5.21)	-	(5.21)
Share Based Payments for Employee Stock Option to Holding Co.	-	-	(7.14)	-	-	-	(7.14)	-	(7.14)
<b>Balance as at March 31, 2018</b>	<b>11,571.44</b>	<b>20.80</b>	<b>243.04</b>	<b>(2,370.81)</b>	-	<b>901.60</b>	<b>10,366.07</b>	<b>873.07</b>	<b>11,239.14</b>
	-	-	-	-	-	-	-	-	-
<b>Balance as at April 1, 2018</b>	<b>11,571.44</b>	<b>20.80</b>	<b>243.04</b>	<b>(2,370.81)</b>	-	<b>901.60</b>	<b>10,366.07</b>	<b>873.07</b>	<b>11,239.14</b>
Profit for the year	-	-	(99.04)	-	-	-	(99.04)	-	(99.04)
Other comprehensive income for the year	-	-	(12.50)	-	-	-	(12.50)	-	(12.50)
<b>Total Comprehensive income for the year</b>	<b>11,571.44</b>	<b>20.80</b>	<b>131.51</b>	<b>(2,370.81)</b>	-	<b>901.60</b>	<b>10,254.54</b>	<b>873.07</b>	<b>11,127.61</b>
Addition during the year	-	4.30	-	-	(0.35)	(0.01)	3.95	16.89	20.84
Share Based Payments for Employee Stock Option to Holding Co.	-	-	(2.21)	-	-	-	(2.21)	-	(2.21)
<b>Balance as at Sep 30, 2018</b>	<b>11,571.44</b>	<b>25.10</b>	<b>129.30</b>	<b>(2,370.81)</b>	<b>(0.35)</b>	<b>901.59</b>	<b>10,256.28</b>	<b>889.96</b>	<b>11,146.24</b>

## NOTES TO FINANCIAL STATEMENT FOR PERIOD ENDED SEPTEMBER 30, 2018:

### Significant Accounting Policies:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> SEP,2018 AND FOR THE YEAR ENDED 31 MARCH 2018

#### 1. Corporate Information

Arvind Fashions Limited (“the Group”) is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Group includes International brands on License such as Arrow, Us Polo, Tommy Hilfiger, Calvin Klein, Ed Hardy, Cherokee, Aeropostale, Elle, IZOD, TCP, Gant, GAP and Nautica. Domestic Brands includes Flying Machine and also retail format “Unlimited”.

The Group is a subsidiary of Arvind Limited and is incorporated under the provisions of the Companies Act, 2013 applicable in India. The registered office of the Group is located at Naroda Road, Ahmedabad - 380025.

The Company is holding 100% investment in the equity of Arvind Lifestyle Brands Ltd, Arvind Beauty Brands Retail Private Limited and 50 % investment in the equity of Tommy Hilfiger Arvind Fashions Private Limited, Calvin Klein Arvind Fashions Private Limited.

#### 2. Statement of Compliance and Basis of Preparation

##### 2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as issued under the Companies (Indian Accounting Standards) Rules, 2015.

The Group prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”) and other relevant provision of the Act.

##### 2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Derivative financial instruments measured at fair value;
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

#### 3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its financial statements consistently to all the periods presented:

##### 3.1. Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

### **Operating cycle**

Operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

### **3.2. Use of estimates and judgements**

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

### **3.3. Business combinations and goodwill**

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Business combinations between entities under common control are accounted for at carrying value.

Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of



resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Tax* and Ind AS 19 *Employee Benefits* respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payments* at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the

operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### **3.4. Foreign currencies**

The Group's financial statements are presented in INR, which is also the Group's functional and presentation currency.

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### **3.5. Fair value measurement**

The Group measures financial instruments such as derivatives at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Financial instruments (including those carried at amortised cost)

### **3.6. Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its

cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

### **Depreciation**

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for Plant and Machinery, Leasehold Improvements, Furniture & Fixtures and Vehicles.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation on Plant and Machinery, Leasehold Improvements, Furniture & Fixtures and Vehicles is provided on straight line basis over the useful lives of the assets as estimated by management based on internal assessment. The management estimates the useful lives for Plant & Machinery at 5 years (at 15 years in Tommy Hilfiger Arvind Fashions Private Limited), Leasehold Improvements at 6 years (at 5 years in Calvin Klein Arvind Fashions Private Limited, and at 5-8 years, being the period of lease in Tommy Hilfiger Arvind Fashions Private Limited) and Furniture & Fixtures at 6 years (at 8 years, being the useful lives estimated by the management in Tommy Hilfiger Arvind Fashions Private Limited) and Vehicles at 4 years.

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

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

## **3.7. Leases**

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

### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

#### **Company as a lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease income is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **3.8. Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **3.9. Intangible Assets**

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

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### **Amortisation**

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight Line basis over the period of five years.

Value of License Brands/License fees acquired under demerger scheme has been amortized on Straight Line basis over the period of ten years (in Calvin Klein Arvind Fashions Private Limited – the value of License Brands/License Fees has been amortised over the remaining term of license period or 15 years whichever is less).

Software is depreciated over management estimate of its useful life of 3 years (over a term of 3-5 years in Tommy Hilfiger Arvind Fashions Private Limited).

### **3.10. Inventories**

Inventories of Raw material, Stock-in-trade and Packing Material are valued at the lower of cost and net realisable value.

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

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Stock in Trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

All other inventories are valued at cost. The stock of waste is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **3.11. Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount

since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### **3.12. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

#### **Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

#### **Sale of goods – customer loyalty programme (deferred revenue)**

The Group operates a loyalty points programme which allows customers to accumulate points when they purchase the products. The points can be redeemed for free products, subject to a minimum number of points being obtained. Consideration received is allocated between the product sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

#### **Sales Return**

The Group recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sales.

#### **Rendering of services**

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.

#### **Gift Vouchers**

The amount collected on sale of a gift voucher is recognized as a liability and transferred to revenue (sales) when redeemed or to revenue (sale of services) on expiry

#### **Interest income**

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

### **Insurance claims**

Claims receivable on account of Insurance are accounted for to the extent the Group is reasonably certain of their ultimate collection.

### **3.13. Financial instruments – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

##### **(i) Initial recognition and measurement of financial assets**

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### **(ii) Subsequent measurement of financial assets**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
  - Financial assets at fair value through other comprehensive income (FVTOCI)
  - Financial assets at fair value through profit or loss (FVTPL)
  - Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive



income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Group has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

### **(iii) Derecognition of financial assets**

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,  
or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **(iv) Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group’s senior management determines change in the business model as a result of external or internal changes which are significant to the Group’s operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

**(v) Impairment of financial assets**

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head “Other expenses” in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## **b) Financial Liabilities**

### **(i) Initial recognition and measurement of financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**(ii) Subsequent measurement of financial liabilities**

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

• **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

• **Loans and Borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

**(iii) Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**c) Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair

value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

**(ii) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### **d) Offsetting of financial instruments**

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

### **3.14. Cash and cash equivalent**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### **3.15. Export incentives**

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### **3.16. Taxes**

Tax expense comprises of current income tax and deferred tax.

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

The Group recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Group recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Group reviews such tax credit asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

### **3.17. Employee Benefits**

#### **a) Short Term Employee Benefits**

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex gratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

#### **b) Post-Employment Benefits**

##### **(i) Defined contribution plan**

The Group's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Group has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

**(ii) Defined benefit plan**

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

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

**c) Other long term employment benefits:**

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

**d) Termination Benefits:**

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

### **3.18. Share-based payments**

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

**Equity-settled transactions**

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

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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



fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### **3.19. Earnings per share**

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### **3.20. Provisions**

#### **General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

## **4. Significant accounting judgements, estimates and assumptions**

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

### **4.1. Significant judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

### **Revenue recognition**

The Group assesses its revenue arrangement in order to determine if its business partner is acting as a principal or as an agent by analysing whether the Group has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Group has concluded that certain arrangements are on principal to agent basis where its business partner is acting as an agent. Hence, sale of goods to its business partner is recognised once they are sold to the end customer.

## **4.2. Estimates and assumption**

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

### **Defined benefit plans**

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 30.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

### **Allowance for uncollectible trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

### **Share-based payments**

The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model

including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 38.

#### **Taxes**

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Group has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward. Further details on taxes are disclosed in Note 25.

#### **Revenue recognition – Customer loyalty program reward points**

The Group estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty.

#### **Intangible assets**

Refer Note 3.9 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

#### **Property, plant and equipment**

Refer Note 3.6 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

#### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### **Principal Components of Income and Expenditure**

#### **Income**

##### ***Revenue from Operations***

Revenue from Operations includes the following components:

- 1) Sale of Products including apparels, accessories and Luggages.
- 2) Sale of Services including commission and royalty on Sub License products.
- 3) Other Operating Income includes Duty Drawback claims and Exchange Fluctuations credit on settlement of Foreign Currency Liabilities.

##### ***Other Income (Non-operating)***

Other Income includes Interest Income, profit on sale of asset and other miscellaneous vendor recovery.

## **Expenditure**

### ***Employee Benefits Expense***

Employee benefits expense includes following components:

- 1) Salaries, wages, bonus, gratuity, leave encashment etc.
- 2) Contribution to PF, ESI and other funds.
- 3) Welfare and training expenses incurred for the employees
- 4) Share based payment to the employees

### ***Finance Costs***

Finance costs include interest expenses towards borrowings and MSME vendor compliance, Bank Charges, Bill Discounting Charges etc. Interest expenses represent the cost of borrowing for business expansion/Working Capital. Bill discounting/Bank charges represent cost incurred towards Non- Fund borrowings such as bill of exchange and other foreign payment processing charges.

### ***Depreciation and Amortization Expense***

Depreciation represents depreciation on fixed assets including Plant & Machinery, Furniture & Fixture, Vehicles, leasehold improvements, Computer & Data Processing and office equipment. It also includes amortization of Computer Software, Brand valuation for licensed brands such as Arrow, US Polo and IZOD and other intangible assets. The company follows straight line method of depreciation and adopted useful life as prescribed under Companies Act 2013.

### ***Provisions and Write offs***

Provisions and write offs represents the provisions done in respect of doubtful debts, Vendor advances and disputed litigations. There is no write off per se in the books of the company.

### ***Other Expenses***

Other Expenses consist of the various components including Advertisement & Marketing, Royalty to License brands, Rent & Commission, other overhead expenses such as travel, communication, Repairs & maintenance, security charges etc, Distribution cost such as logistics and warehousing, Contractual labour cost and other statutory cost.

### ***Purchases and Cost of Raw Materials and accessories consumed***

Purchases includes the Purchase of Garments, Cosmetics & accessories. The company works on FOB model of procurement from vendors primarily operating out of Karnataka, Tamil Nadu and Punjab/Haryana. Purchases are recorded as per the landed cost agreed with vendors through purchase orders.

**Note 5: Property, plant and equipment**

₹  
Millions

Fixed Assets	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computers, Servers and Network	Total	CWIP
<b>Gross Carrying Value</b>								
<b>As at April 1, 2017</b>	<b>569.74</b>	<b>1,338.28</b>	<b>60.43</b>	<b>1,847.42</b>	<b>190.32</b>	<b>208.33</b>	<b>4,214.52</b>	<b>0.05</b>
Additions	250.48	436.54	19.02	688.86	81.80	101.31	<b>1,578.02</b>	5.09
Adjustment due to Business Combination	15.25	86.16	7.62	294.64	11.45	21.18	<b>436.30</b>	1.29
Deductions	<b>31.63</b>	46.79	22.64	88.60	8.65	3.78	<b>202.09</b>	-
<b>As at Mar 31, 2018</b>	<b>803.85</b>	<b>1,814.19</b>	<b>64.43</b>	<b>2,742.32</b>	<b>274.93</b>	<b>327.04</b>	<b>6,026.75</b>	<b>6.43</b>
Additions	90.31	162.15	22.26	233.32	43.16	42.81	594.01	5.09
Deductions	6.73	10.59	10.09	39.78	2.13	2.91	72.23	3.84
<b>As at Sep 30, 2018</b>	<b>887.43</b>	<b>1,965.74</b>	<b>76.61</b>	<b>2,935.86</b>	<b>315.96</b>	<b>366.94</b>	<b>6,548.54</b>	<b>7.67</b>
<b>Depreciation and Impairment</b>								
<b>As at April 1, 2017</b>	<b>193.93</b>	<b>393.21</b>	<b>16.21</b>	<b>591.66</b>	<b>63.06</b>	<b>91.27</b>	<b>1,349.33</b>	-
Depreciation for the year	173.52	280.19	20.46	509.52	65.86	76.14	<b>1,125.69</b>	-
Adjustment due to Business Combination	8.62	32.49	4.39	62.59	5.67	10.48	<b>124.25</b>	-
Deductions	20.49	20.56	14.93	50.35	4.67	2.96	<b>113.95</b>	-
<b>As at Mar 31, 2018</b>	<b>355.58</b>	<b>685.33</b>	<b>26.14</b>	<b>1,113.41</b>	<b>129.91</b>	<b>174.93</b>	<b>2,485.31</b>	-
Depreciation for the year	108.39	172.60	9.84	250.92	34.24	42.65	618.64	-
Deductions	5.07	6.81	6.71	21.95	1.68	2.64	44.87	-
<b>As at Sep 30, 2018</b>	<b>458.90</b>	<b>851.13</b>	<b>29.27</b>	<b>1,342.38</b>	<b>162.47</b>	<b>214.93</b>	<b>3,059.08</b>	-

<b>Net Carrying Value</b>								
<b>As at Sep 30, 2018</b>	<b>428.52</b>	<b>1,114.62</b>	<b>47.34</b>	<b>1,593.48</b>	<b>153.49</b>	<b>152.01</b>	<b>3,489.46</b>	<b>7.67</b>
<b>As at Mar 31, 2018</b>	<b>448.26</b>	<b>1,128.85</b>	<b>38.29</b>	<b>1,628.91</b>	<b>145.01</b>	<b>152.12</b>	<b>3,541.44</b>	<b>6.43</b>

1. Refer Note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

2. For Properties pledge as security refer note 13

#### Note 6: Intangible Assets

₹ Millions

<b>Intangible assets</b>	<b>Computer Software</b>	<b>Brand Value &amp; License Brands</b>	<b>Distribution Network</b>	<b>Technical Process development</b>	<b>Trademark License Fee</b>	<b>Total Intangible Assets</b>	<b>Goodwill on Consolidation</b>
<b>Gross Carrying Value</b>							
<b>As at April 1, 2017</b>	<b>132.28</b>	<b>420.16</b>	<b>20.85</b>	<b>247.34</b>	<b>-</b>	<b>820.63</b>	<b>-</b>
Additions	60.60	-	-	-	71.42	132.02	1,112.32
Adjustment due to Business Combination	24.35	-	-	-	297.54	321.89	-
Deductions	0.13	-	-	-	-	0.13	-
<b>As at Mar 31, 2018</b>	<b>217.11</b>	<b>420.16</b>	<b>20.85</b>	<b>247.34</b>	<b>368.96</b>	<b>1,274.42</b>	<b>1,112.32</b>
Additions	11.84	-	-	25.00	-	36.84	-
Deductions	0.60	-	-	-	-	0.60	-
<b>As at Sep 30, 2018</b>	<b>228.35</b>	<b>420.16</b>	<b>20.85</b>	<b>272.34</b>	<b>368.96</b>	<b>1,310.66</b>	<b>1,112.32</b>
<b>Amortization and Impairment</b>							
<b>As at April 1, 2017</b>	<b>75.25</b>	<b>140.04</b>	<b>16.58</b>	<b>49.47</b>	<b>-</b>	<b>281.33</b>	<b>-</b>
Amortization for the Year	52.97	131.02	4.28	49.47	26.02	263.76	-
Adjustment due to Business Combination	11.33	-	-	-	52.12	63.45	-
Deductions	0.06	-	-	-	-	0.06	-
<b>As at Mar 31, 2018</b>	<b>139.50</b>	<b>271.05</b>	<b>20.85</b>	<b>98.93</b>	<b>78.15</b>	<b>608.49</b>	<b>-</b>
Amortization for the Year	22.29	65.39	-	27.24	15.43	130.35	-

Deductions	0.57	-	-	-	-	0.57	-
<b>As at Sep 30, 2018</b>	<b>161.23</b>	<b>336.44</b>	<b>20.85</b>	<b>126.17</b>	<b>93.57</b>	<b>738.27</b>	<b>-</b>
<b>Net Carrying Value</b>							
<b>As at Sep 30, 2018</b>	<b>67.12</b>	<b>83.72</b>	<b>-</b>	<b>146.16</b>	<b>275.39</b>	<b>572.39</b>	<b>1,112.32</b>
<b>As at Mar 31, 2018</b>	<b>77.60</b>	<b>149.11</b>	<b>-</b>	<b>148.40</b>	<b>290.82</b>	<b>665.93</b>	<b>1,112.32</b>

#### Note 7: Financial assets

##### 7 (a) Investments

₹ Millions

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Non-current investment</b>		
<b>Investment in government securities</b>		
National Saving Certificates	0.15	0.15
<b>Investment in equity shares of others</b>		
<b>Quoted</b>		
Arvind Infrastructure Ltd	0.01	0.02
(30th Sep 2018: 100, 31st March 2018: 100)		
<b>Total Investments</b>	<b>0.16</b>	<b>0.17</b>
<b>Total non-current investments</b>	<b>0.16</b>	<b>0.17</b>
<b>Total current investments</b>	<b>-</b>	<b>-</b>

##### 7 (b) Trade Receivables

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Current</b>		
Trade Receivables considered good- Unsecured	13,989.30	8,661.88
Trade Receivables -credit impaired	165.79	154.79
Less: Allowance for doubtful debts	(165.79)	(154.79)
	13,989.30	8,661.88
Less: Provision for Refundable Liability	3,947.75	817.04
<b>Total Trade receivables</b>	<b>10,041.56</b>	<b>7,844.84</b>

#### Allowance for doubtful debts

Company has provided allowance for doubtful debts based on the lifetime expected credit loss model using provision matrix.

Movement in allowance for doubtful debt:

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Balance at the beginning of the year</b>	154.79	75.00
Add: Adjustment on Consolidation	-	59.44
Add: Allowance for the year	11.00	20.35
Less: Write off of bad debts (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>165.79</b>	<b>154.79</b>

**7 (c) Loans Receivable considered good- Unsecured**

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Non-current</b>		
Loans to employees (Long term)	7.32	7.01
<b>Current</b>		
<b>Unsecured considered good</b>		
Loans to employees (Short term)	31.81	43.57
<b>Total Loans</b>	<b>39.13</b>	<b>50.58</b>

**7 (d) Cash and cash equivalent**

Particulars	As at Sep 30, 2018	As at March 31, 2018
Balance with Bank		
In Current accounts	59.33	101.95
In Deposit Account	-	20.26
Cash on hand	0.63	0.77
<b>Total cash and cash equivalents</b>	<b>59.96</b>	<b>122.98</b>

**7 (e) Other Bank Balance**

Particulars	As at Sep 30, 2018	As at March 31, 2018
Held as Margin Money*	51.98	161.09
Lodged with Sales Tax Department	-	0.21
<b>Other Bank Balance</b>	<b>51.98</b>	<b>161.30</b>

\* Under lien with bank as Security for Guarantee Facility

**7 (f) Other Financial Assets**

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Non-current</b>		
Security deposits	2,313.86	2,183.60
Bank deposits with maturity of more than 12 months	11.91	29.91



	2,325.77	2,213.51
<b>Current</b>		
Security deposits	28.32	28.32
Doubtful	23.50	23.50
Less Allowance for Doubtful Deposits- Current	(23.50)	(23.50)
	28.32	28.32
Income receivable	21.03	10.41
Accrued Interest	2.21	4.38
Mark to market of derivative financial instruments	-	1.43
Insurance claim receivable	3.85	12.13
Other Receivables	309.78	179.90
	<b>365.18</b>	<b>236.57</b>
<b>Total other financial assets</b>	<b>2,690.95</b>	<b>2,450.08</b>
<b>Non-current</b>	<b>2,325.77</b>	<b>2,213.51</b>
<b>Current</b>	<b>365.18</b>	<b>236.57</b>

#### Allowance for doubtful advances

The group has provided allowance for doubtful advances based on the lifetime expected credit loss model using provision matrix

Movement in allowance for doubtful advances:

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Balance at the beginning of the year</b>	23.50	20.00
Add: Allowance for the year	-	5.11
Less: Write off of bad debts (Net of recovery)	-	1.61
<b>Balance at the end of the year</b>	<b>23.50</b>	<b>23.50</b>

#### 7 (g) Financial asset by category

Particulars	Equity Method	FVTPL	FVOCI	Amortized Cost
<b>Sep 30, 2018</b>				
Investments				
- Equity Shares	-	-	0.01	-
- Government Securities	-	-	-	0.15
Trade Receivables	-	-	-	10,041.56

Loans	-	-	-	39.13
Cash & Bank balance	-	-	-	111.94
Other financial assets	-	-	-	2,690.95
<b>Total Financial Assets</b>	-	-	<b>0.01</b>	<b>12,883.72</b>
	-	-	-	-
<b>March 31, 2018</b>	-	-	-	-
Investments	-	-	-	-
- Equity Shares	-	-	0.02	-
- Government Securities	-	-	-	0.15
Trade Receivables	-	-	-	7,844.84
Loans	-	-	-	50.58
Cash & Bank balance	-	-	-	284.28
Other financial assets	-	-	-	2,450.08
<b>Total Financial Assets</b>	-	-	<b>0.02</b>	<b>10,629.92</b>

For Financial instruments risk management objectives and policies, refer Note 38  
Fair value disclosure for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures are in Note 37

**Note 8: Other current / non-current assets**

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Non-current</b>		
Capital advances	77.44	93.39
Prepaid expenses-non current	16.46	16.46
	<b>93.90</b>	<b>109.85</b>
<b>Current</b>	-	-
Advance to suppliers	817.47	363.93
Doubtful - Advance to suppliers	96.41	96.41
Less: Provision for doubtful advances	(96.41)	(96.41)
	817.47	363.93
Balance with collectorate of central excise and customs (Refer Note a)	2,011.33	1,797.36
Export incentive receivable	13.15	8.10
Returnable Asset	3,234.89	3,660.39
Prepaid expenses	123.92	80.11

	<b>6,200.75</b>	<b>5,909.88</b>
<b>Total</b>	<b>6,294.65</b>	<b>6,019.73</b>

Note a: Balance with Government Authorities mainly consists of Input Credit availed.

