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O/C

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND BEAUTY BRANDS RETAIL PRIVATE LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Arvind Beauty Brands Retail Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order,2016 ("The Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies act,2013,we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

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

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

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

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

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

        i. The Company does not have any pending litigation;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company;

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Bengaluru
May 15, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Beauty Brands Retail Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of **ARVIND BEAUTY BRANDS RETAIL PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Bengaluru
May 15, 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Beauty Brands Retail Private Limited of even date)

(i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties.

(ii) As explained to us, the inventory has been physically verified during the year by the Management. In our opinion, frequency of verification is reasonable. The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.

(iii) The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirement of clauses (iii,a), (iii,b) and (iii,c) of paragraph 3 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.

(v) In our opinion and according to the information and explanations given to us, the Company have not accepted deposits from the public and hence, the requirement of clause (v) of paragraph 3 of the order is not applicable.

(vi) The Company is not engaged in production, processing, mining activities Therefore, the provisions of maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, no amount is payable as on March 31, 2019 on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

(ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie,* applied by the Company for the purpose for which they were raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year under review. Consequently, requirements of Clause (xi) of paragraph 3 of the order are not applicable.

(xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, the requirements of clause (xiv) of paragraph 3 of the order are not applicable to the Company.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Bengaluru
May 15, 2019

Arvind Beauty Brands Retail Private Limited
Balance Sheet as at March 31, 2019

Amount in Rs

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	29,17,53,106	32,16,18,536
(b) Intangible assets	6	1,30,70,809	1,71,85,154
(c) Financial assets			
(i) Other financial assets	7	14,71,21,880	12,31,72,902
(e) Deferred tax assets (net)	24	7,79,62,450	6,11,31,887
(f) Other non-current assets	8	1,02,66,422	-
Total non-current assets		54,01,74,667	52,31,08,479
II.Current assets			
(a) Inventories	9	64,28,55,195	56,54,09,564
(b) Financial assets			
(i) Cash and cash equivalents	7	54,29,298	9,59,509
(ii) Bank balance other than (i) above	7	-	50,000
(iii) Loans	7	4,08,761	13,82,620
(iv) Others financial assets	7	1,57,00,270	1,22,19,354
(c) Current tax assets (net)	10	73,77,397	50,52,219
(d) Other current assets	8	9,72,30,275	11,54,90,287
Total current assets		76,90,01,196	70,05,63,553
Total Assets		1,30,91,75,863	1,22,36,72,032
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,68,94,880	7,68,94,880
Other equity	12	61,37,82,409	65,86,75,844
Total equity		69,06,77,289	73,55,70,724
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	21,98,867	31,56,512
(b) Long-term provisions	14	25,35,927	46,85,316
Total non-current liabilities		47,34,794	78,41,828
II.Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	31,03,24,863	14,66,914
(ii) Trade payables	13		
a) total outstanding dues of micro enterprises and small enterprises		-	
b) total outstanding dues of creditors other than micro enterprises and small enterprises		26,86,01,149	43,56,52,460
(iii) Other financial liabilities	13	82,72,159	2,48,29,886
(b) Other current liabilities	15	2,48,48,436	1,79,89,242
(c) Short-term provisions	14	17,17,173	3,20,978
Total current liabilities		61,37,63,780	48,02,59,480
Total Equity and Liabilities		1,30,91,75,863	1,22,36,72,032
Summary of significant accounting policies	3		

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

As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Bengaluru
Date : 15-05-2019

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited

Director : Kannan S
DIN : 02528982
Place : Bengaluru
Date : 15-05-2019

Director : Suresh Jayaraman
DIN : 03033110
Place : Bengaluru
Date : 15-05-2019

Ankit kr Jain
Company Secretary :Ankit Kumar Jain
Place : Bengaluru
Date : 15-05-2019

Arvind Beauty Brands Retail Private Limited
Statement of profit and loss for the year ended March 31, 2019

Amount In Rs

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations			
Sale of Products	16	1,78,45,72,032	1,33,06,31,635
Sale of Services	16	4,12,54,605	2,67,60,423
Operating Income	16	5,01,245	-
Revenue from operations		1,82,63,27,882	1,35,73,92,058
Other income	17	27,89,402	9,92,615
Total Income (I)		1,82,91,17,284	1,35,83,84,673
Expenses			
Purchase of stock-in-trade	18	1,14,34,80,899	84,33,84,974
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(7,74,45,631)	(8,00,80,326)
Employee benefits expense	20	18,39,61,239	13,52,93,113
Finance costs	21	2,17,56,314	29,47,069
Depreciation and amortisation expense	22	9,14,15,111	8,33,34,233
Other expenses	23	53,08,42,317	41,20,45,871
Total expenses (II)		1,89,40,10,249	1,39,69,24,934
Profit / (Loss) before exceptional items and tax (III)=(I-II)		(6,48,92,965)	(3,85,40,261)
Exceptional items (IV)		-	-
Profit / (Loss) before tax (V) = (III-IV)		(6,48,92,965)	(3,85,40,261)
Tax expense			
Current tax	24	-	-
Deferred tax	24	(1,68,64,775)	(12,31,278)
Total tax expense (VI)		(1,68,64,775)	(12,31,278)
Profit / (Loss) for the year (VII) = (V-VI)		(4,80,28,190)	(3,73,08,983)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	12	1,31,584	96,629
Income tax effect	24	(34,212)	(25,124)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		97,372	71,505
B. Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		-	-
Total other comprehensive income for the period, net of tax (VIII)		97,372	71,505
Total comprehensive income for the period, net of tax (VII+VIII)		(4,79,30,818)	(3,72,37,478)
Earning per equity share [nominal value per share Rs.10/- (March 31, 2018: Rs.10/-)]			
Basic	29	(6.25)	(5.26)
Diluted	29	(6.25)	(5.26)
Summary of significant accounting policies	3		