#### Provision for Doubtful Advances

Movement in provision for doubtful advances:

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Balance at the beginning of the year</b>	96.41	85.56
Add: Adjustment due to Consolidation	-	10.85
Add: Provision made during the year	-	-
Less: Write off of doubtful advances	-	-
<b>Balance at the end of the year</b>	<b>96.41</b>	<b>96.41</b>

#### Note 9: Inventories (At lower of cost and net realizable value)

Particulars	As at Sep 30, 2018	As at March 31, 2018
Raw materials		
Raw materials and components	46.79	60.84
Raw materials in transit	0.60	6.44
Stock-in-trade	9,753.81	7,092.56
Stock-in-trade in transit	275.40	48.16
Packing materials	81.87	64.90
<b>Total</b>	<b>10,158.47</b>	<b>7,272.91</b>

#### Note 10: Current Tax Assets/Liabilities (Net)

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Current Tax Assets (Net)</b>		
Tax Paid in Advance (Net of Provision)	158.24	149.99
<b>Total</b>	<b>158.24</b>	<b>149.99</b>
	-	-
<b>Current Tax Liabilities (Net)</b>	-	-
Provision for taxation (Net of Advance Tax)	-	4.89
<b>Total</b>	-	<b>4.89</b>

#### Note 11: Equity share capital

Particulars	As at Sep 30, 2018	As at March 31, 2018
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	No. of shares	Rs. in Million	No. of shares	Rs. in Million
<b>Authorised share capital</b>				
Equity shares of Rs.2 each	125000000	250.00	125000000	250.00
	-	-	-	-
<b>Issued and subscribed share capital</b>	-	-	-	-
Equity shares of Rs.2 each	115851454	231.70	115851454	231.70
	-	-	-	-
<b>Subscribed and fully paid up</b>	-	-	-	-
Equity shares of Rs.2 each	115851454	231.70	115851454	231.70
Share Application Money received	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>115851454</b>	<b>231.70</b>	<b>115851454</b>	<b>231.70</b>

#### 11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

Particulars	As at Sep 30, 2018		As at March 31, 2018	
	No. of shares	Rs. in Million	No. of shares	Rs. in Million
At the beginning of the period	115851454	231.70	108708200	217.42
Add:	-	-	-	-
Shares issued during the year	-	-	7143254	14.28
Outstanding at the end of the period	115851454	231.70	115851454	231.70

#### 11.2. Terms/Rights attached to the equity shares

The Group has one class of shares referred to as equity shares having a par value of Rs.2 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### 11.3. Shares Held by Holding Company

Particulars	As at Sep 30, 2018		As at March 31, 2018	
	No. of shares	Rs. in Million	No. of shares	Rs. in Million
Arvind Limited - (along with nominees)	103906759	207.81	103906759	207.81

#### 11.4. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at Sep 30, 2018		As at March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited (along with nominees)	103906759	89.69%	103906759	89.69%
Plenty Private Equity Fund I Limited	7870916	6.79%	7870916	6.79%

### 11.5. Subdivision of Shares

With effect from 26th September 2016 the nominal face value of equity shares of the Company was sub-divided from Rs. 10 per share to Rs 2 per share.

### 11.6. Bonus Shares Issued

26,04,676 Equity Shares are allotted as bonus shares by capitalization of Securities premium during the year 2017-18.

### 11.7. Shares reserved for issue under options

Refer Note 33 for details of shares to be issued under options

### 11.8 Objective, policy and procedure of capital management, refer Note 39

### Note 12: Other Equity

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Capital reserve</b>		
Balance as per last financial statements	(2,370.81)	(2,371.63)
Add/Less: Adjustment for the year	-	0.83
Balance at the end of the year	<b>(2,370.81)</b>	<b>(2,370.81)</b>
<b>Securities premium account</b>		
Balance as per last financial statements	11,571.44	8,585.73
Add: addition during the year	-	2,990.92
Less: utilized during the year	-	(5.21)
Balance at the end of the year	<b>11,571.44</b>	<b>11,571.44</b>
<b>Share based payment reserve (Refer Note 33)</b>		
Balance as per last financial statements	20.80	6.72
Add: Adjustment during the year	4.30	14.07
Balance at the end of the year	<b>25.10</b>	<b>20.80</b>
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	243.04	142.19
Add: profit/ (Loss) for the year	(99.04)	144.65
Adjustment on consolidation	-	(23.33)
Add: Realised Gains on Equity Inst valued at FVOCI	-	-
Add / (Less): OCI for the year	(12.50)	(13.32)
	<b>131.51</b>	<b>250.18</b>
Less: Appropriation		
Dividend to Holding Company for ESOP	2.21	7.14
Balance at the end of the year	<b>129.30</b>	<b>243.04</b>
<b>Total reserves &amp; surplus</b>	<b>9,355.03</b>	<b>9,464.47</b>
<b>Note 12.2 Other comprehensive income</b>		
<b>Equity Instruments through OCI (net of tax)</b>		

Balance as per last financial statements	901.60	(0.00)
Add: gain during the year	(0.01)	901.60
Balance at the end of the year	<b>901.59</b>	<b>901.60</b>
<b>Cash Flow Hedge reserve</b>		
Balance as per last financial statements		
Add: gain / (loss) for the year	(0.53)	-
Add/(Less): Tax impact	0.19	-
Balance at the end of the year	<b>(0.35)</b>	-
<b>Total Other comprehensive income</b>	<b>901.25</b>	<b>901.60</b>
<b>Total Other equity</b>	<b>10,256.28</b>	<b>10,366.07</b>

The description of the nature and purpose of each reserve within equity is as follows:

**a. Securities premium account**

Securities premium reserve is created due to premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies, Act.

**b. Capital reserve on consolidation**

Gain on purchase, i.e. excess of fair value of net assets acquired over the fair value of consideration in a business combination or on acquisition of interest in subsidiary is recognised as capital reserve on Consolidation.

**c. Share based payment reserve**

This reserve relates to share options granted by the Group to its and Holding Company's employee share option plan. Further information about share-based payments to employees is set out in Note 33.

**d. Equity Instruments through OCI**

The Group has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income.

This amount will be reclassified to retained earnings on derecognition of equity instrument.

**Note 13: Financial liabilities**

**13 (a) Long-term Borrowings**

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Long-term Borrowings</b>		
<b>Non-current portion</b>		
<b>Secured (refer note 1(a) below)</b>		
Term loan from Banks-Non Current	170.61	306.38
<b>Unsecured</b>		
Non Convertible Debentures	-	499.88
	<b>170.61</b>	<b>806.26</b>
<b>Current maturities</b>		

<b>Secured</b>		
Term loan from Banks-Current	374.52	488.43
<b>Unsecured</b>		
Non Convertible Debentures-current	-	249.83
	<b>374.52</b>	<b>738.26</b>
<b>Total long-term borrowings</b>	<b>545.13</b>	<b>1,544.53</b>
<b>Short-term Borrowings</b>		
<b>Secured (refer note 1(b) below)</b>		
Working Capital Loans repayable on demand from Banks (including channel financing)	2,290.99	3,852.15
<b>Unsecured (refer note 2(a) below)</b>		
Under Buyer's Credit Arrangement	124.43	452.79
Intercompany Deposits		
From Related Parties	2,866.81	546.61
From Others	0.65	0.65
Commercial Paper	2,150.00	500.00
Working Capital Loans repayable on demand from Banks	1,070.09	550.00
<b>Total short-term borrowings</b>	<b>8,502.98</b>	<b>5,902.20</b>
<b>Total borrowings</b>	<b>9,048.11</b>	<b>7,446.73</b>

<b>1. Secured Borrowings</b>				
<b>(a) Long term</b>				
<b>Particulars</b>	<b>Rs in Mn</b>	<b>Rate of interest</b>	<b>Security</b>	<b>Terms of repayment</b>
Rupee Loans	509.48	8.5% to 8.65%	1) Secured against first charge over the entire fixed assets of the group both present and future, and second charge is created over the entire stock, receivables and other current assets of the company excluding stocks of Nautica Brand. 2) Secured Loans of Rs. 509.48 Mn are guaranteed by Arvind Limited being the Ultimate Holding Company and Secured Loans of Rs. 185.22 Mn are additionally guaranteed by Arvind Fashions Limited being the Holding Company.	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans

<b>(b) Short term</b>					
<b>Particulars</b>		<b>Rupees</b>	<b>Rate of interest</b>	<b>Security</b>	
Working Capital loans		747.84	0.5% to 1.5% above base rate.	i. First charge over entire stocks, receivables and other current assets excluding stocks of Nautica Brand and second charge over entire fixed assets of the Company both present and future. ii. Working Capital Loan of Arvind Lifestyle Brands Ltd. of Rs. 747.84mn is secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company and Working Capital Loans of Rs. 576.35mn are additionally secured by Guarantee of Arvind Fashions Limited, the holding Company.	
Working Capital loans		880.00	8.4% to 8.75%	The loans are secured by hypothecation of Group's entire stocks and receivables	
Cash Credits		142.01	8.9% to 9.05%		
Working Capital loans		450.00	8.84%	Secured by (i) first exclusive charge over current assets both present & future; (ii) Corporate Guarantee from PVH Corp., USA for 50% of the Rs. 521.15mn (iii) letter of comfort from PVH Corp., USA.	
Working Capital loans		71.15	Bank MCLR		
Hire Purchase loans	35.65	8.50% to 9.65%	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans	

<b>2. Unsecured Borrowings</b>			
<b>(a) Short Term</b>			
<b>Particulars</b>	<b>Rupees in Mn</b>	<b>Rate of interest</b>	<b>Additional Information</b>
Buyers' Credit	124.43	3.18% to 4%	-
Inter - Corporate loans	2,867.46	8.75%	-
Commercial papers	2,150.00	7.86%	-
Working Capital loan (payable on demand)	1,070.09	8.25% to 9.9%	Guaranteed by Arvind Limited, the holding company



**13 (b) Trade payable**

<b>Particulars</b>	<b>As at Sep 30, 2018</b>	<b>As at March 31, 2018</b>
<b>Current</b>		
Acceptances	2,939.92	2,517.03
Dues to Micro, Small and Medium Enterprises	1,200.69	336.13
Other trade payable	10,302.81	7,826.74
<b>Total</b>	<b>14,443.42</b>	<b>10,679.90</b>

Based on the information available, the disclosures as required under section 22 of the Micro, Small and Medium Enterprise Small Enterprise Development (MSMED) Act, 2006 are presented as follows:

<b>Particulars</b>	<b>As at Sep 30, 2018</b>	<b>As at March 31, 2018</b>
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year	1,200.69	336.13
(b) Interest paid during the year	-	22.87
(c) Amount of payment made to the supplier beyond the appointed day during the accounting year	4,477.29	2,724.75
(d) Interest due and payable for the period of delay in making payment	29.24	64.01
(e) Interest accrued and unpaid at the end of the accounting year	93.26	64.01
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest due above is actually paid to the small enterprise	93.26	56.33

**13 (c) Other financial liabilities**

<b>Particulars</b>	<b>As at Sep 30, 2018</b>	<b>As at March 31, 2018</b>
<b>Non-current</b>		
Security Deposit	628.31	568.29
	<b>628.31</b>	<b>568.29</b>
<b>Current</b>		
Security Deposit- current	7.70	-
Current maturity of long term borrowings	374.52	738.26
Interest accrued and due	108.51	64.01
Interest accrued but not due	83.77	105.18
Payable to employees	282.20	326.58
Deposits from customers and others	-	2.94
Book overdraft	123.46	23.81
Payable in respect of capital goods	181.87	252.77
Foreign Exchange Forward contracts (Cash flow hedge)	0.53	-
Other financial liabilities	94.84	64.02
	<b>1,257.40</b>	<b>1,577.58</b>

<b>Total</b>	<b>1,885.71</b>	<b>2,145.87</b>
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**13(d): Financial Liabilities by category**

<b>Particulars</b>	<b>FVOCI</b>	<b>Amortized Cost</b>
<b>Sep 30, 2018</b>		
Borrowings	-	8,673.59
Current maturity of long term borrowings	-	374.52
Trade payables	-	14,443.42
Security Deposits	-	636.01
Deposits from customers and others	-	-
Payable to employees	-	282.20
Interest accrued but not due	-	83.77
Interest accrued and due	-	108.51
Payable in respect of Capital goods	-	181.87
Book overdraft	-	123.46
Foreign Exchange Forward contracts (Cash flow hedge)	0.53	-
Other financial liabilities	-	94.84
<b>Total Financial liabilities</b>	<b>0.53</b>	<b>25,002.19</b>
<b>March 31, 2018</b>		
Borrowings	-	6,708.46
Current maturity of long term borrowings	-	738.26
Trade payables	-	10,679.90
Security Deposits	-	568.29
Deposits from customers and others	-	2.94
Payable to employees	-	326.58
Interest accrued but not due	-	105.18
Interest accrued and due	-	64.01
Payable in respect of Capital goods	-	252.77
Book overdraft	-	23.81
Other financial liabilities	-	64.02
<b>Total Financial liabilities</b>	<b>-</b>	<b>19,534.23</b>

For Financial instruments risk management objectives and policies, refer Note 38  
Fair value disclosure for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures are in Note 37

**Note 14: Provisions**

<b>Particulars</b>	<b>As at Sep 30, 2018</b>	<b>As at March 31, 2018</b>
<b>Long-term</b>		
<b>Provision for employee benefits (refer Note 30)</b>		

Provision for leave encashment	102.92	92.67
Provision for Gratuity	107.64	93.23
	<b>210.56</b>	<b>185.90</b>
<b>Short-term</b>		
<b>Provision for employee benefits (refer Note 30)</b>		
Provision for leave encashment	35.12	28.14
Provision for Gratuity	13.35	3.23
<b>Others</b>		
Provision for Wealth tax	0.15	0.15
Short term provision for litigation/disputed matters	129.70	134.70
	<b>178.32</b>	<b>166.22</b>
<b>Total</b>	<b>388.87</b>	<b>352.12</b>

**(a) Provision for litigation/ disputes**

The group has made provisions for pending disputed matters in respect of Indirect taxes like Sales tax, Excise duty and Customs duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

The movement in the provision account is as under:

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Balance as per last financial statements</b>	<b>134.70</b>	<b>30.00</b>
Adjustment on consolidation	-	-
Addition/(Reversal) during the year	(5.00)	104.70
<b>Balance as at the end of the year</b>	<b>129.70</b>	<b>134.70</b>

**Note 15: Other current liabilities**

Particulars	As at Sep 30, 2018	As at March 31, 2018
<b>Current</b>		
Advance from customers	46.89	58.89
Statutory dues including provident fund and tax deducted at source	332.34	259.92
Fair valuation of security deposits from customers	5.94	5.94
Deferred income for Unaccrued Sale	22.98	-
Deferred income of loyalty program reward points (Refer note a below)	51.96	73.86
<b>Total</b>	<b>460.10</b>	<b>398.60</b>

**(a) Deferred income of Loyalty Program Reward Points**

The Group has deferred the revenue related to the customer loyalty program reward points. The movement in deferred revenue for those reward points are given below:

Particulars	As at Sep 30, 2018	As at March 31, 2018
Balance as per last financial statements	73.86	28.12

Add: Deferment/ (Reversed) during the year (Net)	(21.90)	37.73
Add: Additions due to consolidation	-	8.00
<b>Balance at the end of the year</b>	<b>51.96</b>	<b>73.86</b>

**Note 16: Revenue from operations**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Sale of products	21,961.53	41,840.26
Sale of services	194.53	333.70
Operating income		
Export incentives	1.47	10.28
Miscellaneous receipts	1.26	4.78
	<b>2.73</b>	<b>15.06</b>
<b>Total</b>	<b>22,158.79</b>	<b>42,189.02</b>

**Note 17: Other income**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Interest income	5.26	33.35
Profit on sale of fixed assets (Net)	0.22	2.44
Sundry credit balances appropriated	-	55.91
Liability no longer required written back	6.33	-
Reversal of Provision for Litigation/Disputes	5.00	-
Exchange difference (net)	20.76	10.54
Miscellaneous income	13.80	23.42
<b>Total</b>	<b>51.37</b>	<b>125.66</b>

**Note 18: Cost of raw materials and components consumed**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Stock at the beginning of the year	60.84	61.93
Add: Purchases	10.20	28.13
	<b>71.04</b>	<b>90.06</b>
Less: Inventory at the end of the year	46.79	60.84
Raw materials and components consumed	24.26	29.21
<b>Total</b>	<b>24.26</b>	<b>29.21</b>

**Note 19: Purchases of stock-in-trade**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Garments	13,173.72	14,880.55
Cosmetics & Accessories	481.62	843.38
<b>Total</b>	<b>13,655.35</b>	<b>15,723.94</b>

**Note 20: Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
<b>Stock at the end of the year</b>		
Stock-in-trade	9,753.81	7,092.56
<b>Stock at the beginning of the year</b>		
Stock-in-trade	7,092.56	9,275.89
<b>(Increase) / Decrease in stocks</b>	<b>(2,661.25)</b>	<b>2,183.33</b>
Adjustment on consolidation	-	1,852.61
<b>Total</b>	<b>(2,661.25)</b>	<b>4,035.94</b>

**Note 21: Employee benefits expense**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	1,751.20	3,149.69
Contribution to provident and other funds	145.56	256.88
Welfare and training expenses	146.54	255.30
Share based payment to employees (Refer Note 33)	2.10	6.93
<b>Total</b>	<b>2,045.39</b>	<b>3,668.81</b>

**Note 22: Finance costs**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Interest expense - Loans	103.95	202.46
Interest expense - others	332.20	508.30

Other finance cost	130.06	202.59
<b>Total</b>	<b>566.21</b>	<b>913.35</b>

**Note 23: Depreciation and amortization expense**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Depreciation on Tangible assets (Refer Note 5)	618.64	1,125.69
Amortization on Intangible assets (Refer Note 6)	130.35	263.76
<b>Total</b>	<b>748.99</b>	<b>1,389.45</b>

**Note 24: Other expenses**

Particulars	April 1, 2018 to	2017-18
	Sep 30, 2018	
Power and fuel	220.49	359.50
Shared services	16.25	13.53
Insurance	25.22	46.69
Processing charges	16.86	36.35
Printing, stationery & communication	82.86	154.99
Rent Expenses	1,643.19	2,940.06
Commission & Brokerage	1,693.44	5,390.62
Rates and taxes	18.77	84.41
Repairs:		
To Building	12.16	14.84
To others	348.99	635.30
Royalty on Sales	827.56	1,531.05
Freight, insurance & clearing charge	303.75	443.50
Octroi	-	33.48
Legal & Professional charges	84.31	234.18
Housekeeping Charges	95.35	140.00
Security Charges	89.86	145.30
Computer Expenses	80.73	110.97
Conveyance & Travelling expense	178.58	286.38
Advertisement and publicity	919.54	1,424.71
Charges for Credit Card Transactions	70.95	150.64
Packing Materials Expenses	116.57	179.55
Contract Labor Charges	738.24	1,189.01
Provision for doubtful debts and advances (net)	-	5.11
Provision for doubtful debts	11.00	20.35
Provision for Litigation/Disputes	-	104.70
Sampling and Testing Expenses	49.66	198.14

Director's sitting fees	0.33	0.86
Auditor's remuneration	8.62	20.97
Business Conducting Fees	13.35	31.34
Bank charges	23.68	47.22
Warehouse Charges	77.96	188.13
Spend on CSR activities	0.75	2.39
HVAC Charges	38.31	74.13
Exchange Difference Loss (Net)	10.04	11.64
Loss on assets sold, demolished, discarded and scrapped	21.89	76.22
Miscellaneous expenses	74.32	112.07
<b>Total</b>	<b>7,913.56</b>	<b>16,438.32</b>

**Note 25: Income tax**

The major component of income tax expense for the years ended September 30, 2018 and March 31, 2018 are:

Particulars	Sep,18	2017-18
<b><u>Statement of Profit &amp; Loss</u></b>		
<b>Current Tax</b>		
Current income tax	183.65	257.30
<b>Deferred Tax</b>	-	-
Deferred tax expense/(Credit)	(183.85)	(270.83)
	-	-
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>(0.20)</b>	<b>(13.53)</b>

**OCI Section**

Particulars	Sep 30,2018	2017-18
	in Rs.	in Rs.
<b><u>Statement to Other comprehensive income (OCI)</u></b>		
Deferred tax expense/(Credit)	(6.85)	(7.09)
<b>Deferred tax charged to OCI</b>	<b>(6.85)</b>	<b>(7.09)</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the period and year ended Sep 30, 2018 and March 31, 2018.

**A) Current tax**

Particulars	Sep 30,2018	2017-18
<b>Accounting profit before tax</b>	(82.35)	115.66

Tax at 34.944% (March 31, 2018 34.944%)	(28.77)	33.35
<b><u>Adjustments</u></b>	-	-
Expenses allowable over period	(2.53)	(4.18)
Difference in Tax Rates for certain entities of the Group	10.65	(80.82)
Expenditure not deductible for Tax	16.98	19.58
Non-recognition of deferred tax assets due to absence of probable certainty of reversal in future	3.27	18.21
Others	0.22	0.33
<b>At the effective income tax rate of 0.24% (March 31, 2018: -11.7%)</b>	<b>(0.20)</b>	<b>(13.53)</b>

#### B) Deferred tax

Particulars	Balance Sheet		Statement of Profit & Loss	
	Sep 30, 2018	March 31, 2018	Sep 30, 2018	2017-18
Accelerated depreciation for tax purposes	819.58	720.83	98.75	280.74
Expenditure allowable on payment basis (43 B/40a)	111.35	92.94	18.41	25.08
Expenditure allowable over the period (Section 35D / 35DD)	0.19	0.25	(0.06)	4.28
Expenses on Employee Stock Option	1.04	0.85	0.19	0.85
Unused losses available for offsetting against future taxable income	1,099.82	1,147.80	(47.98)	(159.08)
Unabsorbed depreciation & business loss	-	-	-	-
Allowance for Doubtful Receivables/Advances	1.73	1.73	0.00	(56.06)
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	98.32	98.32	-	-
Provision for doubtful debt	-	-	-	-
Deferred Tax on unrealized profit	397.21	272.56	124.66	157.79
Others	23.47	26.73	(3.26)	24.31
<b>Deferred tax (expense)/income</b>	<b>-</b>	<b>-</b>	<b>190.70</b>	<b>277.92</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>2,552.71</b>	<b>2,362.01</b>	<b>-</b>	<b>-</b>

#### Reconciliation of Deferred Tax Assets/(Liabilities), Net

Particulars	Sep 30, 2018	2017-18
<b>Opening balance as at April 1</b>	<b>2,362.01</b>	<b>2,114.54</b>



Adjustment on Consolidation	-	(30.45)
Tax income/(expense) during the period recognised in profit or loss	183.86	270.83
Tax income/(expense) during the period recognised in OCI	6.85	7.09
<b>Closing balance as at Sep 30/ March 31</b>	<b>2,552.71</b>	<b>2,362.01</b>

**Note 26: Contingent liabilities/Assets**

Particulars	Period Year ended Sep 30,	Year ended March 31,
	2018	2018
<b>Contingent liabilities not provided for</b>		
a. Bills discounted	345.65	157.33
b. Claims against the Group not acknowledged as debts	100.61	66.64
c. Disputed demands in respect of		
Excise/Customs duty	255.98	145.52
Sales tax/ GST	1,634.37	2,096.39
Income tax	40.37	40.37
Textile Committee Cess	1.09	1.09
Provident Fund	7.56	7.56
d. Guarantee given by bank on behalf of the group	43.30	151.51

**Notes:**

"(a) It is not practical for the group to estimate the timing of cash outflows, if any, respect of the (c.) above pending resolution of the respective proceedings"

(b) The group does not expect any reimbursements in respect of the above Contingent liabilities

(c) Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the Company has collected forms covering substantial amount of demand.

The Company is in the process of collecting balance forms and hence no provision is considered necessary for the same.

**Note 27: Capital commitment and other commitments**

Particulars	Period Year ended Sep	Year ended March 31,
	30, 2018	2018
<b>Capital commitments</b>		

Estimated amount of Contracts remaining to be executed on capital account and not provided for	363.13	226.63
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**Note 28: Foreign Exchange Derivatives and Exposures not hedged**

**A. Foreign Exchange Derivatives**

Nature of instrument	Currency	Period Year ended Sep 30, 2018		Year ended March 31, 2018	
		Foreign Currency in Millions	₹ in Millions	Foreign Currency in Millions	₹ in Millions
Forward contracts Purchase	USD	3.38	203.09	4.28	278.50

**B. Exposure Not Hedged**

Nature of exposure	Currency	Period Year ended Sep 30, 2018		Year ended March 31, 2018	
		Foreign Currency in Millions	₹ in Millions	Foreign Currency in Millions	₹ in Millions
Receivables	USD	0.52	37.48	1.23	80.20
Payable towards borrowings	USD	1.72	124.43	5.43	353.94
Payable to creditors	USD	14.64	1,061.37	3.75	244.37
	EURO	0.26	101.44	0.26	20.72
	GBP	0.05	4.84	-	-
	SEK	0.12	0.97	0.09	0.75

**Note 29: Segment Reporting**

"Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108."

"Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group.

The Group's business activity falls within a single operating business segment of Branded Appeals (Garments and Accessories) through Retail and Departmental Store facilities.

**Geographical segment**

Geographical segment is considered based on sales within India and rest of the world.

Particulars	Sep 30, 2018	2017-18
<b>Segment Revenue*</b>		
a) In India	22,065.04	41,902.55
b) Rest of the world	93.75	286.47

<b>Total Sales</b>	<b>22,158.79</b>	<b>42,189.02</b>
<b>Carrying Cost of Segment Assets**</b>	-	-
a) In India	37,218.01	31,694.72
b) Rest of the world	25.87	80.20
<b>Total</b>	<b>37,243.88</b>	<b>31,774.92</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>	-	-
a) In India	5,275.74	5,435.97
b) Rest of the world	-	-
<b>Total</b>	<b>5,275.74</b>	<b>5,435.97</b>

\* Based on location of Customers

\*\* Based on location of Assets

@ Excluding Financial Assets and Deferred Tax assets.

**Note:**

Considering the nature of business of group in which it operates, the group deals with various customers including multiple geographics. Consequently, none of the customer contribute materially to the revenue of the group.

**Note 30: Disclosure pursuant to Employee benefits**

**A. Defined Contribution Plans**

An amount of Rs. 96.97 million (Mar 31, 2018 - Rs. 178.34 million) is recognised as expense and included in the note 21 "Employee benefit expenses"

Particulars	As at 30 Sep 2018	As at 31 Mar 2018
	Provident Fund and Superannuation Fund	96.97
	<b>96.97</b>	<b>178.34</b>

**A. Defined Benefit Plans**

The Group has following post employment benefits which are in the nature of defined benefit plans:

**Gratuity**

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

**Sep 30,2018: Changes in defined benefit obligation and plan assets**

Particulars	April 1st, 2018	Gratuity cost charged to statement of profit and loss			
		Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid

Defined benefit obligation	144.54	21.52	4.44	25.96	(9.41)
Fair value of plan assets	(48.07)	-	(2.44)	(2.44)	9.41
Benefit liability	96.46	21.52	2.00	23.52	-
	-	-	-	-	-
<b>Total benefit liability</b>	<b>96.46</b>	<b>21.52</b>	<b>2.00</b>	<b>23.52</b>	<b>-</b>

Particulars	Remeasurement gains/(losses) in other comprehensive income					Increase (decrease) due to effect of business combination
	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	
Defined benefit obligation	-	-	(9.66)	5.73	(3.93)	-
Fair value of plan assets	7.44	-	-	-	7.44	-
Benefit liability	7.44	-	(9.66)	5.73	3.51	-
<b>Total benefit liability</b>	<b>7.44</b>	<b>-</b>	<b>(9.66)</b>	<b>5.73</b>	<b>3.51</b>	<b>-</b>

Particulars	Contributions by employer	Sep 30, 2018
Defined benefit obligation	-	157.16
Fair value of plan assets	(2.50)	(36.17)
Benefit liability	(2.50)	120.99
	-	
<b>Total benefit liability</b>	<b>(2.50)</b>	<b>120.99</b>

**March 31, 2018: Changes in defined benefit obligation and plan assets**

Particulars	April 1st, 2017 *	Gratuity cost charged to statement of profit and loss			
		Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid
Defined benefit obligation	101.51	45.43	6.59	52.03	(17.13)

Fair value of plan assets	(40.40)	-	(2.49)	(2.49)	16.50
Benefit liability	61.11	45.43	4.10	49.53	(0.62)
<b>Total benefit liability</b>	<b>61.11</b>	<b>45.43</b>	<b>4.10</b>	<b>49.53</b>	<b>(0.62)</b>

\* includes adjustments due to consolidation

Particulars	Remeasurement gains/(losses) in other comprehensive income				
	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI
Defined benefit obligation	-	-	(3.20)	11.33	8.13
Fair value of plan assets	(15.25)	-	0.07	-	(15.18)
Benefit liability	(15.25)	-	(3.13)	11.33	(7.05)
<b>Total benefit liability</b>	<b>(15.25)</b>	<b>-</b>	<b>(3.13)</b>	<b>11.33</b>	<b>(7.05)</b>

Particulars	Contributions by employer	March 31, 2018
Defined benefit obligation	-	144.54
Fair value of plan assets	(6.50)	(48.07)
Benefit liability	(6.50)	96.46
<b>Total benefit liability</b>	<b>(6.50)</b>	<b>96.46</b>

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

Particulars	Period ended Sep 30, 2018	Year ended March 31, 2018
	(%) of total plan assets	(%) of total plan assets
Others (Insurance company Products)	100%	100%
<b>(%) of total plan assets</b>	<b>100%</b>	<b>100%</b>

The principal assumptions used in determining above defined benefit obligations for the Group's plans are shown below:

Particulars	Period ended Sep 30, 2018	Year ended March 31, 2018
Discount rate	8.10% - 8.30%	7.31% to 7.60%
Future salary increase	5% to 12%	5% to 12%
Expected rate of return on plan assets	8.10% - 8.30%	7.31% to 7.60%
Attrition rate	7% to 20%	7% to 20%

Mortality rate during employment	Indian assured lives Mortality (2006-08)	Indian assured lives Mortality (2006-08)
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A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	increase / (decrease) in defined benefit obligation (Impact)	
		Period ended Sep 30, 2018	Year ended March 31, 2018
		Rs. In Mn	Rs. In Mn
<b>Gratuity</b>			
Discount rate	50 basis points increase	(5.52)	(11.07)
	50 basis points decrease	5.95	0.61
Salary increase	50 basis points increase	5.79	6.11
	50 basis points decrease	(5.41)	(5.71)
Attrition rate	50 basis points increase	1.00	0.44
	50 basis points decrease	(1.12)	(0.53)

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	Period ended Sep 30, 2018	Year ended March 31, 2018
	Rs. In Mn	Rs. In Mn
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	8.07	10.22
Between 2 and 5 years	74.52	81.09
Beyond 5 years	220.21	220.52
	<b>302.80</b>	<b>311.83</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

Particulars	Period ended Sep 30, 2018	Year ended March 31, 2018
<b>Gratuity</b>	6 years to 11 years	5.29 years to 11 years

### C. Leave encashment

Salaries, Wages and Bonus include Rs. 32.13 million (Previous Year Rs. 51.29 million) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

### Note 31: Disclosure pursuant to Related Party

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows:

**a) Name of Related Parties and Nature of Relationship:**

Holding Company		Fellow Subsidiary Companies		Key Managerial Personnel and relatives	
Sr No.	(A)	Sr No.	(B)	Sr No.	(C)
1	Arvind Limited	1	Arvind Envisol Limited	1	Shri Sanjay S Lalbhai
		2	Arvind Goodhill Suit Manufacturing Private Limited	2	Shri Jayesh K Shah
		3	Arvind True Blue Limited	3	Shri Kulin S. Lalbhai
		4	Arvind Premium Retail Limited	4	Mr. Kannan Soundararajan
		5	Arvind Ruf & Tuf Pvt. Limited		

Joint Venture /LLP of Ultimate Holding Company		Joint Venture Partners		Owned/ controlled by the joint ventures partners directly/ Indirectly	
Sr No.	(D)	Sr No.	(D)	Sr No.	(E)
1	Arya Omnitalk Radio Trunking Services Private Limited	1	PVH Singapore Private Limited	1	PVH Corp.
2	Arvind & Smart Value Homes LLP	2	Tommy Hilfiger Europe B.V.	2	Tommy Hilfiger (HK) Limited
3	Arudrama Developers Private Limited	3	PVH B.V.	3	Tommy Hilfiger Licensing LLC
4	Enkay Converged Technologies LLP			4	PVH Hongkong Services Limited
				5	PVH Asia Limited
				6	PVH Far East Limited
				7	PVH Europe, Inc
				8	PVH Neckwear Inc.
				9	Calvin Klein Inc.
				10	Calvin Klein Europe BV

Company under the control of Key Managerial Personnel of Ultimate Holding Company		Company under the control of Non Executive Directors	
Sr No.	(F)	Sr No.	(G)
1	Aura Securities Private Limited	1	Multiples Private Equity Fund II LLP

**(b)**

Nature of Transactions	Period ended	Year Ended
	Sep 30,2018	March 31,2018
<b>Purchase of Goods and Materials</b>		
Arvind Limited	117.44	250.97
Arvind Goodhill Suit Manufacturing Private Limited	68.14	103.50
Tommy Hilfiger Europe B.V.	-	4.65
Aura Securities Private Limited	-	0.52
PVH Asia Limited	302.03	390.78
PVH Far East Limited	9.52	14.57
Calvin Klein Europe BV	-	0.28
PVH Neckwear Inc.	-	0.04
<b>Purchase return</b>		
Arvind Limited	28.49	-
<b>Sales of Goods and Materials</b>		
Arvind Limited	30.84	129.88
Arvind Goodhill Suit Manufacturing Private Limited	-	0.11
Arvind Internet Limited	-	(4.97)
Aura Securities Private Limited	-	(0.70)
<b>Sales return</b>		
Arvind Limited	27.66	-
<b>Remuneration/ Sitting Fees</b>		
Mr. Kannan Soundararajan	9.75	15.02
Shri Sanjay S. Lalbhai	0.02	0.05
Shri Jayesh K. Shah	0.13	0.13
Shri Kulin S. Lalbhai	0.03	0.08
<b>Receiving of Services</b>		
Arvind Limited	41.30	67.77
Tommy Hilfiger Europe B.V.	146.66	245.75
Aura Securities Private Limited	2.14	9.08
Calvin Klein Inc.- Royalty	68.01	125.69
<b>Rendering of Services</b>		
Arvind Limited	67.05	86.35



Arvind True Blue Limited	3.29	5.89
Arvind Ruf & Tuf Pvt. Limited	-	0.39
<b>Other Expenses</b>		
Tommy Hilfiger Europe B.V.	-	5.67
Tommy Hilfiger Licensing LLC	-	0.26
PVH Corp	-	0.79
Arvind Limited	0.44	-
<b>Purchase of Assets</b>		
Arvind Limited	3.11	1.70
Calvin Klein Inc.	-	71.42
<b>Interest Expense</b>		
Arvind Limited	0.37	73.41
Arvind Envisol Ltd	69.48	1.60
<b>Interest Income</b>		
Arvind Envisol Limited	-	0.51
<b>Others - Shared Services</b>		
Arvind Limited	22.77	3.02
Arvind True Blue Ltd	5.28	2.49
<b>Buying office commission</b>		
Tommy Hilfiger (HK) Limited	-	43.97
Tommy Hilfiger Europe B.V.	6.86	20.81
Tommy Hilfiger Licensing LLC	-	0.26
PVH Corp	-	2.17
PVH Hongkong Services Limited	16.00	6.86
PVH Asia Limited	1.62	3.02
PVH Far East Limited	0.39	0.25
PVH Europe, Inc	2.38	0.05
<b>Receivable in respect of Current Assets</b>		
Arvind Limited	145.36	124.53
Arvind Limited- Internet Division	11.94	-
Mr. Kannan Sundarajan	-	10.00
Arvind Premium Retail Limited	0.00	-
Arvind True Blue Ltd	8.85	0.97

<b>Payable in respect of Loan</b>		
Arvind Limited	-	10.18
Arvind Envisol Limited	2,866.81	536.89
<b>Loan Given/(Repaid) (Net)</b>		
Arvind Limited	(10.18)	1,351.93
Arvind Envisol Limited	2,038.63	-
<b>Issue of Equity Shares</b>		
Arvind Limited	-	2,690.69
Multiples Private Equity Fund II LLP	-	21.64
<b>Payable in respect of Current Liabilities</b>		
Arvind Limited	404.14	408.38
Arvind Goodhill Suit Manufacturing Private Limited	54.47	29.76
Arvind Ruf and Tuf Pvt Ltd	-	0.81
Tommy Hilfiger Europe B.V.	70.21	69.82
Tommy Hilfiger (HK) Limited	2.72	5.03
Tommy Hilfiger Licensing LLC	0.29	0.29
PVH Hongkong Services Limited	6.86	6.86
Aura Securities Private Limited	-	2.11
PVH Asia Limited	180.71	103.18
Calvin Klein Inc.	31.44	31.61
PVH Far East Limited	4.65	6.14
Arvind Ruf and Tuf Pvt Ltd	1.04	-
Calvin Klein Europe BV	-	0.28
PVH Europe, Inc	-	0.06
<b>Payments made on behalf of the Company by related parties</b>		
PVH Far East Limited	13.64	0.06
<b>Liability no longer required, written back</b>		
PVH Asia Limited	-	52.90
Calvin Klein Inc.	-	3.01

**C Transactions and Balances:**

Particulars	Holding Company		Fellow Subsidiary and Joint Venture Subsidiary of Holding Company	
	Period Ended	Year ended	Period Ended	Year ended
	Sep-30,2018	March-31,2018	Sep-30,2018	March-31,2018
<b>Transactions</b>				

Purchase of Goods and Materials	117.44	250.97	68.14	103.50
Purchase Return	28.49	-	-	-
Purchase of Property, Plant & Equipment	3.11	1.70	-	-
Sales of Goods and Materials	30.84	129.88	-	(4.86)
Sales Return	27.66	-	-	-
Receiving of Services	41.30	67.77	-	-
Rendering of Services	67.05	86.35	3.29	6.29
Interest Expense	0.37	73.41	69.48	1.60
Other Expenses	0.44	-	-	-
Interest Income	-	-	-	0.51
Others	22.77	3.02	5.28	2.49
Loan Given/(Repaid) (Net)	(10.18)	1,351.93	2,038.63	-
Issue of Equity Shares	-	2,690.69	-	-
Liability no longer required, written back	-	-	-	-
Payments made on behalf of related parties	-	-	-	-

Particulars	Key Managerial Personnel		Joint Venture Partners/ LLP of the Company	
	Period ended	Period ended	Period ended	Year ended
	Sep-30,2018	March-31,2018	Sep-30,2018	March-31,2018
<b>Transactions</b>				
Purchase of Goods and Materials	-	-	-	4.65
Receiving of Services	-	-	146.66	245.75
Remuneration/Sitting Fees	9.93	15.28	-	-
Other Expenses	-	-	6.86	26.47

Particulars	Owned/Controlled by the joint venture partners directly/ indirectly		Company under the control of Relative of Key Managerial Personnel of Holding Company	
	Period ended	Year ended	Period ended	Year ended
	Sep-30,2018	March-31,2018	Sep-30,2018	March-31,2018
<b>Transactions</b>				

Purchase of Goods and Materials	311.55	405.67	-	0.52
Purchase of Property, Plant & Equipment	-	71.42	-	-
Sales of Goods and Materials	-	-	-	(0.70)
Receiving of Services	68.01	125.69	2.14	9.08
Rendering of Services	-	-	-	-
Other Expenses	20.39	57.63	-	-
Issue of Equity Shares	-	-	-	21.64
Liability no longer required, written back	-	55.91	-	-
Payments made on behalf of related parties	13.64	0.06	-	-

Particulars	Holding Company		Fellow Subsidiary Joint Venture Subsidiary of Holding Company		Key Managerial Personnel		Joint Venture Partners/ LLP of the Company		Owned/Controlled by the joint venture partners directly/ indirectly		Company under the control of Relative of Key Managerial Personnel of Holding Company	
	Period Ended	Year Ended	Period Ended	Year Ended	Period Ended	Year Ended	Period Ended	Year Ended	Period Ended	Year Ended	Period Ended	Year Ended
	Sep 30, 2018	Mar 31, 2018	Sep 30, 2018	Mar 31, 2018	Sep 30, 2018	Mar 31, 2018	Sep 30, 2018	Mar 31, 2018	Sep 30, 2018	Mar 31, 2018	Sep 30, 2018	Mar 31, 2018
<b>Balances as at year end</b>												
Guarantees												
Trade and Other Receivable	157.30	124.53	8.85	0.97	-	10.00	-	-	-	-	-	-
Receivable/(Payable) in respect of Loans	-	(10.18)	(2,866.81)	(536.89)	-	-	-	-	-	-	-	-
Trade and Other Payable	404.14	408.38	55.52	30.57	-	-	70.21	69.82	226.66	153.43	-	2.11

#### D. Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.

#### E. Commitments with related parties

The Company has not provided any commitment to the related party as at Sep 30, 2018 (March 31, 2018: Rs. Nil)

#### F. Transactions with key managerial personnel

Compensation of key managerial personnel of the Company

Particulars	Sep 30, 2018	2017-18
	Rupees in Mn	Rupees in Mn
Short-term employee benefits	9.64	14.25
Termination benefits	-	0.39
Share based payments	0.11	0.38
<b>Total compensation paid to key managerial personnel</b>	<b>9.75</b>	<b>15.02</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

**Note 32: Earning per share**

<b>Particulars</b>	<b>Sep 30,2018</b>	<b>March 31,2018</b>
<b>Earning per share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	(99.04)	144.65
	-	-
Total no. of equity shares at the end of the year	115851454	115851454
<b>Weighted average number of equity shares</b>		
For basic EPS	115851454	113638120
For diluted EPS	118825808	116605967
Nominal value of equity shares	2.00	2.00
Basic earnings per share	(0.85)	1.27
Diluted earnings per share	(0.83)	1.24
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	115851454	113638120
Effect of dilution: Share options	2974354	2967847
Weighted average number of equity shares adjusted for the effect of dilution	118825808	116605967

**Note 33: Share based payments**

The Company has instituted Employee Stock Option Scheme 2016 (“ESOP 2016”). Under ESOP 2016 the Company, at its discretion, may grant share option to the senior employees of the Company, Holding Company and its Subsidiary Company.