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

As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Bengaluru
Date : 15-05-2019

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited

Director : Kannan S
DIN : 02528982
Place : Bengaluru
Date : 15-05-2019

Director : Suresh Jayaraman
DIN : 03033110
Place : Bengaluru
Date : 15-05-2019

Company Secretary :Ankit Kumar Jain
Place : Bengaluru
Date : 15-05-2019

Arvind Beauty Brands Retail Private Limited
Statement of cash flows for the year ended March 31, 2019

Amount In Rs

Particulars		Year ended March 31, 2019		Year ended March 31, 2018
A Operating activities				
Profit / (Loss) Before taxation		**(6,48,92,965)**		**(3,85,40,261)**
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation /Amortization	9,14,15,111		8,33,34,233	
Interest Income	(1,46,203)		(9,88,967)	
Provision for Litigation/Disputes	1,00,000		-	
Interest and Other Borrowing Cost	2,17,56,314		29,47,069	
Share based payment reserve	30,37,383		4,69,876	
		11,61,62,605		8,57,62,211
Operating Profit before Working Capital Changes		**5,12,69,640**		**4,72,21,950**
Working Capital Changes:				
Changes in Inventories	(7,74,45,631)		(8,00,80,326)	
Changes in trade payables	(16,70,51,311)		11,47,76,362	
Changes in other current liabilities	68,59,194		1,00,67,902	
Changes in other financial liabilities	(1,66,43,175)		1,23,91,648	
Changes in provisions	31,584		(9,66,266)	
Changes in other current assets	1,82,60,020		(10,05,81,156)	
Changes in Long Term Provisions	(7,53,194)		32,86,541	
Changes in other financial assets	(2,74,36,317)		(2,78,94,489)	
Changes in Other Bank Balances	50,000		49,50,000	
Net Changes in Working Capital		(26,41,28,830)		(6,40,49,784)
Cash Generated from Operations		**(21,28,59,190)**		**(1,68,27,834)**
Direct Taxes paid (Net of Income Tax refund)		(23,25,178)		(28,81,015)
Net Cash from Operating Activities		**(21,51,84,368)**		**(1,97,08,849)**
B Cash Flow from Investing Activities				
Purchase of Property, Plant & Equipment/Intangible assets	(5,74,35,344)		(11,73,62,247)	
Changes in Capital Advances	(1,02,66,422)		1,17,00,750	
Changes in Loans given	9,73,859		64,65,893	
Interest Income	1,52,626		9,87,542	
Net cash flow from Investing Activities		**(6,65,75,281)**		**(9,82,08,062)**
C Cash Flow from Financing Activities				
Issue of Share Capital	-		1,22,44,890	
Securities Premium received	-		10,77,55,032	
Changes in long term Borrowings	(8,72,197)		2,46,306	
Changes in short term borrowings	30,88,57,949		(18,37,696)	
Interest and Other Borrowing Cost Paid	(2,17,56,314)		(29,47,069)	
Net Cash flow from Financing Activities		**28,62,29,438**		**11,54,61,463**
Net Increase/(Decrease) in cash & cash equivalents		**44,69,789**		**(24,55,448)**
Cash & Cash equivalent at the beginning of the period		9,59,509		34,14,957
Cash & Cash equivalent at the end of the period		54,29,298		9,59,509

Particulars	Year ended March 31, 2019 Rupees	Year ended March 31, 2018 Rupees
Cash and cash equivalents comprise of: (Note 7)		
Balances with Banks	54,29,298	9,59,509
Cash and cash equivalents	**54,29,298**	**9,59,509**

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

Notes:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
2 Purchase of property, plant & equipment / intangible assets include movement of capital work-in-progress and intangible assets under development during the year.
3 Disclosure under Para 44A as set out in Ind AS 7 on cashflow statements under Companies (Indian Accounting Standards) Rules, 2015 (as amended)

	As at March 31, 2018	Cash Flows	Non-cash changes: Other Changes	Non-cash changes: Fair value adjustment	As at March 31, 2019
Borrowings - Non Current	40,28,709	(8,72,197)	-	-	**31,56,512**
Borrowings - Current	14,66,914	30,88,57,949	-	-	**31,03,24,863**