**Expense arising from share- based payment transactions**

Total expenses arising from share- based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

<b>Particulars</b>	<b>Sep 30,2018</b>	<b>March 31,2018</b>
Employee option plan	2.10	6.93
<b>Total employee share based payment expense</b>	<b>2.10</b>	<b>6.93</b>

**Note 34: Lease Rent****Operating Lease**

(A) Showrooms and other facilities are taken on lease period of 1 to 9 years with option of renewal.

The particulars of these leases are as follows:

Particulars	Period ended	
	Sep 30, 2018	March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	471.30	635.39
Later than one year and not later than five years	628.67	758.94
Later than five years	32.44	64.46
Lease Payment recognised in Statement of Profit and Loss	1,607.50	2,877.06

(B) Plant & Machineries are taken on operating lease for a period of 5 years with the option of renewal

The particulars of these leases are as follows:

Particulars	Period Ended	
	Sep 30, 2018	March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	64.02	62.49
Later than one year and not later than five years	128.69	155.53
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	35.69	63.00

(C) Sub-lease income includes receipt towards office premises, and Sub-lease agreement is for a period of 60 months. Sub-lease income received (or receivable) recognized in the Statement of Profit and Loss amounts to Rs. Nil (Previous Year Rs. 1.08 million)

**Note 35: Corporate Social Responsibility (CSR) Activities**

(a) The group is required to spend Rs. 0.75 million (March 31, 2018 - Rs 2.39 million) on CSR Activities

(b) Amount spent during the year on:

Particulars	Period ended			Year ended		
	Sep 30, 2018			March 31, 2018		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	0.75	-	0.75	2.39	-	2.39

**Note 36: Fair value disclosures for financial assets and financial liabilities**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying amount		Fair value	
	As at Sep 30, 2018	As at March 31, 2018	As at Sep 30, 2018	As at March 31, 2018
<b>Financial assets</b>				
Investments measured at fair value through OCI	0.01	0.02	0.01	0.02
Investments measured at amortized cost	0.15	0.15	0.15	0.15
Loans	129.08	-	129.08	-
Other financial assets	-	1.42	-	1.42
<b>Total</b>	<b>129.24</b>	<b>1.59</b>	<b>129.24</b>	<b>1.59</b>
	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	7,504.95	6,025.16	7,504.95	6,030.32
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>7,504.95</b>	<b>6,025.16</b>	<b>7,504.95</b>	<b>6,030.32</b>

The management assessed that the fair values of cash and cash equivalents, other bank balances, loans trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.



### Note 37: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>As at Sep 30, 2018</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	<b>Sep 30, 2018</b>	<b>0.01</b>	0.01	-	-
Foreign exchange forward contracts (Cash flow hedge)	<b>Sep 30, 2018</b>	-	-	-	-
<b>As at March 31, 2018</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	<b>March 31, 2018</b>	<b>0.02</b>	0.02	-	-
Foreign exchange forward contracts (Cash flow hedge)	<b>March 31, 2018</b>	<b>1.42</b>	-	1.42	-

#### Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There is no transfer between level 1, 2 and 3 during the year.

### **Note 38: Financial instruments risk management objectives and policies**

The Group's principal financial liabilities, other than derivatives, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

"The Group's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Group's risk management is carried out by a Treasury department under policies approved by the Board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity."

#### **(a)Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, Group has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%
- 10% increase / decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

"The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at Sep 30, 2018 and March 31, 2018 including the effect of hedge accounting."

#### **Interest rate risk**

"Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Group seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest

rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Group either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.”

As at Sep 30, 2018, approximately 66% of the Group's Borrowings are at fixed rate of interest (March 31, 2018: 33%)

### **Interest rate sensitivity**

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

<b>Particulars</b>	<b>Effect on profit before tax</b>	<b>Effect on pre-tax equity</b>
<b>Sep 30, 2018</b>		
Increase in 50 basis points	<b>(15.36)</b>	<b>(15.36)</b>
Decrease in 50 basis points	<b>15.36</b>	<b>15.36</b>
<b>March 31, 2018</b>		
Increase in 50 basis points	<b>(25.09)</b>	<b>(25.09)</b>
Decrease in 50 basis points	<b>25.09</b>	<b>25.09</b>

### **Exclusion from this analysis are as follows:**

- Fixed rate financial instruments measured at cost: Since a change in interest rate would not change the carrying amount of this category of instruments, there is no net income impact and they are excluded from this analysis
- The effect of interest rate changes on future cash flows is excluded from this analysis.

### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currency, primarily in USD. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Group may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the Group.

The Group manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Group given in Note no.28

### **Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, SEK and SGD rates to the functional currency of respective entity, with all other variables held constant. The Group’s exposure to foreign

currency changes for all other currencies is not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the fair value of foreign currency monetary items designated as cash flow hedge.

	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
<b>Sep 30, 2018</b>	+2%	(27.55)	(27.55)
	-2%	27.55	27.55
<b>March 31, 2018</b>	+2%	(16.14)	(16.14)
	-2%	16.14	16.14

	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
<b>Sep 30, 2018</b>	+2%	(0.95)	(0.95)
	-2%	0.95	0.95
<b>March 31, 2018</b>	+2%	(0.86)	(0.86)
	-2%	0.86	0.86

	Change in SEK rate	Effect on profit before tax	Effect on pre-tax equity
<b>Sep 30, 2018</b>	+2%	(0.02)	(0.02)
	-2%	0.02	0.02
<b>March 31, 2018</b>	+2%	(0.01)	(0.01)
	-2%	0.01	0.01

	Change in GBP rate	Effect on profit before tax	Effect on pre-tax equity
<b>Sep 30, 2018</b>	+2%	(0.10)	(0.10)
	-2%	0.10	0.10
<b>March 31, 2018</b>	+2%	0.00	0.00
	-2%	0.00	0.00

The movement in the pre-tax effect is a result of a change in the fair value of financial instruments not designated in a hedge relationship. Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

### Equity price risk

"The Group's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Group and are not hedged.

As at Sep 30, 2018, the exposure to listed equity securities at fair value was Rs. 12,018 A decrease of 10% on the BSE market index could have an impact of approximately Rs. 1,202 on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss. "

## Credit risk

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

## Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

## Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Group monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Group's maximum exposure to credit risk for the components of the Balance sheet as of Sep 30, 2018 and March 31, 2018 is the carrying amount as disclosed in Note 36.

## Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<b>Particulars</b>	<b>Less than 1 year</b>	<b>1 year or more</b>
	<b>(Rs. in Mn)</b>	<b>(Rs. in Mn)</b>
<b>Period ended Sep 30, 2018</b>		
Interest bearing borrowings*	8,877.49	170.61
Trade payables	14,443.42	-
Security deposits from customers	7.70	628.31
Other financial liabilities#	1,249.70	-

	<b>24,578.31</b>	<b>798.93</b>
<b>Year ended March 31, 2018</b>		
Interest bearing borrowings*	6,640.46	806.26
Trade payables	10,839.02	-
Security deposits from customers	2.94	130.34
Other financial liabilities#	837.01	438.03
	<b>18,319.44</b>	<b>1,374.63</b>

\* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

# Other financial liabilities include interest accrued but not due of Rs. 83.77 million (March 31, 2018: Rs. 101.82 million)

### Note 39: Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

Particulars	Year ended Sep 30, 2018	Year ended March 31, 2018
	Amount Rs. in Mn	Amount Rs in Mn
Interest-bearing loans and borrowings (Note 13)	9,048.11	7,446.73
Less: cash and cash equivalent (including other bank balance) (Note 7)	(111.94)	(284.28)
<b>Net debt</b>	<b>8,936.17</b>	<b>7,162.45</b>
Equity share capital (Note 11)	231.70	231.70
Other equity (Note 12)	10,256.28	10,366.07
Total capital	<b>10,487.98</b>	<b>10,597.78</b>
<b>Capital and net debt</b>	<b>19,424.15</b>	<b>17,760.23</b>
Gearing ratio	<b>46%</b>	<b>40%</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended Sep 30, 2018 and March 31, 2018

**Loan covenants**

Under the terms of the major borrowing facilities, the Group has complied with the required financial covenants through out the reporting periods.

**Note 40: Standards issued but not yet effective**

The standard issued, but not yet effective up to the date of issuance of the Group's financial statements is disclosed below. The Company intends to adopt this standard from the start of the accounting period commencing from 1 April 2019.

**Ind AS 116 - LEASES**

In Feb 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("Amended Rules"). As per the amended rules, IND AS 116 "Leases" is applicable for all accounting periods commencing on or after 1 April 2019. The Company is evaluating its impact on Accounting and Disclosures

**Note 41: Application of new accounting standard****Ind AS 115: Revenue from Contracts with Customers**

Ind AS 115 - A new accounting standard on revenue recognition w.e.f. 01 April 2018

- Principle changed from 'transfer of risks and rewards' to 'transfer of control'.
- Applied the retrospective approach and hence the financial statement of 2017-18 have also been reinstated.
  
- Key impact of applying new accounting standard: Sales made on 'Sale or return' (SOR) have been recorded on gross basis and dealer margin as cost. This has resulted in increase in sales value in the period Apr to Sep 2018 and FY 2017-18.

**Note 42: Changes in non-controlling interest**

During the year ended on March 31, 2018, Group acquired 9714 equity shares of Calvin Klein Arvind Fashions Private Limited of Rs 10 each at a premium of Rs 2624.68, thus increasing the controlling interest in such subsidiary to 50% from 49%. On the date of purchase of equity shares, the carrying amount of controlling and non-controlling interest have been adjusted to reflect the changes in their relative interest in Calvin Klein Arvind Fashions Private Limited and consequently, the change of Rs. 2,33,32,642/- is recognised as directly in equity as attributable to the equity shareholders of the Group.

**Note 43: Business Combinations**

a) Effective from 1st April 2017, in accordance with the amendment in the contractual terms, the group have consolidated Tommy Hilfiger Arvind Fashion Private Limited and Calvin Klein Arvind Fashion Private Limited as subsidiaries. The said entities were equity accounted as controlled joint venture in the consolidated financial statements till 31st March 2017.

b) The Board of Directors of Arvind Limited, Holding Company, in its meeting dated November 8, 2017 has approved scheme of arrangement between Arvind Limited, Arvind Fashion Limited (Company), its Shareholders and Creditors whereby it is proposed to demerge Branded Apparels undertaking from Arvind Limited to Company with effect from date of scheme. The Scheme has been sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad on October 26, 2018. Pending receipt of order and other condition precedent in the Scheme, the Company has not given the effect of the Scheme in these financials.

**Note 44: Regrouped, Recast, Reclassified**

Figures of the earlier year have been regrouped or reclassified to conform to Ind AS presentation requirements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of financial condition and results of operations should be read in conjunction with "Financial Information" on page 116, prepared in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "Financial Statements" on page 116*

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on the Restated Consolidated Financial Information included in this Information Memorandum. For further details, see "Financial Information" on page 116. Unless the context otherwise requires, in this section, references to "The Group" refers to Arvind Fashions Limited on a consolidated basis and references to "the Company" or "our Company" refers to Arvind Fashions Limited on a standalone basis.*

*Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. The company has not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Information Memorandum, nor do we provide a reconciliation of financial information to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial information included in this Information Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices.*

*This discussion contains forward-looking statements and reflects current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" on page 11.*

### Overview

Arvind Fashions Limited ("The Company") is engaged in the business of distribution and sales of Readymade Garment Apparels and Accessories on wholesale model.

The Company is a subsidiary of Arvind Limited and is incorporated under the provisions of the Companies Act, 2013 applicable in India. The registered office of the Group is located at Naroda Road, Ahmedabad - 380025.

The Company is holding 100% investment in the equity of Arvind Lifestyle Brands Ltd, Arvind Beauty Brands Retail Private Limited and 50 % investment in the equity of Tommy Hilfiger Arvind Fashions Private Limited, Calvin Klein Arvind Fashions Private Limited.

The brands portfolio of the Group includes International brands on License such as Arrow, Us Polo, Tommy Hilfiger, Calvin Klein, Ed Hardy, Cherokee, Aeropostale, Elle, IZOD, TCP, Gant, GAP and Nautica. Domestic Brands includes Flying Machine and also retail format "Unlimited".

### *Introduction of Ind AS and impact on preparation and presentation of future and historical financial statements*

#### **Compliance with Ind AS**

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

The Group prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act.

#### **Historical Cost Convention**

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value
- Derivative financial instruments measured at fair value;
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use



## **RESULTS OF OPERATIONS**

The following table sets forth certain information with respect to results of operations for the periods indicated:

### **A) Consolidated Profit & Loss account**

Particulars.	Period Ended Sep-18		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue
		(%)		(%)		(%)		(%)
<b>Revenue</b>								
Revenue from operations and other operating income	22,158.79	99.77%	42,189.02	99.70%	12,921.91	99.82%	-	-
Other Income	51.37	0.23%	125.66	0.30%	23.61	0.18%	-	-
<b>Total revenue</b>	<b>22,210.16</b>	<b>100.00%</b>	<b>42,314.67</b>	<b>100.00%</b>	<b>12,945.52</b>	<b>100.00%</b>	-	-
Employee benefits expense	2,045.39	9.21%	3,668.81	8.67%	1,115.58	8.62%	-	-
Finance costs	566.21	2.55%	913.35	2.16%	325.90	2.52%	-	-
Depreciation and amortization expenses	748.99	3.37%	1,389.45	3.28%	429.58	3.32%	-	-
Provisions and write-off	11.00	0.05%	130.16	0.31%	2.56	0.02%	-	-
Other expenses	7,902.56	35.58%	16,308.16	38.54%	4,093.95	31.62%	-	-
Purchases and Cost of Raw Materials and accessories consumed	11,018.36	49.61%	19,789.09	46.77%	6,958.54	53.75%	-	-
<b>Total expenses</b>	<b>22,292.51</b>	<b>100.37%</b>	<b>42,199.02</b>	<b>99.73%</b>	<b>12,926.12</b>	<b>99.85%</b>	-	-
Share of profit of equity accounted investee (net of tax)	-	-	-	-	(31.78)	(0.25%)	-	-
<b>Profit before exceptional items and tax</b>	<b>(82.35)</b>	<b>(0.37%)</b>	<b>115.66</b>	<b>0.27%</b>	<b>19.40</b>	<b>0.15%</b>	-	-
Exceptional Items	-	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>(82.35)</b>	<b>(0.37%)</b>	<b>115.66</b>	<b>0.27%</b>	<b>19.40</b>	<b>0.15%</b>	-	-
- Current tax	183.66	0.83%	257.30	0.61%	2.82	2.82	-	-
- Deferred tax (credit)/ charge	(183.86)	(0.83%)	(270.83)	(0.64%)	(165.18)	(1.28%)	-	-
<b>Total</b>	<b>(0.20)</b>	<b>0.00%</b>	<b>(13.53)</b>	<b>(0.03%)</b>	<b>(162.36)</b>	<b>(1.25%)</b>	-	-
<b>Profit after tax, as restated</b>	<b>(82.15)</b>	<b>(0.37%)</b>	<b>129.19</b>	<b>0.31%</b>	<b>149.97</b>	<b>1.16%</b>	-	-

1. In Sep 2018 Financials for the year ended March 31, 2018 was reinstated due to the implementation of IND AS 115 for comparative presentation.
2. Financials for the year ended March 2018 are not comparable with that of year ended March 2017, due to Arvind Fashions Limited had commenced its operations from November 2016 and Consolidation of Subsidiary (i.e. Tommy Hilfiger Arvind Fashion Pvt Ltd and Calvin Klein Arvind Fashion Pvt Ltd) is from April 2017.

**B) Standalone Profit & Loss account:**

The following table sets forth certain information with respect to results of operations for standalone company for the periods indicated:

Particulars	Fiscal 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue	₹ million)	Percentage of total revenue
		(%)		(%)		(%)		(%)
<b>Revenue</b>								
Revenue from operations and other operating income	5,183.26	99.61%	10,009.41	99.89%	2,922.87	99.80%	-	-
Other Income	20.44	0.39%	10.84	0.11%	5.73	0.20%	-	-
<b>Total revenue</b>	<b>5,203.70</b>	<b>100.00%</b>	<b>10,020.25</b>	<b>100.00%</b>	<b>2,928.60</b>	<b>100.00%</b>	-	-
Employee benefits expense	322.47	6.20%	510.17	5.09%	255.83	8.74%	-	-
Finance costs	69.91	1.34%	97.77	0.98%	47.62	1.63%	0.00	-
Depreciation and amortization expenses	64.20	1.23%	114.92	1.15%	39.75	1.36%	-	-
Provisions and write-off	-	-	-	-	-	-	-	-
Other expenses	1,004.37	19.30%	3,163.94	31.58%	704.80	24.07%	0.01	-
Purchases and Cost of Raw Materials and accessories consumed	3,319.49	63.79%	5,393.34	53.82%	1,936.69	66.13%	-	-
<b>Total expenses</b>	<b>4,780.42</b>	<b>91.87%</b>	<b>9,280.14</b>	<b>92.61%</b>	<b>2,984.69</b>	<b>101.92%</b>	<b>0.01</b>	-
Share of profit of equity accounted investee (net of tax)	-	-	-	-	-	-	-	-
<b>Profit before exceptional items and tax</b>	<b>423.28</b>	<b>8.13%</b>	<b>740.11</b>	<b>7.39%</b>	<b>(56.09)</b>	<b>(1.92%)</b>	<b>(0.01)</b>	-
Exceptional Items	-	-	-	-	-	0.00%	-	-
<b>Profit before tax</b>	<b>423.28</b>	<b>8.13%</b>	<b>740.11</b>	<b>7.39%</b>	<b>(56.09)</b>	<b>(1.92%)</b>	<b>(0.01)</b>	-
- Current tax	160.16	3.08%	223.75	2.23%	-	-	-	-
- Deferred tax (credit)/ charge	(8.26)	(0.16%)	(17.63)	(0.18%)	(20.69)	(0.71%)	-	-
<b>Total</b>	<b>151.89</b>	<b>2.92%</b>	<b>206.12</b>	<b>2.06%</b>	<b>(20.69)</b>	<b>(0.71%)</b>	-	-
<b>Profit after tax, as restated</b>	<b>271.38</b>	<b>5.22%</b>	<b>533.99</b>	<b>5.33%</b>	<b>(35.39)</b>	<b>(1.21%)</b>	<b>(0.01)</b>	-

**Note: In Sep 2018 Financials for the year ended March 31, 2018 was reinstated due to the implementation of IND AS 115 for comparative presentation.**

## FINANCIAL POSITION

As of March 31, 2018, the group's net worth stands at 10,597.78 million.

### ASSETS

The following table sets forth the principal components of assets as of the dates specified:

(₹ million)

Assets	Consolidated				Standalone			
	Period Ended 30th Sep,2018	2018	2017	2016	Period Ended 30th Sep,2018	2018	2017	2016
<b>Non-Current Assets</b>								
Fixed Assets								
- Property, plant and equipment	3,489.46	3,541.44	2,865.19	-	124.13	105.57	48.06	-
- Intangible Assets	1,684.71	1,778.25	539.31	-	66.57	88.02	176.01	-
- Capital Work in Progress	7.67	6.43	0.05	-	0.34	0.21	-	-
Non-current investments	0.16	0.17	821.43	-	11,420.64	11,412.06	8,482.51	-
Deferred tax asset (Net)	2,566.94	2,376.23	2,114.54	-	49.81	39.19	21.21	-
Long term loans and advances	7.32	7.01	3.07	-	2.13	3.57	1.61	-
Other non-current assets	2,419.67	2,323.36	1,914.58	-	138.17	138.66	43.56	-
<b>Total Non-Current Assets</b>	<b>10,175.93</b>	<b>10,032.89</b>	<b>8,258.16</b>	-	<b>11,801.80</b>	<b>11,787.28</b>	<b>8,772.96</b>	-
- Current investments	-	-	-	-	-	-	0.01	0.19
- Cash and Bank Balances	111.94	284.28	231.27	-	5.70	80.80	1.31	0.12
- Short term loans and advances	31.81	43.57	14.95	-	2.13	12.75	1.71	-
- Other current assets	26,924.19	21,414.18	13,579.69	-	5,451.57	3,291.06	2,957.49	-
<b>Total Current Assets</b>	<b>27,067.94</b>	<b>21,742.03</b>	<b>13,825.90</b>	-	<b>5,459.41</b>	<b>3,384.62</b>	<b>2,960.52</b>	<b>0.31</b>
<b>Total Assets</b>	<b>37,243.88</b>	<b>31,774.92</b>	<b>22,084.07</b>	-	<b>17,261.21</b>	<b>15,171.89</b>	<b>11,733.48</b>	<b>0.31</b>

### *NON -CURRENT ASSETS*

#### *Fixed Assets*

Fixed Assets of *Company* comprises of the following:

- 1) **Property, Plant & Equipment** – PPE includes Plant & Machinery, Furniture & Fixtures, Vehicles, Leasehold Improvements, Office Equipment and Computers & Data Processing. This typically represents investment done in the interiors of office and other branch/warehouse locations which are on lease and also includes other computers/hardware equipment & peripherals.
- 2) **Intangible Assets**- Intangible asset includes Computer Software and valuation of licensed brands.
- 3) **Capital work in Progress** – This represents pending completion of interior work as on date of financials pertaining to office space and retail showrooms.

### ***Non-Current Investments***

This represents investment made by the group in National Saving Certificates.

### ***Deferred tax asset (Net)/ Deferred Tax Liabilities(net)***

This represent the tax benefit arising out of carry forward business losses on account of difference in the written down value of fixed assets as per companies act and Income tax act. The said benefits are flown through the profit and loss statement of the company and company has potential business profits in future to absorb the same.

### ***Long term loans and advances***

Long term Loans and advances includes Loans given to the employee repayment period of which exceeds one year. This also represent deposits paid to “Central” as caution deposit.

### ***Other Non-Current Assets***

Other Non -Current assets includes Capital Advances for projects, Prepaid Expenses, Security Deposit paid to malls/landlords and other bank deposits with maturity more than 12 months.

## **CURRENT ASSETS**

### ***Current Investments***

Current Investments includes investment in the shares of Arvind Infrastructure Ltd.

### ***Cash and Bank Balances***

Cash and Bank Balances comprises of the following components:

- 1)Cash on Hand
- 2)Current Account bank balances
- 3)Margin Money under lien with bank as security for guarantee facility.
- 4)Deposits with maturity of less than 12 months

### ***Short Term Loans and Advances***

Loans and advances are given to employees for a period of less than 1year.

### ***Other Current Assets***

Other Current assets comprises stock on hand of Finished garments, fabrics and other packing materials, trade receivables from customers, Security Deposit to malls/ Landlords maturing within 12 months, accrued interest on bank deposits, mark to mark of Derivative Instruments, Insurance Claim receivable, other receivables, Advances to Suppliers, Balances with Government Authorities, Prepaid expenses chargeable within 12 months, Export incentive receivable etc.

## **Liabilities and Provisions**

The following table sets forth the principal components of liabilities as of the dates specified:

(₹ million)

Liabilities	Consolidation				Standalone			
	30th Sep,2018	2018	2017	2016	30th Sep,2018	2018	2017	2016
<b>Non-Current Liabilities</b>								
- Long term borrowings	170.61	806.26	1,529.31	-	2.25	2.54	-	-
-Other Financial Liabilities	628.31	568.29	449.69	-	27.96	20.66	9.40	-
- Deferred Tax liabilities (Net)	14.23	14.23	-	-	-	-	-	-
- Long term provisions	210.56	185.90	120.75	-	44.07	35.32	32.28	-

<b>Total Non-Current Liabilities</b>	<b>1,023.71</b>	<b>1,574.67</b>	<b>2,099.75</b>	<b>-</b>	<b>74.28</b>	<b>58.52</b>	<b>41.68</b>	<b>-</b>
<b>Current Liabilities</b>								
Short term borrowings	8,502.98	5,902.20	4,238.19	-	452.65	460.90	225.43	0.20
Trade payables				-				
- Dues to micro and small enterprises	1,200.69	336.13	442.07	-	367.80	46.90	109.88	-
- Dues to others	13,242.73	10,343.77	7,035.99	-	3,677.91	2,115.31	1,794.93	0.02
Other current liabilities	1,717.50	1,981.07	1,641.36	-	105.90	177.78	787.78	0.00
Short term provisions	178.32	166.22	46.30	-	3.13	2.01	3.60	-
<b>Total Current Liabilities</b>	<b>24,842.22</b>	<b>18,729.40</b>	<b>13,403.91</b>	<b>-</b>	<b>4,607.40</b>	<b>2,802.91</b>	<b>2,921.62</b>	<b>0.22</b>
<b>Total Liabilities</b>	<b>25,865.93</b>	<b>20,304.07</b>	<b>15,503.65</b>	<b>-</b>	<b>4,681.67</b>	<b>2,861.42</b>	<b>2,963.30</b>	<b>0.22</b>

### ***Non-Current Liabilities***

#### ***Long Term Borrowings***

Long term Borrowings Comprises of Term Loans from bank and Non- Convertible Debentures. Term loans represents loans taken for Capital expansions from various banks. It carries MCLR based interest charges for the tenure of the loan.

#### ***Other Financial Liabilities***

Other Financial Liabilities includes refundable security deposit received from franchisees as caution deposit towards stocks. These deposits are non -interest free and carries interest as per agreement with the franchisees.

#### ***Long Term Provisions***

Long Term Provisions includes Provision towards Gratuity and Leave Encashment based on actuarial valuation by independent valuer.

### ***Current Liabilities***

#### ***Short Term Borrowings***

Short Term Borrowings includes Cash Credit loans, Buyer's Credit loans, Intercorporate Deposit from Related Parties and others, Commercial Paper Etc. These borrowings are typically meant for working capital requirement of the business.

#### ***Trade Payables:***

Trade payables meant and include dues to vendors in the normal course of business payable either directly or through bills/hundi acceptances.

#### ***Other Current Liabilities***

Other Current Liabilities includes current maturities of term loan borrowings, Interest accrued but not due, bank Overdraft in current accounts, deposit from customers and other payables in respect of capital goods, MTM forward cover, Advances from Customers, Statutory dues, deferred income etc.

#### ***Short Term Provisions***

Short term provision includes provision for gratuity, leave encashment based on actuarial valuation by independent valuer and also includes provision for litigation and disputed matters.

## **CASH FLOWS**

The following table sets forth certain information relating to cash flows in the periods indicated:

(₹ million)

Particulars	Consolidation				Standalone			
	Sep 30,2018	2018	2017	2016	Sep 30,2018	2018	2017	2016
Net cash generated from/ (used in) operating activities	(529.74)	(754.11)	(1,456.35)	-	68.36	(40.29)	2,428.01	0.01
Net cash generated from/ (used in) investing activities	(591.55)	(1,489.83)	(7,097.51)	-	(50.20)	(3,032.09)	(11,030.03)	(0.18)
Net cash generated from/ (used in) the financing activities	1,058.27	2,262.11	8,547.91	-	(86.82)	3,151.86	8,602.96	0.30
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(63.02)</b>	<b>18.16</b>	<b>(5.95)</b>	<b>-</b>	<b>(68.66)</b>	<b>79.48</b>	<b>0.93</b>	<b>0.12</b>

### ***Operating Activities***

Cash flow from operating activities includes profit arising out of business and changes arising out of working capital components such as inventory, receivables, other current assets like capital advances, advances to suppliers etc, trade payables, other current liabilities such as advances from customers, statutory liabilities etc.

### ***Investing Activities***

Cash flow from investing activities mean and include investments in capital assets for business expansion and change in non- controlling interest in subsidiary companies.

### ***Financing Activities***

Cash Flow from Financing Activities includes funds raised by the company through issue of Shares at premium, incremental borrowings from banks/NBFCs for the purpose of business expansion and working capital requirements.

### **Capital Commitments**

The capital commitments are the future expenditure that the group has committed to spend on long term assets over a period of time. These represent Commitments through purchase orders issued to vendors against which delivery of material is pending.

The following table sets forth certain information relating to future payments due under known commitments as of Sep 30 ,2018 and March 31, 2018, on a consolidated basis:

Particulars	Sep 30,2018 (₹ million)	March 31,2018 (₹ million)
Estimated amount of Contracts remaining to be executed on capital account and not provided for	363.13	226.63

### **Contingent Liabilities**

Contingent liabilities are the potential liabilities that may occur depending on the outcome of an uncertain future event.

The following table sets forth certain information relating to contingent liabilities not provided for as of Sep 30,2018 and March 31, 2018, on a consolidated basis:

Particulars	Sep 30,2018	March 31,2018
	(₹ million)	(₹ million)
a. Bills discounted	345.65	157.33
b Claims against company not acknowledged as debts	100.61	66.64
c. Disputed demands in respect of		
Excise/Customs duty	255.98	145.52
Sales tax	1634.37	2096.39
Income tax	40.37	40.37
Textile Committee Cess	1.09	1.09
Provident Fund	7.56	7.56
d. Guarantee given by bank on behalf of the group	43.30	151.51
<b>Total</b>	<b>2428.94</b>	<b>2666.42</b>

#### Custom Duty:

Three Subsidiary companies (ALBL, CKAFPL and THAFPL) of the group has received demand cum show cause notice under section 28(4) read with section 124 of the Customs Act, 1962 by the Directorate of Revenue Intelligence ('DRI'), for short payment of duty due to non-inclusion of certain payments to vendor for determining the assessable value for payment of Customs Duty. The company is confident that the position will likely be upheld in the appellate process against the above demand. However, the company has deposited Rs. 85.43 lakh (ALBL -43.4 lakh and CK- 42.03 lakh) under protest.

#### Income Tax:

This represents liabilities arising out of notices issued by Income tax offices (Karnataka) on account of the following:

- Notice issued u/s 154 r.w.s 200A of the act treating it as notice of demand u/s 156 of the act on account of short deduction of TDS and interest on the same. The Company has deducted tax at lower rate based on lower TDS certification submitted by vendors.
- Notice issued u/s 154 r.w.s 200A of the act treating it as notice of demand u/s 156 of the act on account of short deduction of tax, late filing fees and interest on the same. The Company has filed returns with respect to tax deducted on payments made to vendors residing outside India as per rates prescribed under DTAA and also mentioning PAN not available. The CPC while processing TDS return filed by the company has considered the non availability of PAN and thereby applied the rate in accordance with provisions of section 206AA of the act, demanding for differential tax.
- Notice issued u/s 154 r.w.s 200A of the act treating it as notice of demand u/s 156 of the act on account of short deduction of tax and interest on the same. The company had envisaged technical problems on NSDL website on the penultimate day of making payment of tax deducted at source (7<sup>th</sup> September,2015). The issue was finally sorted out and tax deposited on 9<sup>th</sup> September. This has been treated as delay and hence demand for interest had been raised. In this context company had already filed an application to the commissioner of income tax stating the above issue along with screenshot of the technical error faced.

#### Sales Tax:

This represents liabilities arising out of notices issued by Sales tax offices (Karnataka/Delhi/UP/Punjab/Kerala) as part of annual assessment on account of pending open points as below:

- Pending Submission of C & F forms against movement/ supply of goods.
- Pending Submission of VAT 140 forms for within the state consignment sales (issued by Karnataka VAT

- department).
- Mismatch in the value of e-sugam (for movement of goods from/to Karnataka) against annual return against VAT 240.
- VAT on Credit memo against sales return beyond 6 months.

#### **Bills Discounted:**

During March,18 the company has availed customer sales bill discounting (SBD) facility under which invoices raised on customers had been discounted with the bank for collection. The repayment of collection realized against such invoices is contingent upon the customers paying the dues to the company as per the credit period and hence disclosed under contingent liability. This had been settled subsequently in April as per the due dates.

#### **Claims against company not acknowledged as debts**

This represents liabilities arising out of suit filed against company as explained below:

- Suit filed in Delhi High Court pertaining to recovery of rent dues along with interest.
- Petition filed against company under MSME council, Coimbatore by vendor Twinkle fashions towards recovery of outstanding dues and the interest on the same.
- Claim filed against company in Kolkata towards pending dues under Lease agreement.

#### **Provident Fund:**

This represents liability on account of demand order raised by EPFO Bangalore office under section 7A of employees' provident funds and miscellaneous provisions act, 1952. Department is of the view that one of the component of employee salary called "special allowance" needs to be included for the purpose of computation of PF contribution. Accordingly, they have raised demand on the company for remittance of shortfall. The Company had submitted clarification mentioning that special allowance is not universally and ordinarily paid to all employees across organization and hence not to be included as part of basic salary for the purpose of PF contribution. The case is still pending with the department.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

For further information, see Restated Consolidated Financial Information. Except as disclosed in Restated Consolidated Financial Information or elsewhere in this Information Memorandum, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that the Company believes are material to investors.

#### **Capital Expenditures**

Capital expenditure or capex are funds used by the company to acquire, upgrade and maintain assets such as Buildings, Plants & Equipments, Computer Peripherals etc. The expenditure is made to expand the productive or competitive posture of business.

The following table sets forth certain information relating to capital expenditure as of Sep 30,2018 and March 31, 2018, on a consolidated basis:

	<b>Fiscal</b>	
	<b>30th Sep,2018</b>	<b>2018</b>
Tangible Assets	594.01	2,014.32
Intangible Assets	36.84	453.91
Capital Work in Progress	5.09	6.38
<b>Closing Balance</b>	<b>635.94</b>	<b>2,474.61</b>



## **Related Party Transactions**

The related party is a person or entity that is related to group entity either by the way of control, joint control or significant influence over the entity or is a member of its KMPs.

We enter into transactions with related parties in the ordinary course of business. The Group is having rigorous policy on related party transactions. The group also takes board's and shareholder's approval wherever required as per Ind AS 24 and Companies Act,2013.

These transactions mean and include loans and advances, sale and purchase of goods and services, sale and purchase of fixed assets, managerial remuneration, rendering of services and receiving of services.

The Group ensures that all the transactions are measured and reported at Arm's length price by having transaction at a value which is equivalent to the value of similar transactions carried out with any external parties on the same terms and conditions and at the same time.

For further information relating to related party transactions, see Note no.31 to Restated Consolidated Financial Statements.

## **Changes in Accounting Policies**

There were no changes in the accounting policies.

## **Quantitative and Qualitative Disclosures about Market Risk**

### ***Credit Risk***

Credit Risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

- ❖ **Trade Receivables-** Customer Credit risk is managed by each business unit subject to group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30-60 days credit term.

Trade Receivables as on 30<sup>th</sup> Sep 2018 is Rs 10,041.56 million 31<sup>st</sup> March,2018 is Rs 7,844.84 million.

- ❖ **Financial Instrument and Cash Deposits-**Credit Risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's Policy. Investments of Surplus fund are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Group monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties.

### ***Interest Rate Risk***

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Group seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Group either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

### ***Liquidity Risk***

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

### **Unusual or Infrequent Events or Transactions**

There are no events or transactions to knowledge which may be described as unusual or infrequent.

### **Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations**

There are no known significant economic changes that is materially affecting or likely to affect the revenue of the Group.

### **Segment Reporting**

The company is a single segment of retail business in accordance with IND AS 108 "Operating Segment".

For Geographical Segment Reporting, Refer note 29 of Consolidated Financial Statements.

### **Significant Dependence on Single or Few Customers**

Considering the nature of business of the group in which it operates, the group is dealing with various customers including multiple geographics. Consequently, none of the Customer contribute materially to the revenue of the group.

### **Seasonality of Business**

The Group is dealing with the Garments and accessories. It is dealing in the fashion industry which is seasonal, highly creative, competitive and rapidly changing with the change in the customer preferences, income level and demographics. Further the sale is affected by the festive and marriage seasons. While it gets reduced during recessionary periods and may decline for variety of other reasons including changes in fashion trends and introduction of new products or pricing change by the competitors.

### **Competitive Condition**

The market is highly competitive and fragmented with no major entry barriers. Company continues to focus on increasing its market share and taking marketing initiatives that help create differentiation and provide optimum service to its customers.

### **Significant Developments after Sep 30, 2018 that May Affect Future Results of Operations**

Except as disclosed in this Information Memorandum, to knowledge no circumstances have arisen since the date of the last financial information disclosed in this Information Memorandum which materially and adversely affect or are likely to affect, operations or profitability, or the value of assets or ability to pay material liabilities within the next 12 months.

### **Material Developments Subsequent to Last Financial Year**

The subsidiary company(ALBL) of the group received various summons from the Directorate of Revenue Intelligence ('DRI'), with respect to queries on imports and transactions related to supplier company/related parties. The Department had sent these summons in the name of the Authorised signatories of the Company under section 108 of the Customs Act, 1962, which was duly attended by the them. As per the Company the main contention of the Department is with respect to inclusion of payment of 1. Royalty 2. Advertisement and Marketing Contribution/spends and 3. Buying office Commission to related party cum vendor for determining assessable value for payment of Custom Duty.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving Company, Subsidiary, Directors, Promoters; (ii) actions taken by statutory or regulatory authorities against Company, Subsidiary, Directors, Promoters; and (iii) outstanding claims involving Company, Subsidiary, Directors, Promoters for any direct and indirect tax liabilities; (iv) no fines imposed on or compounding of offences by Company or Subsidiary; (v) prosecutions filed (whether pending or not); fines imposed or compounding of offences for Company and Subsidiary, in the last five years immediately preceding the year of this Information Memorandum; (vi) outstanding dues to creditors of Company as determined to be material by Company's Board of Directors in accordance with the SEBI ICDR Regulations; (vii) outstanding material civil litigation involving Company, Group Company and Directors and any other litigation involving Company, Group Company and Directors, whose outcome may adversely impact Company; (viii) dues to small scale undertaking and other creditors and (ix) regulatory actions initiated/taken and pending against Company, Subsidiary, Promoters, or Directors, by any agencies/regulatory bodies, including any show cause notices received by Company, Subsidiary, Promoters or Directors, in their individual capacities (pending any investigation) for any regulatory lapse (x) Litigation against Group Companies which materially effect Company.

Details of other legal proceedings, determined to be material by Board of Directors pursuant to their resolution dated 25<sup>th</sup> January 2018 and currently pending involving Company are set forth below. Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving Company, Subsidiary, Directors, Promoters and Group Company, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the claim by or against the entity or person in any such pending matter has a potential financial liability in excess of 1% value of the total revenue of the Company, as per the last audited consolidated financial statements of the Company.

#### **I. Litigation involving the Company**

##### **A. Outstanding criminal litigation involving the Company**

- (i) Criminal proceedings by Company: NIL
- (ii) Criminal proceedings against Company: NIL

##### **B. Outstanding Civil litigation involving the Company**

- (i) Civil Litigation by Company: NIL
- (ii) Civil Litigation against Company: NIL

##### **C. Pending action by statutory or regulatory authorities against the Company**

NIL

##### **D. Tax proceedings against Company**

- (i) Direct tax proceedings  
NIL
- (ii) Indirect Tax Proceedings  
NIL

##### **E. Material frauds against the Company**

NIL

##### **F. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956**

There are no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956.