As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No.110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Bengaluru
Date : 03-05-2018

For and on behalf of the board of directors of Arvind Beauty Brands Retail Private Limited

Director : Kannan S
DIN : 02528982
Place : Bengaluru
Date : 15-05-2019

Director : Suresh Jayaraman
DIN : 03033110
Place : Bengaluru
Date : 15-05-2019

Ankit Kr Jain

Company Secretary :Ankit Kumar Jain
Place : Bengaluru
Date : 15-05-2019

Arvind Beauty Brands Retail Private Limited
Statement of changes in Equity for the year ended March 31, 2019

A. Equity share capital

Balance	Amount in Rs.
	Note 11
As at April 1st, 2017	**6,46,49,990**
Issue of Equity Share capital	1,22,44,890
As at March 31, 2018	**7,68,94,880**
Issue of Equity Share capital	-
As at March 31, 2019	**7,68,94,880**

B. Other equity

(Amount in Rs.)

Particulars	Reserves and Surplus			Total equity
	Securities premium	Contribution from Parent for ESOP	Retained Earnings	
	Note 12	Note 12	Note 12	
Balance as at April 1, 2017	**72,54,49,710**	-	**(13,77,61,296)**	**58,76,88,414**
Profit / (Loss) for the year	-	-	(3,73,08,983)	(3,73,08,983)
Addition during the year	10,77,55,032	-	-	10,77,55,032
Other comprehensive income for the period	-	-	71,505	71,505
Total Comprehensive income for the period	10,77,55,032	-	(3,72,37,478)	**7,05,17,554**
Contribution from the Holding Company for Employee Stock Options	-	4,69,876	-	4,69,876
Balance as at March 31, 2018	**83,32,04,742**	**4,69,876**	**(17,49,98,774)**	**65,86,75,844**
Balance as at April 1, 2018	**83,32,04,742**	**4,69,876**	**(17,49,98,774)**	**65,86,75,844**
Profit / (Loss) for the year	-	-	(4,80,28,190)	(4,80,28,190)
Addition during the year	-	-	-	-
Other comprehensive income for the period	-	-	97,372	97,372
Total Comprehensive income for the period	-	-	(4,79,30,818)	**(4,79,30,818)**
Issue of share capital (Refer Note - 11)	-	-	-	-
Contribution from the Holding Company for Employee Stock Options	-	30,37,383	-	30,37,383
Balance as at March 31, 2019	**83,32,04,742**	**35,07,259**	**(22,29,29,592)**	**61,37,82,409**

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

As per our report of even date

For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Bengaluru
Date : 15-05-2019

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited

Director : Kannan S
DIN : 02528982
Place : Bengaluru
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Director : Suresh Jayaraman
DIN : 03033110
Place : Bengaluru
Date : 15-05-2019

Company Secretary :Ankit Kumar Jain
Place : Bengaluru
Date : 15-05-2019

1. Corporate Information

Arvind Beauty Brands Retail Private Limited ('the Company') is engaged in the business of retailing of Cosmetic 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, BOSCIA, DIOR, CLINIQUE, STILA, ESTEE LAUDER, LANCOME.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 15, 2019.

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.

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);
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

2.3 Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III, except when otherwise indicated.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented:

3.1. Current versus non-current classification

The Company 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 Company 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 Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company'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 Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company 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.**Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company'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).

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3.3. Fair value measurement

The Company measures financial instruments such as derivatives and Investments 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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company'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 Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company'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 Company'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 Company'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 Company 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)

3.4. 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 Company 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 other than Lab equipment and Leasehold Improvements.

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.

The management estimates the useful lives for certain PPE as follows:

Assets	Useful Life (Years)
Furniture & Fixture	6
Leasehold Improvements	6
Plant & Machinery	5
Vehicles	4

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 periodically, including at each financial year end.

3.5. 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 Company 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 Company'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 Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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.

3.6. 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 Company 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.

3.7. 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 either finite or indefinite.

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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Software is amortized over management estimate of its useful life of 3 years or License Period whichever is lower and Value of license brands is amortized over 5 years.

3.8. Inventories

Inventories of Stock-in-trade 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:

- Traded goods: 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.

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.

3.9. Impairment of non-financial assets

The Company 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 Company 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 Company. 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 Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company'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 Company 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.10. Revenue Recognition

The Company derives revenues primarily from sale of cosmetic goods. The Company is also engaged in providing space on hire.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was nil.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company operates a loyalty programme for the customers for the sale of goods. The customers accumulate points for purchases made which entitles them to discount on future purchases. A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or on expiry. The expenditure of loyalty programme is netted-off to revenue.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied. The period over which revenue is recognised is based on entity's right to payment for performance completed. In determining whether an entity has right to payment, the entity shall consider whether it would have an enforceable right to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other than entity's failure to perform as per the terms of the contract.

Revenue in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liabilities.

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 Company 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.