##### **G. Outstanding dues to small scale undertakings or any other creditors**

NIL

## II. Litigation involving Subsidiary

### A. Cases involving Arvind Lifestyle Brands Limited (“ALBL”)

#### Cases against ALBL

##### (i) Civil Cases

1. Mr. Satyanarain Sharma (“Plaintiff”) filed a civil suit C.S. no. 20301/2013 before the court of ADJ cum Commercial Court, Gurgaon against Arvind Brands Limited (now known as Arvind Lifestyle Brands Limited) (“the Defendant”) for seeking recovery of possession of the scheduled property situated at No. GF1 &2, Ground Floor, Metropolitan Mall, MG Road, Gurgaon (“Scheduled Property”) along with recovery of rent arrears and damages thereof. The possession of the Scheduled Property was handed over to the Plaintiff by the Defendant in the month of March 2014 and hence matter is now pending for recovery of rent arrears and damages thereof. The matter is currently pending.
2. Track on Vogue Private Limited (“Claimant”) filed an appeal against order in favour of Arvind Brands Limited (currently known as Arvind Lifestyle Brands Limited) (“Respondent”) vide an arbitration suit, A.A. No. 108/2014 before CCH, Bangalore. The dispute pertains to possession of the property as per the franchise agreement dated 13.09.2009 entered between Claimant and the Respondent for appointment of Claimant as a franchisee to stock, display and sell stocks of the Respondent from the showroom situated at No. GF1 &2, Ground Floor, Metropolitan Mall, MG Road, Gurgaon (“Scheduled Property”). Previously Arbitral Tribunal passed the order dated 01.08.2014 (“Order”) against the Claimant ordering the Claimant to remove all impediments in handing over physical possession of the Scheduled Property to its owners. The Claimant filed appeal against the said Order. The matter is pending.
3. Mr. Naveen Goel along with Hari Ram Gupta, Ritu Goel and Rajni Goel (“Plaintiffs”) filed four civil suits (“Suits”) against Arvind Brands Limited (currently known as Arvind Lifestyle Brands Limited) (“Defendant”) before Tis Hazari District Courts, New Delhi for recovery of rent arrears from the Defendant. The Plaintiffs have entered into lease deed with the Defendant on 21.09.2007 (“Lease Agreement”), pursuant to which the Defendant was put in possession of the property/premises at Shop No. 40 UB, Jawahar Nagar, Kamla Nagar – Delhi 110007 (“Schedule Property”). The Plaintiff has sought relief for the rent arrears from the Defendant as per the ongoing Suits. The matter is pending.
4. Mr. Rahul Kantilal Baldota (“Plaintiff”) filed a civil suit, O.S. No. 2681/2006 before City Civil Court, Bengaluru against Arvind Clothing Ltd. (the company which carried on Arrow business previously) and further Arvind Lifestyle Brands Limited was impleaded as one of the defendants (“Defendants”) with respect to the franchise agreement dated 28.07.2002 entered between the parties for the Plaintiff to establish an exclusive showroom of “Arrow” (“Franchise Agreement”). The said Franchise Agreement was terminated by the Defendants for fault of Plaintiff. The Plaintiff filed the suit seeking relief of specific performance of the obligations under the Franchise Agreement along with all past benefits and alternatively, recovery of a sum of Rs. 18,00,000/- towards damages along with a sum of Rs. 16,00,000/- per month for the alleged remaining unexpired period of the Franchise Agreement. The matter is pending.
5. M/s. Royal Angel Enterprises Limited (“Plaintiff”) filed a civil suit, CMC No. 31005/2015 before the court of Additional Magistrate-Jaipur (East) against Arvind Lifestyle Brands Limited (“Defendant”) for claiming specific relief by way of decree such that the Defendant does not appoint any other agent in the territory of Rajasthan pursuant to terms and conditions of the indenting agency agreement dated 01.05.2013 entered between the Plaintiff and the Respondent. The matter is pending.
6. M/s Triveni Silks and Sarees (“Plaintiff”) filed a civil suit, OS no. 8298/2016 before City Civil Court, Bengaluru for recovery of rent arrears pursuant to, the lease deed dated 03.03.1997, the agreement of hire dated 03.03.1997, the lease renewal agreement dated 16.08.2012 and the renewal agreement for hire dated 16.08.2012 (“said Agreements”) for the scheduled property situated at Santosh Theatre Shopping Complex at No. 24, 25 and 26, K. G. Circle, Bengaluru 560009 (“Scheduled Property”). The Defendants terminated the said Agreements and vacated the said Scheduled Property on 30.11.2015 however the Plaintiff filed for recovery of rent arrears to the tune of 44,54,193/- along with interest at

the rate of 18% from the date of institution of the suit till realisation/recovery. The matter is pending.

7. M/s Talin Modular Offices (“Appellant”) filed an appeal RFA 548/ 2015 before the High Court of Karnataka, Bengaluru against an order dated 10.11.2014 (“Order”) passed by city civil court, Bangalore whereby as per the said Order the court dismissed the civil suit 7592/2010 filed by the Appellant for recovery of Rs. 13,22,698/- against Arvind Lifestyle Brands Limited (“Respondent”). The matter is pending.
  8. M/s Safina Hotels Pvt. Ltd. (“Plaintiff”) filed a civil suit, OS 25539/2015 before IVth Additional City Civil Judge, Mayo Hall Court, Bangalore against Arvind Limited (wrongly impleaded as a party) and the Company rectified to add Arvind Lifestyle Brands Limited (“Defendant”), for recovery of monies amounting to Rs. 7,91,500/- pursuant to outstanding dues from the Defendant against use of commercial space at “Safina Plaza”, Bengaluru. The matter is pending.
  9. Mr. Ashok Kumar Maity (“Petitioner”) filed an arbitration petition, Arb. Pet. No. 513/2018 before High Court of New Delhi to seek relief for appointment of arbitrator pursuant to Clause 17.3 of the lease agreement dated 10.03.2010 entered between the Petitioner and Arvind Lifestyle Brands Limited (“Respondent”) in order to adjudicate dispute related to claim for rent arrears for the property situated at Unit G-24, V3S Mall (East), Plot no. 12, Laxmi Nagar, Delhi-110092. The matter is pending.
  10. Mr. OP Gupta & Ms. Indu Gupta (“Plaintiffs”) filed an appeal before High Court of Rajasthan, Jaipur Bench, to the order in the matter of civil suit, OS No. 116/2015 before Rent Appellate Tribunal, Ajmer for recovery of rent arrears for the premises situated at C-4,5, Anasagar Circular Road, Vaishali Nagar, Ajmer, Near Urban Bazaar, Ajmer, Rajasthan as per lease agreement dated 28<sup>th</sup> February 2013, from Arvind Lifestyle Brands Limited (“Defendant”) along with the lessee. However, the Defendant is a confirming party and not liable to pay the rent arrears thereof as per the order by Rent Appellate Tribunal. The matter is pending.
  11. M/s. Funtail Enterprise (“Claimant”) filed an arbitration petition before the sole arbitrator, Ms. Anna Malhotra, Kolkata in 2015 with respect to dispute regarding recovery of rent arrears and common area maintenance charges as per the agreement to license and common area maintenance agreement dated 25.08.2012 (“said Agreement”), to the tune of Rs. 53,14,443/- along with interest at the rate of 18% and holding charges from Arvind Lifestyle Brands Limited (“Respondent”). The matter is pending.
- (ii) Criminal Cases
1. Assistant Controller of Legal Metrology, Government of NCT of Delhi had filed a criminal complaint, CC no. 27/1W/16 before the Evening Court No. 1, Patiala House Courts, New Delhi against Arvind Lifestyle Brands Limited along with its directors for contravention of Section 11 read with Section 29 of Legal Metrology Act, 2009 (“Act”), as the label on the belt of the brand Nautica (“Product”) as seized from the store located at UG-3, Upper Ground Floor, Ambience Mall, Vasant Kunj, New Delhi- 11070, does not have size declaration as per the Act and Legal Metrology (Packaged Commodities) Rules, 2011. The matter is pending.
  2. Inspector of Legal Metrology, Government of NCT of Delhi had filed a criminal complaint, CC no. 2491-92 before the Evening Court, Metropolitan Magistrate, Karkardooma Courts, New Delhi against Arvind Lifestyle Brands Limited for contravention of Section 18(1) read with Section 36(1) of Legal Metrology Act, 2009 (“Act”), as the label on the product (“Product”) as seized from the store located at Ground Floor, 17A/30-21, WEA, Ajmal Khan Road, Karol Road, Delhi-110005, does not have size declaration as per the Act and Legal Metrology (Packaged Commodities) Rules, 2011. The matter is pending.
  3. Assistant Controller of Legal Metrology, Government of NCT of Delhi had filed a criminal complaint, CC no. 27/1W/16 before the Evening Court No. 1, Patiala House Courts, New Delhi against Arvind Lifestyle Brands Limited along with its directors for contravention of Section 18(1) read with Section 36(1) of Legal Metrology Act, 2009 (“Act”), as the label on the product of the brand Arrow (“Product”) as seized from the store located at F-108, Ambience Mall, Vasant Kunj, New Delhi- 11070, does not have size declaration as per the Act and Legal Metrology (Packaged Commodities) Rules, 2011. The matter is pending.
  4. Inspector of Legal Metrology, Byculla Division-1 had filed a criminal complaint, before the court of Metropolitan Magistrate, Dadar, Mumbai against Arvind Lifestyle Brands Limited along with its directors for contravention of Section 18(1) read with Section 36(1)

of Legal Metrology Act, 2009 (“Act”), as the label on the product of the brand GANT (“Product”) as seized from the store located at Second Floor, Palladium Mall, Lower Parel (West), Mumbai-400013, does not have declaration of complete address of the manufacturer as per the Act and Rule 10(1)(2) and is punishable Rule 36(1) of Legal Metrology (Packaged Commodities) Rules, 2011. The matter is pending.

5. Anand Sheel Chawla (“Complainant”) filed a criminal complaint, CC no. 467369/2016 before ACMM (South), Saket against Arvind Lifestyle Brands Limited (“Accused”) for certain alleged dues. Complainant is managing director of Trak on Vogue Pvt. Ltd. with whom Accused had an arbitration which was held in the Accused’s favour. Criminal matter was discharged vide court order dated 28.05.2018 passed by ACMM, (South) Saket (“Order”). Complainant has filed an application for revision against the said Order. The matter is pending.
6. Mr. Madhavan @ Madan filed a criminal complaint, CC No. 41/2015 before Judicial Magistrate No. 5, Tirunelveli against Arvind Lifestyle Brands Limited under Section 295(A) and 298, Indian Penal Code for manufacturing and selling T-shirt carrying a caricature of Lord Shiva along with a slogan “Holy Cow” which has caused hurt to complainant’s religious sentiments. The proceedings before the lower court had been stayed vide order dated 19.06.2015 passed by High Court of Tamil Nadu, Madurai Bench. The matter is pending.

(iii) *Other cases:*

1. K. Chidambaram, proprietor of Twinkle Fashions (“Petitioner”) filed a petition OP MSEFC/CBER/4/2016 before Regional Micro & Small Enterprises Facilitation Council, Coimbatore Region (“MSME Council”) against Arvind Lifestyle Brands Limited (“Respondent”) for recovery of Rs 1.85 crores along with interest. MSME Council vide its order dated 29.07.2016 decided in favour of the Petitioner which prima facie showed that contentions of the Respondent were not considered. To the said order dated 29.07.2016, the Respondent appealed vide arbitration suit, AS no. 51/2017 before III Additional City Civil & Sessions Judge, Bengaluru, which found the matter in favour of the Respondent and passed order to remand the matter back to MSME Council for re-hearing and proper consideration. The matter is pending.
2. Ingram Investment Pvt. Ltd. (“Petitioner”) filed a company petition, Comp. Pet. 231/2016 against Arvind Retail Ltd. (currently known as Arvind Lifestyle Brands Limited) (“Respondent”) as the Respondent claiming the Respondent owed rent arrears for Megamart Store at Pimpri of Rs. 22,12,416/- along with interest at the rate of 15%. The matter is pending.

(iv) *Pending action by statutory or regulatory authorities against the Company*  
NIL

(v) *Tax proceedings against the Company*

1. *Direct tax proceedings*  
NIL
2. *Indirect Tax Proceedings*
  1. The Deputy Commissioner of Commercial Taxes (1.6), Bangalore, Karnataka has issued Order No: 230430404 dt 20th March 2018 for AY 2012-13 under Value Added Tax Act against Arvind Lifestyle Brands Ltd in relation to Mismatch of Turnover as per e Sugam and Turnover declared as per VAT 240 Tax + Penalty on 54.77 Cr and Mismatch of Turnover declared as per VAT 100(monthly returns) & Turnover declared in VAT 240. Tax + Penalty on Rs. 35,00,72,777. Total Demand Raised amounting to Rs.43,63,12,666. The matter is pending with Assessing Authority.
  2. The Assistant Commissioner of Commercial Taxes, Ernakulam, Kerala has issued Order No: 32070250012/14-15 dt.30.12.2016 for AY 2014-15 under Value Added Tax Act against Arvind Lifestyle Brands Ltd in relation to dealer who imports not less than 50% of their goods from outside state and 75% of their Sales is from Retail business to pay Surcharge @10%+Int. Total Demand Raised amounting to Rs. 25, 04, 36,752/- The matter is pending with Assessing Authority.
  3. The Assistant Commissioner of Commercial Taxes, Ernakulam, Kerala has issued Order No: 32070250012/15-16 dt.23.12.2016 for AY 2015-16 under Value Added Tax Act against Arvind Lifestyle Brands Ltd in relation to dealer who imports not less than 50%

of their goods from outside state and 75% of their Sales is from Retail business to pay Surcharge @10%+Int. Total Demand Raised amounting to Rs. 27,43,53,448/- The matter is pending with Assessing Authority.

The Assistant Commissioner of Commercial Taxes (1.2) Bangalore, Karnataka has issued Order No: 275832710 dt.29th Nov 2016 for AY 2014-15 under Central Sales Tax Act against Arvind Lifestyle Brands Ltd in relation to Tax on Mismatch of Turnover declared as per VAT 240 and e Sugam. Rs,1202,26,54,597. Tax for Non Submission of C Forms of Value Rs.9,92,01,840. Tax for Non Submission of F Forms of Value Rs.179,23,89,338. Total Demand raised amounting to Rs.51,61,73,532. The matter is pending with assessing authority.

4. The Company has received a Show cause notice from DRI and there is a demand of INR 11.05 Crs towards differential basic custom duty.

The contention of the Department of Revenue Intelligence was with respect to inclusion of (i) buying office commission, (ii) royalty and (iii) advertisement expenses for determining transaction (purchase) value for payment of custom duty in India for those goods which are imported. Accordingly, they have worked out the demand pro rata for the Non Safta country imports made by the company.

However, the Company is of the view that as per custom valuation rules,

- (i) Buying office commission - is exempted from payment of custom duty
- (ii) Royalty – is payable on sales and not on imports and
- (iii) Advertisement Expenses is incurred for enhancing the sale of goods.

Thus, it is a post importation activity. It is not paid or incurred as a condition of sale of imported goods under Rule 10(1)(e) of the Custom Valuation Rules 2007. Hence it is not includible in the value of imported goods under the said provision.

The Company has engaged M/s Lakshmikumaran & Sridharan, Advocates for drafting the reply to the show cause notice received on behalf of the Company.

- (vi) *Material frauds against Company*  
NIL

- (vii) *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956*  
There are no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956.

- (viii) *Outstanding dues to small scale undertakings or any other creditors*  
NIL

#### B. Cases involving Arvind Beauty Brands Retail Pvt. Ltd. (“ABBRPL”)

##### Cases against ABBRPL

- (i) *Civil Cases:* Nil

- (ii) *Criminal Cases:* Nil

1. Inspector of Legal Metrology, Byculla Division-1 had filed a criminal complaint, before the court of Metropolitan Magistrate, Dadar, Mumbai against Arvind Lifestyle Brands Limited along with its directors for contravention of Section 18(1) read with Section 36(1) of Legal Metrology Act, 2009 (“Act”), as the label on the product of the brand Sephora (“Product”) as seized from the store located at Second Floor, Palladium Mall, Lower Parel (West), Mumbai-400013, does not have declaration of complete address of the “Importer” as per the Act and Rule 10(1)(2) and is punishable Rule 36(1) of Legal Metrology (Packaged Commodities) Rules, 2011. The matter is pending.

- (iii) *Other cases:*  
NIL

- (iv) *Pending action by statutory or regulatory authorities against the Company*  
NIL

- (v) *Tax proceedings against the Company*
  - 1. Direct tax proceedings  
NIL
  - 2. *Indirect Tax Proceedings*  
NIL
- (vi) *Material frauds against the Company*  
NIL
- (vii) *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956*  
There are no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956.
- (viii) *Outstanding dues to small scale undertakings or any other creditors*  
NIL

C. Cases involving Tommy Hilfiger Arvind Fashion Pvt. Ltd. (“THAFPL”)

Cases against THAFPL

- (i) *Civil Cases:*  
Jitendra Pradhan, a house keeping employee of Alpha Facility Services proving housekeeping services at Tommy Hilfiger Store located Spark Kamlanagar, New Delhi has filed a complaint in the court of Shri Atul Kumar Garg LD. P.O & A.D.J. Labour Court, Dwarka Courts, Dwarka, New Delhi against Tommy Hilfiger Store pertaining to period 2015-16. During the said period the store was operated by the Franchisee of Tommy Hilfiger Arvind Fashion Private Limited called Samarth Lifestyle Retailing Private Limited. THAFPL had nether hired the services of Alpha Facility Services not has at any time employed the Complainant, Jitendra Pradhan.  
THAFPL has filed a written statement to this effect in the above referred court stating that THAF is nowhere involved in this case.
- (ii) *Criminal Cases:*  
NIL
- (iii) *Other cases:*  
NIL
- (iv) *Pending action by statutory or regulatory authorities against the Company*  
NIL
- (v) *Tax proceedings against the Company*
  - 1. *Direct tax proceedings*  
NIL
  - 2. *Indirect Tax Proceedings*
    - (i) Karnataka VAT&CST Assessment – 2015-16  
Notice No-133573867 Dtd:19/11/2016  
Order No- 224278444 dtd:24/11/2017  
The Assessment order was passed with a demand of Rs.1,14,94,269.00 against which the company has gone for Appeal by paying 30% of Demand in cash vide challan number-1873655968 dtd:21/12/2017 and remaining 70% as Bank Guarantee bearing number 0907718BG0000092. The Appeal hearing is under progress.
    - (ii) Delhi VAT & CST Assessment – 2014-15:  
All relevant documents and statutory forms have been submitted and the Assessment is under progress.
    - (iii) Maharashtra VAT and CST Assessment – 2013-14.  
Notice number:048 dtd:10/02/17  
All relevant documents and statutory forms have been submitted and the Assessment is under progress.



(iv) Gujarat Vat and CST Assessment – 2013-14 and 2014-15:

Notice No :26674 dtd: 14/03/2017 for 2014-15

All relevant documents and statutory forms have been submitted and the Assessment is under progress.

(v) West Bengal Vat and CST Assessment- 2016-17

Notice number: 2016-2017/CIR/63/VA/8

Assessment is Under progress. Hearing date is yet to be fixed.

(vi) Uttarpradesh Vat and CST Assessment – 2015-16:

All relevant documents have been submitted and the Assessment is under progress.

(vii) Enquiry Officers of Directorate of Revenue Intelligence (“DRI”)

There was an enquiry which was conducted by a team of Enquiry Officers of Directorate of Revenue Intelligence (“DRI”), with respect to some queries on imports.

The contention of the Department of Revenue Intelligence was with respect to inclusion of (i) buying office commission and (ii) royalty (iii) advertisement expenses for determining transaction (purchase) value for payment of custom duty.

However, the Company is of the view that as per custom valuation rules buying office commission, royalty & advertisement expenses should not be included for determining the transaction value.

The Company has also received demand cum show cause notice dated 29th March 2018 from DRI and there is a demand of INR 10.72 crores towards differential custom duty.

The Company has already filed the reply for the above show cause notice and has engaged M/s Lakshmikumaran & Sridharan, Advocates to represent the company in this case. The matter is pending.

(vi) *Material frauds against the Company*

NIL

(vii) *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956*

There are no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956.

(viii) *Outstanding dues to small scale undertakings or any other creditors*

NIL

D. Cases involving Calvin Klein Arvind Fashion Pvt. Ltd. (“CKAFPL”)

Cases against CKAFPL

(i) *Civil Cases:*

NIL

(ii) *Criminal Cases:*

NIL

(iii) *Other cases:*

NIL

(iv) *Pending action by statutory or regulatory authorities against the Company*

NIL

(v) *Tax proceedings against the Company*

1. *Direct tax proceedings*

NIL

2. *Indirect Tax Proceedings*

(i) Delhi VAT & CST Assessment 2013-14:

Notice No-10397865 Dtd:20/12/2017

Notice No-10469924 Dtd:14/03/2018

Ex Parte Order No-150082492089 Dtd:20/03/2018

Appeal against the Assessment under DVAT and CST act for AY 2013-14 is under progress. Original Assessment order was passed as Ex Parte order with demand of Rs.9,47,86,178.00. against which the company has gone for Appeal. All relevant statutory forms and documents for appeal have been submitted. The final hearing date is to fixed and the Final Appeal Order is expected shortly.

(ii) Delhi VAT & CST Assessment 2014-15:

Notice No-10523506 Dtd:15/06/2018

A formal Assessment Notice was received for AY 2014-15. All relevant statutory forms and documents related to this Assessment have been submitted to Authority. The final hearing and the Assessment Order is awaited.

(iii) Karnataka VAT &CST Assessment 2013-14:

Notice no – 195458616 Dtd: 15/06/2016

Ex Parte Order no – 246831104 Dtd:06/12/2018

Ex Parte Order was passed against AY 2013-14 with a demand of 42,46,240.00 against which the company has filed an application for Order Rectification. All Statutory forms are available for the said AY. The rectification process is under progress and rectified Assessment Order is awaited.

(iv) Enquiry Officers of Directorate of Revenue Intelligence (“DRI”)

There was an enquiry which was conducted by a team of Enquiry Officers of Directorate of Revenue Intelligence (“DRI”), with respect to some queries on imports.

The contention of the Department of Revenue Intelligence was with respect to inclusion of (i) buying office commission and (ii) royalty (iii) advertisement expenses for determining transaction (purchase) value for payment of custom duty.

However, the Company is of the view that as per custom valuation rules buying office commission, royalty & advertisement expenses should not be included for determining the transaction value.

The Company has also received demand cum show cause notice dated 27<sup>th</sup> February 2018 from DRI and there is a demand of INR 5.14 crores towards differential custom duty.

The Company has already filed the reply for the above show cause notice and has engaged M/s Lakshmikumaran & Sridharan, Advocates to represent the company in this case. The matter is pending.

(vi) *Material frauds against the Company*  
NIL

(vii) *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956*  
There are no inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956.

(viii) *Outstanding dues to small scale undertakings or any other creditors*  
NIL

***Material developments since the last balance sheet date***

To the Company’s knowledge, no circumstances have arisen since September 30, 2018, the date of the last Restated Financial Information disclosed in this Information Memorandum, which materially and adversely affect or are likely to affect, operations or profitability taken as a whole, the value of consolidated assets or ability to pay material liabilities within the next 12 months.

Except as stated in “***Management’s Discussion and Analysis of Financial Condition and Results of Operation***” on page 191, there is no development subsequent to September 30, 2018, that is expected to have a material impact on reserves, profits, earnings per share and book value.

## **GOVERNMENT AND OTHER APPROVALS**

The company is required to obtain approvals under the provisions of various laws and regulations and obtain registrations or approvals under them for conducting business which include shops and establishment licenses, trade licenses, health licenses, and other applicable approvals.

The company has obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on present business. In the event, some of the approvals and licenses that are required for business operations expire in the ordinary course of business, the Company shall apply for their renewal.

The company has set out below, details of pending applications filed for renewal of certain expired approvals relating to format stores which have expired:

### **I. APPROVALS FOR THE COMPANY**

#### **A. Material licenses and approvals obtained by the Company**

We require various approvals to carry on business in India. The company has received the following major Government and other approvals pertaining to business:

##### **a. Incorporation Details**

The Company was originally incorporated as Arvind J&M Limited on January 05, 2016 at Ahmedabad ROC. Further, the name of Company was changed to Arvind Fashions Limited vide the necessary resolution dated September 26, 2016 and a fresh certificate of incorporation was obtained on October 14, 2016 from Ahmedabad ROC. The certificate of incorporation bears the corporate identity number as U52399GJ2016PLC085595.

##### **b. Approvals from Tax Authorities**

- (i) Permanent Account Number of the Company as issued by the Income Tax Department is AAOCA0655N
- (ii) Tax Deduction Account Number of the Company, as issued by the Income Tax Department is AHMA16028F
- (iii) The Company has a GST registration number for each of its operating locations.

##### **c. Regulatory Approvals**

The Company has got all the regulatory approvals wherever is required

##### **d. Other Approvals**

The Company has got substantial approvals, permissions and licences as may be required and are in the process of obtaining approvals, permissions and licences wherever the company has to obtained

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Scheme**

The Hon'ble NCLT of Judicature at Ahmedabad, vide its Order dated 26<sup>th</sup> October 2018 has sanctioned the Scheme of Arrangement.

### *In-principle Listing Approvals*

The Company has received in-principle approvals from BSE and NSE for the listing of Equity Shares pursuant to letters dated 28<sup>th</sup> February 2018.

### **Prohibition by SEBI, the RBI or Governmental Authorities**

None of Company, Promoter, members of Promoter Group, Directors, entities in control of Promoter and persons in control of Company are or have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Neither Promoter, nor any of Directors or persons in control of Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI or any other governmental authorities.

None of Directors are in any manner associated with the securities market and there is or has been no action taken by SEBI against Directors or any entity in which Directors are involved in as promoters or directors.

Neither Company, nor any of Promoter, nor Group Company, nor Directors, are or have been identified as wilful defaulters by the RBI or any other governmental authorities.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statement made otherwise than in this Information Memorandum or in the advertisements to be published in terms of SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 and circular SEBI/CIR/CFD/DIL/5/2013 dated February 4, 2013, and circular SEBI/CIR/CFD/DIL/8/2013 dated May 21, 2013, or any other material issued by or at the instance of Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner

### **Caution – Disclaimer from the Company and Directors**

The Company and the Directors accept no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements or any other material issued by or at instance and anyone placing reliance on any other source of information, including website, [www.arvind-fashions.com](http://www.arvind-fashions.com), or the respective websites of Promoter and Promoter Group and Group Companies, would be doing so at his or her own risk.

### **Disclaimer in respect of Jurisdiction**

Exclusive jurisdiction for the purpose of this Information Memorandum is with the competent courts/authorities in Ahmedabad, Gujarat, India.

### **Disclaimer Clause of BSE**

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company;

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of NSE**

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that the Company's securities will be listed or will continue to be listed on the NSE; or
- Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company;

It is to be distinctly understood that the aforesaid permission given by NSE should not in any be deemed or construed that this Information Memorandum has been cleared or approved by NSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Filing**

Copies of this Information Memorandum have been filed with the BSE and NSE.

#### **Listing**

Application has been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares and BSE is the Designated Stock Exchange. The Company has nominated BSE Limited as the Designated Stock Exchange for the aforesaid listing of the shares. The Company shall ensure that all steps are taken for the completion of necessary formalities for listing and commencement of trading at the BSE and NSE.

#### **Demat Credit**

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and ISIN allotted to the Company's Equity Shares is INE955V01021. Shares have been allotted to those shareholders who have provided necessary details to the Company and/or who were holding their shares in Arvind Limited in demat form as on the Record Date i.e. 29<sup>th</sup> November 2018. The demat shares have been credited to the demat accounts of the shareholders by CDSL on 07/12/2018 and NSDL on 08/12/2018.

#### **Dispatch of share certificates**

Pursuant to the Scheme, on 15/12/2018, Company has issued and allotted its Equity Shares to eligible shareholders of Arvind Limited on the Record Date and Company has dispatched share certificate(s) to those shareholders holding shares in Arvind Limited in physical form.

#### **Expert Opinions**

Save as stated elsewhere in this Information Memorandum, Company has not obtained any expert opinions.

#### **Particulars Regarding Previous Public or Rights Issues**

The Company has not made any previous public or rights issue of securities, except as disclosed in chapter titled "*Capital Structure*" on page 30.

### **Commission and brokerage on previous issues**

Since Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

### **Listing of the Company**

This is for the first time the Company is getting listed on the Stock Exchange and has not made any prior public issues of securities.

### **Capital Issues in the Preceding Three Years by the Company, group companies and Subsidiary/Associate Company**

None of Group Entities, Subsidiaries and Associate Companies of Company have undertaken a capital issue in the last three years preceding the date of this Prospectus.

### **Outstanding debentures or bonds and redeemable preference shares and other instruments issued by Company**

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by Company.

### **Outstanding Preference Shares**

The Company does not have any outstanding preference shares as on date of this Information Memorandum.

### **Stock Market Data for Equity Shares of the Company**

Equity Shares of Company are not currently listed on any Stock Exchanges. The Company is seeking approval for listing of its Equity Shares through this Information Memorandum.

### **Partly paid-up shares**

As of the date of this Information Memorandum, there are no partly paid-up Equity Shares.

### **Mechanism for Redressal of Investor Grievances by Company**

The Company has appointed Registrars & Transfer agents, M/s Link Intime India Private Limited (“RTA”) having their Corporate Office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400083 and Ahmedabad Office at 506-508, Amarnath Business Centre -1 (abc-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad – 380006 as RTA to redress investors’ grievances.

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by RTA.

The Company has an established mechanism for Investor service and grievance handling with its RTA and the compliance officer appointed by it. The board of directors of Company has constituted a “Stakeholders Relationship Committee” which, inter alia, consider Stakeholders/Shareholders and Investors complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrant, etc and to redress genuine grievances of Shareholders and Investors

The RTA under the supervision of the secretarial department of Company looks after the investor’s grievance. The Company Secretary of Company has been appointed as Compliance Officer for this purpose. At each meeting of Stakeholders Relationship Committee all matters pertaining to investors including their grievances and redressal are reported.

RTA generally redresses physical complaints within 15 days and for complaints received by email it redresses within 3-7 working days from the date of its receipt subject to providing of proper information, details and supporting documents as may be requested by Company or RTA.

### **Disposal of Investor Grievances by Company**

We estimate that the average time required by Company for the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Vijay Kumar B S, Company Secretary, as the Compliance Officer of Company and he may be contacted in case of any queries at the following address:

10th Floor, Du Parc Trinity, 17,  
M G Road, Bangalore-560001  
E-mail: [investor.relations@arvindbrands.com](mailto:investor.relations@arvindbrands.com)  
Tel.: +91-80 40488821  
Fax: +91-80-41550651

Further, Board has constituted a Stakeholders' Relationship Committee comprising Directors, Mr. Jayesh Shah, Ms. Nithya Easwaran and Mr. Nilesh Shah, which is responsible for redressal of grievances of the security holders of Company. For more information, see "*Management*" on page 66.

### **Changes in Auditors**

The Company had appointed M/s. Sorab S. Engineer & Co., Chartered Accountants in place of retiring auditors M/s. G K Choksi & Co., Chartered Accountants at the AGM held on September 14, 2016.

### **Capitalization of Reserves or Profits**

The Company has not capitalised its reserves or profits at any time during the last three years, except as stated in "*Capital Structure*" on page 30.

### **Revaluation of Assets**

The Company has not revalued its assets since its incorporation, except as stated in "*Financial Statements*" on page 116.

## **SECTION VIII – PROVISIONS OF THE ARTICLES OF ASSOCIATION**

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In” case of inconsistency or contradiction, conflict or overlap between Part I and Part II, the provisions of Part II shall be applicable.

**Note:** By a Special Resolution passed at the 3<sup>rd</sup> Annual General Meeting of the Company held on July 16, 2018 these Articles were adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof.

1. **Table F will not apply**

The Regulations contained in Table F, in the First Schedule to the Companies Act, 2013, shall not apply to this Company, but the regulations for the management of the Company and for the conduct of Meetings of the Members thereof, shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment or notification thereto.

2. **Interpretation Clause**

In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:

**The Act**

- (a) "The Act" means the Companies Act, 2013 and includes rules made there under and any statutory modification, clarification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous Company Law, so far as may be applicable.

**Articles**

- (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time or any statutory modification thereof.

**Annual General Meeting**

- (c) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.

**Auditors**

- (d) "Auditors" means and includes those persons appointed as such for the time being of the Company.

**Board**

- (e) "Board" means the Directors of the Company collectively, and shall include a committee thereof.

**Capital**

- (f) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.

**The Company**

- (g) "Company" shall mean Arvind Fashions Limited established as aforesaid.

**Debenture**

- (h) "Debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not;

**Document**

- (i) "Document" includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form



**Executor or Administrator**

- (j) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.

**Extra-Ordinary General Meeting**

- (k) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

**Meeting or General Meeting**

- (l) "General Meeting" means a meeting of members.

**In Writing and Written**

- (m) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form and shall include email, and any other form of electronic transmission.

**"Independent Director"**

- (n) "Independent Director" shall have the meaning ascribed to it in the Act.

**Marginal notes**

- (o) The marginal notes hereto shall not affect the construction thereof.

**Key Managerial Personnel**

- (p) "Key Managerial Personnel" means the Chief Executive Officer or the Managing Director; the Company Secretary; Whole-time Director; Chief Financial Officer; and such other Officer as may be notified from time to time in the Rules.

**Legal Representative**

- (q) "Legal Representative" means a person who in law represents the estate of a deceased Member.

**Gender**

- (r) Words importing the masculine gender also include the feminine gender.

**Members**

- (s) "Members" means the duly registered holders, for the time being of the shares of the Company and in case of shares held in dematerialized form from such persons whose name is entered as a beneficial owner in the records of a depository.

**Month**

- (t) "Month" means a calendar month.

**National Holiday**

- (u) "National Holiday" means and includes a day declared as National Holiday by the Central Government.

**Non-retiring Directors**

- (v) "Non-retiring Directors" means a director not subject to retirement by rotation.

**Office**

- (w) "Office" means the registered Office for the time being of the Company.

**Ordinary and Special Resolution**

- (x) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.

**Paid-up**

(y) "Paid-up" in relation to shares includes credited as paid-up.

**Person**

(z) "Person" shall be deemed to include corporations and firms as well as individuals.

**Proxy**

(aa) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting on Poll and includes attorney duly constituted under the power of attorney.

**Register of Members**

(bb) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1)(a) of the Act and can be kept anywhere outside India

**Seal**

(cc) "Seal" means the common seal for the time being of the Company or any other method of Authentication of documents, as specified under the Act or amendment thereto.

**Secretary**

(dd) "Secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Board of Directors to perform the functions of a company secretary under this Act and is a Key Managerial Person.

**Share**

(ee) "Share" means a share in the share capital of a company and includes stock.

**Singular number**

(ff) Words importing the Singular number include where the context admits or requires the plural number and vice versa.

**Statutes**

(gg) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.

**These presents**

(hh) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.

**Variation**

(ii) "Variation" shall include abrogation; and "vary" shall include abrogate.

**Year and Financial Year**

(jj) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.

**Expressions in the Act to bear the same meaning in Articles**

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

**CAPITAL**

**Authorized Capital**

3. The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.

**Increase of capital by the Company and how carried into effect**

4. The Company may in General Meeting, from time to time, by Ordinary Resolution increase its capital by creation of new shares, which may be unclassified and may be classified at the time of issue in one or more

classes and of such amount or amounts as may be deemed expedient. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.

#### **New Capital same as existing capital**

5. Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

#### **Differential Voting Shares**

6. The Board shall have the power to issue a part of authorized capital by way of differential -voting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

#### **Redeemable Preference Shares**

7. Subject to the provisions of the Act and these Articles, the Company shall have the power to issue preference shares, either at premium or at par, which are at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption. ,

#### **Voting rights of preference shares**

8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

#### **Provisions to apply on issue of Redeemable Preference Shares**

9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:
  - (a) No such Shares shall be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;
  - (b) No such Shares shall be redeemed unless they are fully paid;
  - (c) Subject to section 55(2)(d)(i) of the Act, the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;
  - (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and
  - (e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital

#### **Reduction of capital**

10. The Company may (subject to the provisions of sections 52, 55 and other applicable provisions, if any, of the Act or any other section as notified) from time to time by Special Resolution reduce
  - (a) the share capital;
  - (b) any capital redemption reserve account; or
  - (c) any security premium account

In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

#### **Debentures**

11. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

#### **Issue of Sweat Equity Shares**

12. The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in the Act and Rules framed thereunder.

#### **Share Based Employee Benefits**

13. The Company may provide share based benefits including but not limited to Stock Option, Stock Appreciation Rights or any other co-investment share plan and other forms of share based compensations to Employees including its Directors other than independent directors and such other persons as the rules may allow, under any scheme, subject to the provisions of the Act, the Rules made thereunder and any other law for the time being in force, by whatever name called.

#### **Buy Back of shares**

14. Notwithstanding anything contained in these articles but subject to and in full compliance of the requirements of sections 68 to 70 (both inclusive) and any other applicable provision of the Act and Rules made thereunder, provisions of any re-enactment thereof and any rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company may with the authority of the Board or the members in General Meeting, as may be required / and contemplated by Section 68 of the Act, at any time and from time to time, authorise buyback of any part of the share capital of the Company fully paid-up on that date.

#### **Consolidation, Sub-Division And Cancellation**

15. Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

#### **Issue of Depository Receipts**

16. Subject to compliance with applicable provision of the Act and Rules framed thereunder the company shall have power to issue depository receipts in any foreign country.

#### **Issue of Securities**

17. Subject to compliance with applicable provision of the Act and Rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.

## **MODIFICATION OF CLASS RIGHTS**

### **Modification of rights**

18. If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.

### **New Issue of Shares not to affect rights attached to existing shares of that class**

19. The rights conferred upon the holders of the Shares including Preference Share, if any, of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking paripassu therewith.

### **Shares at the disposal of the Directors**

20. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. The Directors will have the authority to disallow the right to renounce right shares.

### **Directors may allot shares otherwise than for cash**

21. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

### **Power to issue securities on private placement basis**

22. The Company may issue securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and / or 62 of the Act and rules framed thereunder subject to any further amendments or notifications thereto.

### **Shares should be Numbered progressively and no share to be subdivided**

23. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

### **Acceptance of Shares**

24. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

### **Deposit and call etc. to be a debt payable immediately**

25. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

#### **Liability of Members**

26. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

#### **Registration of Shares**

27. Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

#### **Return on allotments to be made or restrictions on allotment**

28. The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Section 39 of the Act

### **CERTIFICATES**

#### **Share Certificates**

29. (a) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide –
1. one certificate for all his shares without payment of any charges; or
  2. several certificates, each for one or more of his shares, upon payment of Rs. 50 for every certificate or such charges as may be fixed by the Board for each certificate after the first. The charges can be waived off by the Company.
- (b) Every certificate of shares shall be either under the seal of the company or will be authenticated by (1) two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon.
- (c) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.

#### **Issue of renewed or duplicate share certificate**

30. (a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof.
- (b) If any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deems adequate and on payment of out-of-pocket expenses incurred by the company in investigating the evidence produced, being given, then only with prior

consent of the Board, a duplicate Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate.

- (c) Every Certificate shall be issued in such manner as prescribed under the Act or Rules framed thereunder applicable from time to time.
- (d) Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees Fifty for each certificate) as the Directors shall prescribe.
- (e) The particulars of every renewed or duplicate share certificate issued shall be entered forthwith in a Register of Renewed and Duplicate Share Certificates maintained in prescribed format indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross-references in the "Remarks" column.
- (f) Register shall be kept at the registered office of the company or at such other place where the Register of Members is kept and it shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for the purpose
- (g) All entries made in the Register of Renewed and Duplicate Share Certificates shall be authenticated by the company secretary or such other person as may be authorised by the Board for the purposes of sealing and signing the share certificate
- (h) Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.
- (i) The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

**The first named joint holder deemed Sole holder**

- 31. If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to these articles and the terms of issue.

**Maximum number of joint holders**

- 32. The Company shall not be bound to register more than four persons as the joint holders of any share.

**Company not bound to recognize any interest in share other than that of registered holders**

- 33. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as is by these Articles otherwise expressly provided or by law otherwise provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

**Funds of Company may not be applied in purchase of shares of the Company**

- 34. Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act.

**Instalment on shares to be duly paid**

35. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalment, every such instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

## **UNDERWRITING AND BROKERAGE**

### **Commission**

36. Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any securities in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any securities in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the Rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

### **Brokerage**

37. The Company may pay on any issue of securities such brokerage as may be reasonable and lawful.

## **CALLS**

### **Directors may make calls**

38. (a) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.
- (b) A call may be made payable by instalments.
- (c) The option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.

### **Call may be revoked or postponed**

39. A call may be revoked or postponed at the discretion of the Board

### **Notice of Calls**

40. Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

### **Calls to date from resolution**

41. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

### **Calls on uniform basis**

42. Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

### **Liability of Joint-holders**

43. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

### **Directors may extend time**

44. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.



#### **Calls to carry interest**

45. If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding ten per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

#### **Sums deemed to be calls**

46. (a) If by the terms of issue of any share or otherwise any amount is made payable at any fixed time (whether on account of the nominal value of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.
- (b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply mutatis mutandis as if such sum had become payable by virtue of a call duly made and notified.

#### **Proof on trial of suit for money due on shares**

47. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, was on the Register of Members as the holder, on or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered; that such money is due pursuant to the terms on which the share was issued; that the resolution making the call was duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

#### **Judgment, decree, partial payment suo motto proceed for forfeiture**

48. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

#### **Payments in Anticipation of calls may carry interest**

49. (a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.

#### **LIEN**

**Company to have Lien on shares / debentures**

50. (a) The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 33 will have full effect. And such lien shall extend to all dividends, bonuses or interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.
- (b) The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

**As to enforcing lien by sale**

51. (a) For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they think fit but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or his committee or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice.
- (b) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (c) Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

**Application of proceeds of sale**

52. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## **FORFEITURE AND SURRENDER OF SHARES**

### **If call or instalment not paid, notice may be given**

53. If any Member fails to pay the whole or any part of any call or instalment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof, the Directors may, at any time thereafter, during such time as the call or instalment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or instalment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment.

### **Terms of notice**

54. (a) The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or instalment and such interest thereon as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid.
- (b) The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

### **On default of payment, shares to be forfeited**

55. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

### **Notice of forfeiture to a Member**

56. When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. Provided that option or right to call of forfeited shares shall not be given to any person.

### **Forfeited shares to be property of the Company and may be sold etc**

57. Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

### **Members still liable to pay money owing at time of forfeiture and interest**

58. Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding two per cent per annum more than the bank lending rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

### **Effect of forfeiture**

59. The forfeiture of shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

#### **Evidence of Forfeiture**

60. A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

#### **Title of purchaser and allottee of Forfeited shares**

61. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

#### **Directors may issue new certificates**

62. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

#### **Forfeiture may be remitted or annulled**

63. In the meantime, and until any share so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the Board, be remitted or annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.

#### **Validity of sale under Articles 51 and 57**

64. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

#### **Surrender of shares**

65. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

### **TRANSFER AND TRANSMISSION OF SHARES**

#### **Execution of the instrument of shares**

66. (a) The instrument of transfer of any share or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

#### **Transfer Form**

67. The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 (including statutory modification thereof) including other applicable provisions of the Act and Rules made thereunder shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

#### **Instrument of Transfer to be completed and presented to the Company**

68. (a) The Company shall not register a transfer in the Company (other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository), unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on

behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares within sixty days from date of execution: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost or the instrument of transfer has not been delivered within the prescribed period, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

- (b) The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.