3.11. 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 Company 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 Company. 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 Company 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 Company 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 Company 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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously 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 Company 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
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 17
- 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
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component
- Trade receivables resulting from transactions within the scope of Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events 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 Company in accordance with the contract and all the cash flows that the Company 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 Company 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 Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

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 Company'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.

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 / losses are not subsequently transferred to P&L. However, the Company 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 Company 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 Company. 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) 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.

3.12. 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 Company's cash management.

3.13. 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 are 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 realized 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 Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

3.14. 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, exgratia, 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 Company's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Company 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.

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

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

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

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

3.15. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company 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.

3.16. Provisions

General

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit 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.

3.17. Recent accounting pronouncements

Ind AS 116 :

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

4. Significant accounting judgements, estimates and assumptions

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

4.1. Significant judgements in applying the Company's accounting policies

In the process of applying the Company'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 Company assesses its revenue arrangement in order to determine if its business partner is acting as a principle or as an agent by analysing whether the Company has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Company 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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

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 28.

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.

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.

Further details on taxes are disclosed in Note 24.

Intangible assets

Refer Note 3.8 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 3.5 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 Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

(Amount in Rs.)

Fixed Assets	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office equipment	Computers, Servers & Network	Total
Gross Carrying Value							
As at 1st April, 2017	**2,07,71,236**	**12,43,74,328**	**29,99,999**	**15,99,11,257**	**3,47,96,350**	**66,84,354**	**34,95,37,524**
Additions	1,70,12,852	3,44,90,844	6,20,690	4,48,12,480	1,76,42,607	18,44,274	11,64,23,747
Deductions	-	-	-	-	-	-	-
As at Mar 31, 2018	**3,77,84,088**	**15,88,65,172**	**36,20,689**	**20,47,23,737**	**5,24,38,957**	**85,28,628**	**46,59,61,271**
Additions	33,07,288	2,62,78,282	2,79,309	1,76,21,508	28,92,079	37,69,789	5,41,48,255
Deductions	-	-	-	-	-	-	-
As at Mar 31, 2019	**4,10,91,376**	**18,51,43,454**	**38,99,998**	**22,23,45,245**	**5,53,31,036**	**1,22,98,417**	**52,01,09,526**
Depreciation and Impairment							
As at 1st April, 2017	**22,78,757**	**2,57,38,407**	**63,699**	**3,28,97,969**	**58,60,233**	**14,99,110**	**6,83,38,175**
Depreciation for the year	57,96,366	2,53,53,467	7,96,764	3,32,97,091	89,71,396	17,89,476	7,60,04,560
Deductions	-	-	-	-	-	-	-
As at Mar 31, 2018	**80,75,123**	**5,10,91,874**	**8,60,463**	**6,61,95,060**	**1,48,31,629**	**32,88,586**	**14,43,42,735**
Depreciation for the year	85,43,291	2,77,95,550	11,51,006	3,54,94,965	92,97,196	17,31,677	8,40,13,685
Deductions	-	-	-	-	-	-	-
As at Mar 31, 2019	**1,66,18,414**	**7,88,87,424**	**20,11,469**	**10,16,90,025**	**2,41,28,825**	**50,20,263**	**22,83,56,420**
Net Carrying Value							
As at Mar 31, 2019	2,44,72,962	10,62,56,030	18,88,529	12,06,55,220	3,12,02,211	72,78,154	29,17,53,106
As at Mar 31, 2018	2,97,08,965	10,77,73,298	27,60,226	13,85,28,677	3,76,07,328	52,40,042	32,16,18,536

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 6 : Intangible assets

(Amount in Rs.)

Intangible assets	Computer Software	Brand Value & License Brands	Total
Gross Carrying Value			
As at 1st April, 2017	**21,87,296**	**3,23,01,032**	**3,44,88,328**
Additions	9,38,500	-	9,38,500
Deductions	-	-	-
As at March 31, 2018	**31,25,796**	**3,23,01,032**	**3,54,26,828**
Additions	32,87,080	-	32,87,080
Deductions	-	-	-
As at Mar 31, 2019	**64,12,876**	**3,23,01,032**	**3,87,13,908**
Amortisation and Impairment			
As at 1st April, 2017	**8,09,067**	**1,01,02,933**	**1,09,12,000**
Amortisation for the Year	8,69,466	64,60,207	73,29,673
Deductions	-	-	-
As at March 31, 2018	**16,78,533**	**1,65,63,140**	**1,82,41,673**
Amortisation for the Year	9,61,594	64,39,832	74,01,426
Deductions	-	-	-
As at Mar 31, 2019	**26,40,127**	**2,30,02,972**	**2,56,43,099**
Net Carrying Value			
As at Mar 31, 2019	**37,72,749**	**92,98,060**	**1,30,70,809**
As at March 31, 2018	**14,47,263**	**1,57,37,892**	**1,71,85,155**

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Loans (Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good unless otherwise stated		
Current		
Loans to employees	4,08,761	13,82,620
Total Loans	**4,08,761**	**13,82,620**

7 (b) Cash and cash equivalent (Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Bank		
In current accounts	54,29,298	9,59,509
Total cash and cash equivalents	**54,29,298**	**9,59,509**

7 (c) Other bank balance (Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity less than 12 months	-	50,000
Total other bank balances	**-**	**50,000**
Total cash and bank balances	**54,29,298**	**10,09,509**

7 (d) Other financial assets (Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good unless otherwise stated		
Non-current		
Security deposits	14,68,59,942	12,29,72,902
Bank deposits with maturity of more than 12 months	2,61,938	2,00,000
	14,71,21,880	**12,31,72,902**
Current		
Income receivable	12,43,585	5,51,157
Other Receivable	1,44,54,652	1,16,59,741
Accrued Interest	2,033	8,456
	1,57,00,270	**1,22,19,354**
Total financial assets	**16,28,22,150**	**13,53,92,256**

7 (e) Financial assets by category (Amount in Rs.)

Particulars	Cost	FVTPL	FVTOCI	Amortized Cost
March 31, 2019				
Loans	-			4,08,761
Cash & cash equivalents and other bank balance	-			54,29,298
Other Financial Assets	-			16,28,22,150
Total Financial assets	-			**16,86,60,209**

Particulars	Cost	FVTPL	FVTOCI	Amortized Cost
March 31, 2018				
Loans	-	-	-	13,82,620
Cash & cash equivalents and other bank balance	-	-	-	10,09,509
Other Financial Assets	-	-	-	13,53,92,256
Total Financial assets	-	-	-	**13,77,84,385**

For Financial instruments risk management objectives and policies, refer Note 35.
Fair value disclosures for financial assets and liabilities are in Note 33 and fair value hierarchy disclosures are in Note 34.

Note 8 : Other current / non-current assets

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	1,02,66,422	-
	1,02,66,422	**-**
Current		
Prepaid expenses	8,15,124	7,84,459
Advances		
Advance to Others	51,21,002	33,04,362
Sales tax paid under protest	8,08,918	8,08,918
Balance with collectorate of central excise and customs	45,56,575	4,84,333
Sales tax / VAT / GST receivable (net)	8,59,28,656	11,01,08,215
	9,72,30,275	**11,54,90,287**
Total	**10,74,96,697**	**11,54,90,287**

Note 9 : Inventories (At lower of cost and net realisable value)

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Stock-in-trade	64,00,43,372	56,36,54,238
Packing materials	28,11,823	17,55,326
Total	**64,28,55,195**	**56,54,09,564**

Inventory write downs are accounted , considering the nature of inventory, ageing and net realisable value for Rs 1,96,79,977 (March-18 - Rs 1,05,33,675). The changes in write downs are recognised as an expense in the Statement of profit and loss.

Note 10 : Current Tax Assets (Net)

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax Paid in Advance (Net of Provision)	73,77,397	50,52,219
Total	**73,77,397**	**50,52,219**

Note 11 : Equity share capital

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 In Rs.	As at March 31, 2018 No. of shares	As at March 31, 2018 In Rs.
Authorised share capital				
Equity shares of Rs.10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued and subscribed share capital				
Equity shares of Rs.10 each	76,89,488	7,68,94,880	76,89,488	7,68,94,880
Subscribed and fully paid up				
Equity shares of Rs.10 each	76,89,488	7,68,94,880	76,89,488	7,68,94,880
Total	**76,89,488**	**7,68,94,880**	**76,89,488**	**7,68,94,880**

11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 In Rs.	As at March 31, 2018 No. of shares	As at March 31, 2018 In Rs.
At the beginning of the period	76,89,488	7,68,94,880	64,64,999	6,46,49,990
Add :				
Shares issued during the year	-	-	12,24,489	1,22,44,890
Outstanding at the end of the period	76,89,488	7,68,94,880	76,89,488	7,68,94,880

11.2. Terms/Rights attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.10 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 March 31, 2019 No. of shares	As at March 31, 2019 In Rs.	As at March 31, 2018 No. of shares	As at March 31, 2018 In Rs.
Holding Company - Arvind Fashions Limited (along with nominees)	76,89,488	7,68,94,880	76,89,488	7,68,94,880

11.4. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2019 No. of shares	As at March 31, 2019 % of shareholding	As at March 31, 2018 No. of shares	As at March 31, 2018 % of shareholding
Holding Company - Arvind Fashions Limited (along with nominees)	76,89,488	100%	76,89,488	100%

11.5. Objective, policy and procedure of capital management, refer Note 36

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 12 : Other Equity

(Amount in Rs.)

Balance	As at March 31, 2019	As at March 31, 2018
Note 12.1 Reserves & Surplus		
Securities premium		
Balance as per last financial statements	83,32,04,742	72,54,49,710
Add: addition during the year	-	10,77,55,032
Add: utilized during the year	-	-
Balance at the end of the year	83,32,04,742	83,32,04,742
Contribution from Parent for ESOP (Refer Note 31)		
Balance as per last financial statements	4,69,876	-
Add: Contribution received during the year	30,37,383	4,69,876
Balance at the end of the year	35,07,259	4,69,876
Surplus in statement of profit and loss		
Balance as per last financial statements	(17,49,98,774)	(13,77,61,296)
Add: profit/ (loss) for the year	(4,80,28,190)	(3,73,08,983)
Add / (Less): OCI for the year	97,372	71,505
Balance at the end of the year	(22,29,29,592)	(17,49,98,774)
Total reserves & surplus	61,37,82,409	65,86,75,844
Total Other equity	61,37,82,409	65,86,75,844

The description of the nature and purpose of each reserve within equity is as follows :

a **Securities premium**
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 **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 31.