#### **Directors may refuse to register transfer**

69. Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and after assigning the reason for same, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member), send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

#### **Notice of refusal to be given to transferor and transferee**

70. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within 30 days from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.

#### **Fee on transfer or transmission**

71. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party such fee, if any as the Directors may require.

Provided that the Board shall have the power to dispense with the payment of this fee either generally or in any particular case.

#### **Closure of Register of Members or debenture holder or other security holders**

72. The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and Rules made thereunder close the Register of Members and/ or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

#### **Custody of transfer Deeds**

73. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

#### **Application for transfer of partly paid shares**

74. Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

**Death of one or more joint-holders of shares**

75. (a) In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share
- (b) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**Title to shares of deceased member**

76. Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.

**Titles of Shares of deceased Member**

77. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Section 72 of the Companies Act.

**Registration of persons entitled to share otherwise than by transfer. (Transmission clause)**

78. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions as prescribed under Act and Rules, and, until he does so, he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

**Refusal to register nominee.**

79. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Board may require evidence of transmission**

80. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**Company not liable for disregard of a notice prohibiting registration of transfer**

81. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

**Form of transfer Outside India**

82. In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in as prescribed under the relevant Rules hereof as circumstances permit.

**No transfer to insolvent etc**

83. No transfer shall be made to any minor, insolvent or person of unsound mind.

**NOMINATION**

**Nomination**

84. (a) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.
- (b) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014.
- (c) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.
- (d) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

**Transmission of Securities by nominee**

85. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- (a) to be registered himself as holder of the security, as the case may be; or
- (b) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;
- (c) if the nominee elects to be registered as holder of the security, himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder;
- (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

## **DEMATERIALIZATION OF SHARES**

### **Dematerialisation of Securities**

86. Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form and will offer the Securities for subscription in dematerialized form.

Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

## **CONVERSION OF SHARES INTO STOCK**

### **Conversion of shares into stock or reconversion.**

87. The Company may, by ordinary resolution in General Meeting.
- a) convert any fully paid-up shares into stock; and
  - b) re-convert any stock into fully paid-up shares of any denomination.

### **Transfer of stock**

88. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

### **Rights of stock holders**

89. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

### **Regulations**

90. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

## **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

### **Copies of Memorandum and Articles of Association to be sent to Members**

91. A copy of the Memorandum and Articles of Association of the Company and of any other document referred to in Section 17 of the Act shall be sent by the Company to a Member at his request on payment of Rs. 100 or such reasonable sum for each copy as the Directors may, from time to time, decide. The fees can be waived off by the Company.

## **BORROWING POWERS**



**Power to borrow**

92. Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash creditor by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. Nevertheless no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed.

**Terms of issue of Debentures**

93. Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

**Securing payment or repayment of Moneys borrowed**

94. Subject to the provisions of Article 96, the payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects, as the Board may think fit by a resolution passed at a meeting of the Directors, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

**Bonds, Debentures etc. to be under the control of the Directors**

95. Any bonds, debentures, debenture-stock, Global Depository Receipts or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider being for the benefit of the Company.

**Mortgage of uncalled Capital**

96. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

**Indemnity may be given**

97. Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

**Register of Mortgages etc. to be kept**

98. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company

#### **Register and Index of Debenture holders**

99. (a) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Act.
- (b) The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture holders resident in that State or country.

#### **Register of Directors and Key Managerial Personnel and Contracts**

100. The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections. The Directors shall cause to be kept at the Registered Office
- (a) a Register in accordance with Section 170 and
- (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act.

The Registers can be maintained in electronic form subject to the provisions of the Act.

#### **Inspection of Register**

101. The provisions contained in Article 194 relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.

### **MEETINGS OF MEMBERS**

#### **Distinction between AGM & EGM**

102. All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

#### **Annual General Meeting- Annual Summary**

103. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. The Annual General Meeting shall be held within a period of six months, from the date of closing of the financial year; provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred on the Registrar under the provisions of Section 96 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday, and shall be held at the Registered Office of the Company or at some other place within the City of Ahmedabad as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Financial Statements, Auditors' Report (if not already incorporated in the Financial Statements), the Proxy Register with proxies and the Register of Directors' shareholding which shall remain open and accessible during the continuance of the Meeting. An annual return and Balance Sheet and Profit and Loss Account shall be filed with the Registrar of Companies, Ahmedabad, Gujarat, in accordance with Sections 92 and 137 of the Act.

#### **Extra-Ordinary General Meeting by Board and by requisition**

104. (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of Members or Members holding in the aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of deposit of the requisition and in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting.

**When a Director or any two Members may call an Extra Ordinary General Meeting**

- (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

**Requisition of Members to state object of Meeting**

105. Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Registered Office; provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.

**On receipt of requisition, Directors to call Meetings and in default requisitionists may do**

106. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Registered Office, to cause a meeting to be called for a day not later than forty-five days from the date of deposit of the requisition, meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.

**Notice of meeting**

107. Twenty-one days notice at the least (either in writing or electronic mode) of every General Meeting, Annual or Extraordinary, specifying the place, date, day, hour, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons, as given under Act, entitled to receive notice from the Company. A General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting. In the case of an Annual General Meeting, if any business other than (i) the consideration of financial statements and the reports of the Board of Directors and auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of, the Auditors is to be transacted, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature or concern (financial or otherwise) and extent of the interest, if any, therein of every Director, Manager, Key Managerial Personnel, and their relatives (if any). Where any item of business consists of the approval of any document the time and place where the document can be inspected shall be specified in the statement aforesaid.

**Omission to give notice not to invalidate a resolution passed**

108. The accidental omission to give any such notice as aforesaid to any member, or other person to whom it should be given or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

**Meeting not to transact business not mentioned in notice**

109. No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

**Quorum**

110. No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act.. A body corporate being a Member shall be deemed to be personally present if represented in accordance with Section 113 of the Act.

**If quorum not present, Meeting to be dissolved and adjourned**

111. If, at the expiration of half an hour from the time appointed for the Meeting a quorum of Members is not be present, the Meeting, if convened by or upon the requisition of Members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine; and if at such adjourned Meeting a quorum of Members

is not present at the expiration of half an hour from the time appointed for the Meeting, those Members who are present shall be a quorum, and may, transact the business for which the Meeting was called.

**Chairman of General Meeting**

112. The Chairman or in his absence the Vice Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman or Vice Chairman, or if at any Meeting neither of them be present within fifteen minutes of the time appointed for holding such Meeting then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.

**Business confined to election of Chairman whilst Chair is vacant**

113. No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

**Chairman with consent may adjourn meeting**

114. (a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Chairman's casting vote**

115. In the case of an equality of votes the Chairman shall on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.

**Poll to be taken, if demanded**

116. If a poll is demanded as aforesaid the same shall, be taken in such manner as prescribed under the Act.

**In what case poll taken without adjournment**

117. Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

**Demand for poll not to prevent transaction of other business**

118. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**Security arrangement at venue of meetings**

119. The Board, and the persons authorized by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting – whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in this Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.

**VOTES OF MEMBERS**

**Members in arrears not to vote**

120. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

**Number of votes each member entitled**

121. Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll (including voting by electronic means) the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

**How Members non-compos mentis and minor may vote**

122. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his Committee or other legal guardian: and any such Committee or guardian may, on a poll, vote by proxy; if any Member be minor, the vote in respect of his share shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the Meeting.

**Casting of votes by a member entitled to more than one vote**

123. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

**Postal Ballot**

124. Notwithstanding anything contained in the provisions of the Act and the Rules made there under, the Company may, and in the case of resolutions relating to such business other than the Ordinary business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

**E-Voting**

125. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

**Votes of joint members**

126. (a) If there be joint registered holders of any share any one of such persons may vote at any Meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto.
- (b) If more than one of such joint-holders be present at any Meeting either personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.
- (c) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

**Votes may be given by proxy or by representative**

127. Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in Articles.

At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.

**Representation of a body corporate**

128. A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures or any other Securities) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

**Members paying money in advance.**

129. (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.

**Members not prohibited if share not held for any specified period**

- (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

**Votes in respect of shares of deceased or insolvent members.**

130. Any person entitled under Article 78 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof

**No votes by proxy on show of hands.**

131. No Member shall be entitled to vote on a show of hands through Proxy unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorized under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate by production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

**Appointment of a Proxy**

132. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

**Deposit of instrument of appointment**

133. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of attorney, shall be deposited at the office not less than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

**Form of proxy**

134. An instrument appointing a proxy shall be in the form as prescribed in the Rules made under section 105.

**Validity of votes given by proxy notwithstanding death of a member**

135. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation

in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.

**Proxy either for specified meeting or for a period**

136. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and every adjournment thereof or every meeting of the Company or every meeting to be held before a date not being later than twelve months from the date of the instrument specified in the instrument and every adjournment of every such meeting.

**Time for objections to votes**

137. No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

**Chairperson of the Meeting to be the judge of validity of any vote.**

138. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Minutes of General Meeting and inspection thereof by Members**

139. (a) Every company shall cause minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.
- (b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat
- (c) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting or each report in such books shall be dated and signed by the chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that chairman within that period, by a director duly authorised by the Board for the purpose. In case of every resolution passed by postal ballot, by the chairman of the Board within the aforesaid period of thirty days or in the event of there being no chairman of the Board or the death or inability of that chairman within that period, by a director duly authorized by the Board for the purpose.
- (d) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
- (e) All appointments made at any of the meetings aforesaid shall be included in the minutes of the meeting.

**The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds**

- (f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting.
- 1) is or could reasonably be regarded as, defamatory of any person, or
  - 2) is irrelevant or immaterial to the proceedings, or
  - 3) is detrimental to the interests of the Company
- (g) Any such minutes shall be evidence of the proceedings recorded therein.
- (h) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

## **DIRECTORS**

### **Number of Directors**

140. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution.

### **Qualification shares**

141. A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

### **Nominee Directors.**

142. (a) Whenever the Company enters into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or investment in securities or for under-writing the Directors shall have, subject to the provisions of the Act and notwithstanding anything to the contrary contained in these Articles, the power to agree that such appointer shall have the right to appoint by a notice in writing addressed to the Company, one or more persons as a Director or Directors of the Company for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. Any Director so appointed is herein referred to as a Nominee Director.
- (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

### **Debenture Directors**

143. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that a trustee appointed under the Trust Deed shall have power to appoint a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the trustee in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation. A debenture Director shall not be bound to hold any qualification shares.

### **Appointment of Alternate Director**

144. The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.



#### **Additional Director**

145. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 142. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

#### **Directors' power to fill casual vacancies**

146. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

#### **Appointment of Independent Directors**

147. The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.

#### **Sitting Fees**

148. Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof, provided that Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

#### **Travelling expenses Incurred by Director on Company's business**

149. The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

#### **Additional Remuneration for Services**

150. Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.

If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.

#### **When office of Directors to be vacated**

151. Subject to Section 167 of the Act, the office of a Director shall be vacated if :

- (a) he incurs any of the disqualifications specified in section 164 of the Act;
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;

- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;

- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

#### **Removal of Director**

152. The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be re-appointed a Director by the Board of Directors.

#### **Resignation of Directors**

153. Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.

### **PROCEEDING OF THE BOARD OF DIRECTORS**

#### **Meetings of Directors**

154. (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

#### **Meeting through Video Conferencing**

155. The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.

#### **Notice of Meetings**

156. Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.

#### **Quorum for Meetings**

157. The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

**Explanation:**

The expressions “interested Director” shall have the meanings given in Section 184(2) of the said Act and the expression “total strength” shall have the meaning as given in Section 174 of the Act.

**Chairperson**

158. (a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.
- (b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.

**Questions at Board meeting how decided**

159. Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.

**Continuing directors may act notwithstanding any vacancy in the Board**

160. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

**Directors may appoint committee.**

161. Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

**Committee Meetings how to be governed**

162. The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

**Chairperson of Committee Meetings**

163. (a) A committee may elect a Chairperson of its meetings.
- (b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

**Meetings of the Committee**

164. (a) A committee may meet and adjourn as it thinks fit.
- (b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

**Acts of Board or Committee shall be valid notwithstanding defect in appointment.**

165. Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

#### **Resolution by Circulation**

166. A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.

#### **Power to fill casual vacancy**

167. Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any other regulation contained in this Articles be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

### **RETIREMENT AND ROTATION OF DIRECTORS**

#### **Retirement and Rotation of Directors**

168. Subject to provision of Section 152 and other applicable provisions of the Act, not less than two-third of the total number of Directors of the Company shall be the persons whose period of office shall be liable to determination by retirement by rotation and one-third of such of Directors of the Company for the time being as are liable to retire by rotation and if their number is not three or a multiple of three then the number nearest to one-third shall retire from the office.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in the office from the last appointment.

#### **Eligibility for re-election**

169. A retiring Director shall be eligible for re-election.

### **POWERS OF THE BOARD**

#### **Powers of the Board**

170. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by these Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made

#### **Certain powers of the Board**

171. Without prejudice to the general powers conferred by these Articles or the governing laws of the Country and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say -

**To acquire any property, rights etc.**

- (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.

**To take on Lease.**

- (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.

**To erect & construct.**

- (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

**To pay for property**

- (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

**To insure properties of the Company**

- (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

**To open Bank accounts**

- (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

**To secure contracts by way of mortgage**

- (7) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.

**To accept surrender of shares**

- (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.

**To appoint trustees for the Company**

- (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

**To conduct legal proceedings**

- (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to

arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

**Bankruptcy & Insolvency**

- (11) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.

**To issue receipts & give discharge**

- (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

**To invest and deal with money of the Company**

- (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.

**To give Security by way of indemnity.**

- (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;

**To determine signing powers.**

- (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.

**Commission or share in profits.**

- (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.

**Bonus etc. to employees.**

- (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.

**Transfer to Reserve Funds**

- (18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without

being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

**To appoint and remove officers and other employees**

- (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.

**To appoint Attorneys**

- (20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

**To enter into contracts**

- (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

**To make rules.**

- (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.

**To effect contracts etc.**

- (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.

**To apply & obtain concessions licenses etc.**

- (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, of any Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

**To pay commissions or interest.**

- (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.

**To redeem preference shares.**

- (26) To redeem preference shares.

**To assist charitable or benevolent institutions.**

- (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

**To provide for welfare of Directors**

- (28) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

**To purchase or acquire foreign licence**

- (29) To purchase or otherwise acquire or obtain foreign license, other license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

**To sell any Article, material etc**

- (30) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

**To extend the business and undertaking**

- (31) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

**To make payment of rents and performance of covenants**

- (32) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

**To improve, manage, develop property**

- (33) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

**To lease, sell, re-purchase property**

- (34) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

**To delegate powers**

- (35) Generally subject to the provisions of the Act and these Articles, to delegate the powers/ authorities and discretions vested in the Directors to any committees, person(s), firm, company or fluctuating body of persons as aforesaid.



**To comply with the requirements of local law**

- (36) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.

**MANAGING AND WHOLE-TIME DIRECTORS**

**Powers to appoint Managing/ Whole-time Directors**

172.(a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director, Joint Managing Director or Managing Directors or whole-time Director or whole-time Directors, Manager or Chief Executive Officer of the Company either for a fixed term or for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

- (b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall not be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

**Remuneration of Managing or Whole-time Director**

173. The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act or as per the clarifications notified by the Government and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

**Powers and duties of Managing Director or Whole-time Director**

174.(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.

- (2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.
- (3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.
- (4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
- (5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract on behalf of the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

### **Restriction on Management**

175. The Managing Director or Whole-time Directors shall not exercise the powers to :

- (a) make calls on shareholders in respect of money unpaid on shares in the Company;
- (b) issue debentures; and except to the extent mentioned in a resolution passed at the Board meeting under Section 179 of the Act, he or they shall also not exercise the powers to -
- (c) borrow moneys, otherwise than on debentures;
- (d) invest the funds of the Company; and
- (e) make loans.

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

#### **Board to appoint Chief Executive Officer/Manager/Company Secretary/Chief Financial Officer**

176.(a) Subject to the provisions of the Act,—

- (i) A chief executive officer, manager, company secretary or chief financial officer or any other Key Managerial Personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- (b) A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### **THE SEAL**

#### **The seal, its custody and use**

177.(a) The Board at their option can provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute or not substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

- (b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.
- (c) As authorized by the Act or amendment thereto, if the company does not have a common seal, the authorisation under this clause shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp.

#### **Usage of the Seal**

The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

## **DIVIDEND AND RESERVES**

### **Division of profits**

- 178.(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

### **The company in General Meeting may declare Dividends**

180. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

### **Transfer to reserves**

- 181.(a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

### **Interim Dividend**

182. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

### **Debts may be deducted**

183. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

### **Retention of dividends until completion of transfer under Articles**

184. The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

### **No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof**

185. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

### **Effect of transfer of shares**

186. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

### **Dividend to joint holders**

187. Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

### **Dividends how remitted**

188.(a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct or electronically by ECS/NEFT/RTGS.

(b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

### **Notice of dividend**

189. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

### **No interest on Dividends**

190. No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.

## **CAPITALIZATION**

### **Capitalization**

191.(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
- (b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
- (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b)

(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, be applied by the Company for the purposes permissible pursuant to the Act.

The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

### **Fractional Certificate**

192.(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall

- (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and
- (b) generally to do all acts and things required to give effect thereto.

(2) The Board shall have full power -

- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also
- (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

### **Inspection of Accounts**

193.(a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.

## **FOREIGN REGISTER**

### **Foreign Register.**

194. The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

## **DOCUMENTS AND SERVICE OF NOTICES**

### **Signing of documents & notices to be served or given**

195. Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed or through electronic transmission.

### **Authentication of documents and proceedings**

196. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company (digitally or electronically) and need not be under the Common Seal of the Company and the signature thereto may be written, facsimile, printed, lithographed, photostat.

## **WINDING UP**

### **Winding Up**

197. Subject to the provisions of Chapter XX of the Act and Rules made thereunder—

- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

## **INDEMNITY**

### **Directors' and others right to indemnity**

198. Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.

The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.

### **Not responsible for acts of others**

199. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

An Independent Director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.

## SECRECY

### Secrecy

200.(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

### Access to property information etc.

(B) No member or other person (other than a director) shall be entitled to enter the property of the company or to inspect or examine the company's premises or properties or the books of accounts of the company without the permission of the board of directors of the company for the time being or to require discovery of or any information in respect of any detail of the company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the company and which in the opinion of the board it will be inexpedient in the interest of the company to disclose or to communicate.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by Company or contracts entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or are to be entered into by Company.

Copies of the following documents will be available for inspection at the Registered Office of Company on any working day (i.e. Monday to Friday and not being a bank holiday in Maharashtra) between 11:00 a.m. and 1:00 p.m. with prior intimation, for a period of seven days from the date of filing of this Information Memorandum with Stock Exchanges.

#### *Material Documents*

1. Certified copies of the Memorandum of Association and Articles of Association of Company.
2. Certificate of incorporation dated 5<sup>th</sup> January 2016 and Certificate of incorporation pursuant to change of name dated 14<sup>th</sup> October 2016.
3. Copy of Fairness report dated 8<sup>th</sup> November 2017.
4. Resolutions of the Board of Directors of Company dated 8<sup>th</sup> November 2017 approving the Scheme.
5. Observation Letters for the Scheme of Arrangement from BSE and NSE dated 28<sup>th</sup> February 2018;
6. Composite Scheme of Arrangement amongst Arvind Limited (“Demerged Company”) and Arvind Fashions Limited (“Resulting Company 1”) and Anveshan Heavy Engineering Limited (“Resulting Company 2” or “Transferee Company”) and The Anup Engineering Limited (“Transferor Company”) and their respective Shareholders and Creditors;
7. Order dated 26<sup>th</sup> October 2018 of the Hon’ble High Court approving the Scheme, received by Company on 5<sup>th</sup> November 2018;
8. Consent from the Auditors for inclusion of their names as the statutory auditors and of their reports on accounts in the form and context in which they appear in this Information Memorandum;
9. Statement of Tax Benefit dated 5<sup>th</sup> December 2018 from Tax Consultants;
10. Tripartite Agreement with National Securities Depository Ltd., RTA and Company;
11. Tripartite Agreement with Central Depository Services (India) Ltd., RTA and Company;
12. Audited Financial Statements of Company for last three years;
13. BSE letter No. DCS/AMAL/PB/IP/1393/2018-19 dated January 24, 2019 granting in-principle approval for listing.
14. NSE letter No. NSE/LIST/72335 dated January 30, 2019 granting in-principle approval for listing.
15. SEBI letter No. CFD/DILII/ADM/RK/5122/2019 dated 25<sup>th</sup> February 2019 granting relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957.


Any of the contracts or documents mentioned in this Information Memorandum may be amended or modified at any time if so required in the interest of Company or if required by other parties, without reference to the shareholders, subject to compliance with applicable law.

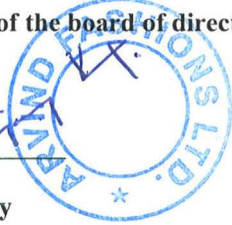


## DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. We further certify that all the statements in this Information Memorandum are true and correct.

**For and on behalf of the board of directors of Company**

  
\_\_\_\_\_  
Vijaykumar BS  
Company Secretary



**Place: Ahmedabad**  
**Date: 26.02.2019**