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term Borrowings (refer note a below)		
Non-current portion		
Secured		
Term loan from Banks	21,98,867	31,56,512
	21,98,867	31,56,512
Current maturities		
Secured		
Term loan from Banks	9,57,645	8,72,197
	9,57,645	8,72,197
Total long-term borrowings	31,56,512	40,28,709
Short-term Borrowings (refer note b below)		
Unsecured		
Intercorporate Deposits - From Related Parties	31,03,24,863	14,66,914
Total short-term borrowings	31,03,24,863	14,66,914
Total borrowings	31,34,81,375	54,95,623

Nature of security:
a **Hire Purchase loans from banks are secured against hypothication of related vehicles**

Rate of Interest and Terms of Repayment

Particulars	As at March 31, 2019	Range Of Interest
From Banks		
Hire Purchase Loan	31,56,512	9.25%

b Inter Corporate Deposit carries interest rate of 8.75% per annum

13 (b) Trade payable

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Other trade payable (Refer note below)	26,86,01,149	43,56,52,460
Total	26,86,01,149	43,56,52,460

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

(a) the principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year;

(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;

(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year

(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

have not been given. The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said act.

13 (c) Other financial liabilities

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Current maturity of long term borrowings	9,57,645	8,72,197
Payable to employees	59,82,678	41,23,494
Payable in respect of capital goods	13,31,836	1,98,34,195
Total	82,72,159	2,48,29,886

13 (d) Financial liabilities by category

Particulars	FVTPL	FVTOCI	Amortized Cost
March 31, 2019			
Borrowings			31,25,23,730
Trade payable			26,86,01,149
Current maturity of long term borrowings			9,57,645
Payable to employees			59,82,678
Payable in respect of capital goods			13,31,836
Total Financial liabilities			58,93,97,038
March 31, 2018			
Borrowings			46,23,426
Trade payable			43,56,52,460
Current maturity of long term borrowings			8,72,197
Payable to employees			41,23,494
Payable in respect of capital goods			1,98,34,195
Total Financial liabilities			46,51,05,772

For Financial instruments risk management objectives and policies, refer Note 35
Fair value disclosures for financial assets and liabilities are in Note 33 and fair value hierarchy disclosures are in Note 34.

Note 14 : Provisions

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term		
Provision for employee benefits (refer Note 28)		
Provision for leave encashment	24,34,758	24,82,345
Provision for Gratuity	1,01,169	22,02,971
	25,35,927	46,85,316
Short-term		
Provision for employee benefits (refer Note 28)		
Provision for leave encashment	16,17,173	3,14,864
Provision for Gratuity	-	6,114
Others		
Short term provision for litigation/disputed matters	1,00,000	-
	17,17,173	3,20,978
Total	42,53,100	50,06,294

Note 15 : Other current / Non-current liabilities

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Statutory dues including provident fund and tax deducted at source	1,15,24,115	80,36,108
Deferred income of loyalty program reward points (Refer note a below)	1,33,24,321	99,53,134
	2,48,48,436	1,79,89,242
Total	2,48,48,436	1,79,89,242

(a) Deferred income of Loyalty Program Reward Points
The Company has deferred the revenue related to the customer loyalty program reward points. The movement in deferred revenue for those reward points are given

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	99,53,134	-
Add: Provision made during the year (Net)	2,60,61,550	99,53,134
(Less): Redemption/expiry during the year	2,26,90,363	-
Balance at the end of the year	1,33,24,321	99,53,134

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 16 : Revenue from operations

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Sale of products	1,78,45,72,032	1,33,06,31,635
Sale of services	4,12,54,605	2,67,60,423
Operating Income		
Exchange Difference (Net)	5,01,245	-
Total	**1,82,63,27,882**	**1,35,73,92,058**

Disaggregation of Revenue

(Amount in Rs.)

A. Revenue based on Geography	March 31, 2019	March 31, 2018
Domestic	1,82,63,27,882	1,35,73,92,058
Export	-	-
Revenue from Operations	**1,82,63,27,882**	**1,35,73,92,058**

(Amount in Rs.)

B. Revenue based on Business Segment	March 31, 2019	March 31, 2018
Cosmetics products	1,78,45,72,032	1,33,06,31,635
Others*	4,17,55,850	2,67,60,423
Revenue from Operations	**1,82,63,27,882**	**1,35,73,92,058**

*It includes revenue from space on hire, insurance claims and exhange difference

Reconciliation of Revenue from operations with contract price

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Contract price	1,83,07,21,934	1,36,89,46,488
Less:-		
Sales returns	95,987	-
Customer loyalty programme	42,98,065	1,15,54,430
Total Revenue from Operations	**1,82,63,27,882**	**1,35,73,92,058**

Note 17 : Other income

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Interest income	1,46,203	9,88,967
Miscellaneous income	26,43,199	3,648
Total	**27,89,402**	**9,92,615**

Note 18 : Purchases of stock-in-trade

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Cosmetics & Accessories	1,14,34,80,899	84,33,84,974
Total	**1,14,34,80,899**	**84,33,84,974**

Note 19 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Stock at the end of the year		
Stock-in-trade	64,28,55,195	56,54,09,564
Stock at the beginning of the year		
Stock-in-trade	56,54,09,564	48,53,29,238
Total	**(7,74,45,631)**	**(8,00,80,326)**

Note 20 : Employee benefits expense

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Salaries, wages, bonus, etc. (Refer Note 28)	16,42,15,652	11,99,53,410
Contribution to provident, gratuity and other funds	77,44,398	77,97,016
Welfare and training expenses	89,63,806	70,72,811
Share based payment to employees	30,37,383	4,69,876
Total	**18,39,61,239**	**13,52,93,113**

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements
Note 21 : Finance costs

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Interest expense		
Term Loans	3,38,507	3,29,538
Interest expense - others	2,14,17,807	26,17,531
Total	**2,17,56,314**	**29,47,069**

Note 22 : Depreciation and amortization expense

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Depreciation on Property, Plant and Equipment (Refer Note 5)	8,40,13,685	7,60,04,560
Amortization on Intangible assets (Refer Note 6)	74,01,426	73,29,673
Total	**9,14,15,111**	**8,33,34,233**

Note 23 : Other expenses

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Power and fuel	3,29,50,974	2,55,26,381
Service Charges	3,22,41,664	1,35,32,611
Insurance	18,52,324	14,23,645
Printing, stationery & communication	30,90,405	30,60,520
Rent Expenses (Note 33)	24,91,62,482	18,70,76,154
Commission, Brokerage & discount	1,99,60,361	1,86,72,616
Rates and taxes	25,97,802	22,42,879
Repairs :		
To others	4,40,31,301	3,96,12,004
Royalty on Sales	3,67,14,952	2,78,88,905
Freight, insurance & clearing charge	54,71,919	50,35,652
Legal & Professional charges	39,95,073	20,90,904
Housekeeping Charges	1,20,17,444	1,03,15,718
Security Charges	1,50,76,709	1,01,94,419
Conveyance & Travelling expense	1,05,14,794	85,71,510
Advertisement and publicity	3,02,80,135	2,98,72,892
Sales Promotion	3,027	9,20,390
Charges for Credit Card Transactions	1,33,58,918	1,11,14,019
Packing Materials Expenses	68,66,487	54,64,428
Contract Labour Charges	47,04,593	46,68,119
Provision for Litigation/Disputes	1,00,000	-
Sampling and Testing Expenses	13,552	14,527
Auditor's remuneration (Refer Note below)	16,45,850	11,49,854
Bank charges	33,38,589	27,55,157
Exchange Difference (Net)	-	1,82,225
Miscellaneous expenses	8,52,962	6,60,342
Total	**53,08,42,317**	**41,20,45,871**

Payment to Auditors

(Amount in Rs.)

Particulars	March 31, 2019	March 31, 2018
Payment to Auditors as		
Auditors	12,00,000	8,00,000
For tax audit	3,00,000	2,00,000
For Other certification work	50,000	1,12,174
For reimbursement of expenses	95,850	37,680
Total	16,45,850	11,49,854

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 24 : Income tax
The major component of income tax expense for the years ended March 31, 2019 and March 31, 2018 are :

(Amount in Rs.)

Particulars	2018-19	2017-18
Statement of Profit and Loss		
Deferred tax		
Deferred tax expense	(1,68,64,775)	(12,31,278)
Income tax expense reported in the statement of profit and loss	**(1,68,64,775)**	**(12,31,278)**

OCI section

Particulars	2018-19	2017-18
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(34,212)	(25,124)
Deferred tax charged to OCI	**(34,212)**	**(25,124)**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2019 and March 31, 2018.

A) Current tax

Particulars	2018-19	2017-18
Accounting profit before tax from continuing operations	(6,48,92,968)	(3,85,40,261)
Tax @ 26% (March 31, 2018: 26%)	(1,68,72,172)	(1,00,20,468)
Adjustment		
In respect of non deductible expenses	7,397	55,778
On account of income tax rate difference	-	87,33,412
At the effective income tax rate of Nil (March 31, 2018 - Nil)	(1,68,64,775)	(12,31,278)

B) Deferred tax

(Amount in Rs.)

Particulars	Balance Sheet		Statement of Profit and Loss	
	2018-19	2017-18	2018-19	2017-18
In respect of book depreciation more than IT depreciation	2,46,88,355	1,36,95,589	(1,09,92,766)	93,89,250
Deductible on payement bases (43B items)	11,03,610	12,96,195	1,92,585	4,82,312
Expenses u/s 35 DD	1,25,308	2,50,616	1,25,308	(1,96,155)
Unabsorbed depreciation & business loss	5,11,33,290	4,57,67,320	(53,65,970)	(85,91,420)
Others	9,11,887	1,22,167	(7,89,720)	1,22,167
Deferred tax expense/(income)				
Net deferred tax assets/(liabilities)	7,79,62,450	6,11,31,887	-1,68,30,563	12,06,154
Reflected in the balance sheet as follows				
Deferred tax assets	7,79,62,450	6,11,31,887		
Deferred tax liabilities	-	-		
Deferred tax liabilities (net)	7,79,62,450	6,11,31,887		

(Amount in Rs.)

Reconciliation of deferred tax assets / (liabilities), net	2018-19	2017-18
Opening balance as of April 1	6,11,31,887	5,99,25,733
Tax income/(expense) during the period recognised in profit or loss	1,68,64,775	12,31,278
Tax income/(expense) during the period recognised in OCI	(34,212)	(25,124)
Closing balance as at March 31	7,79,62,450	6,11,31,887

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements
Note 25: Capital commitment, other commitments and Contingent liabilties

(Amount in Rs.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	20,76,666	8,08,164
Other commitments	-	-

Contingent Liabilities

The Honourable Supreme Court, has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

Note 26 : Foreign Exchange Derivatives and Exposures not hedged

Exposure Not Hedged (Amount in Rs.)

Nature of exposure	Currency	Year ended March 31, 2019		Year ended March 31, 2018	
		In FC	In Rs.	In FC	In Rs.
Payable to creditors	USD	24	1660	-	-
Payable to creditors	EURO	-	-	88,433	71,46,016

Note 27 : Segment Reporting

The Company is primarily engaged in the business of retail trade of Cosmetics & Accessories through retail and departmental store facilities, which in the context of Indian Accounting Standard 108 'Operating Segment', constitutes a single reportable primary business segment.

Secondary Segment

The risk and returns of the Company are not influenced by geographical location of its operations or location of its customers. Both are situated in India.

Information about major customers
Considering the nature of business of the Company in which it operates, the Company deals with various customers. No single customer has accounted for more than 10% of the Company's revenue for the years ended March 31, 2019 and 2018

Note 28 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 7,044,112/- (March 31, 2018: Rs. 5,847,088/-) is recognised as expenses and included in Note No. 20 "Employee benefit expense"

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Provident Fund	70,38,792	58,47,088
	70,38,792	58,47,088

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the e last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan is a Funded plan administered by a Trust and the Company makes contributions to recognised Trust in India.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the ABBRPL Employees Gratuity Fund (the Trust). Trustees administer constributions made to the Trust and contributions are invested in a scheme as permitted by Indian law.

March 31, 2019 : Changes in defined benefit obligation and plan assets

(Amount in Rs.)

Particulars	April 1, 2018	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2019
		Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 30)		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		
Gratuity												
Defined benefit obligation	22,11,173	15,20,087	1,67,737	16,87,824	-	-	(11,69,514)	2,77,750	(3,92,547)	(12,84,311)	-	26,14,686
Fair value of plan assets	(2,088)	-	(99,870)	(99,870)	-	2,12,433	-	-	-	2,12,433	(26,23,992)	(25,13,517)
Benefit liability	22,09,085	15,20,087	67,867	15,87,954	-	2,12,433	(11,69,514)	2,77,750	(3,92,547)	(10,71,878)	(26,23,992)	1,01,169
Total benefit liability	22,09,085	15,20,087	67,867	15,87,954	-	2,12,433	(11,69,514)	2,77,750	(3,92,547)	(10,71,878)	(26,23,992)	1,01,169

March 31, 2018 : Changes in defined benefit obligation and plan assets

(Amount in Rs.)

Particulars	April 1, 2017	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2018
		Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 30)		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		
Gratuity												
Defined benefit obligation	11,60,039	15,68,950	1,62,800	17,31,750	-	-	-	(43,717)	(6,36,899)	(6,80,616)	-	22,11,173
Fair value of plan assets	(59,772)	-	(4,543)	(4,543)	-	62,227	-	-	-	62,227	-	(2,088)
Benefit liability	11,00,267	15,68,950	1,58,257	17,27,207	-	62,227	-	(43,717)	(6,36,899)	(6,18,389)	-	22,09,085
Total benefit liability	11,00,267	15,68,950	1,58,257	17,27,207	-	62,227	-	(43,717)	(6,36,899)	(6,18,389)	-	22,09,085

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	6.80%	7.60%
Future salary increase	8.9% for Front End Employees 8.4% for Others	5.00%
Expected rate of return on plan assets	6.80%	7.60%
Attrition rate	39.9% for Front End Employees 10.4% for Others	7.00%
Morality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)
Morality rate after employment	NA	NA

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

Gratuity

(Amount in Rs.)

Particulars	Sensitivity level	(Increase) / Decrease in defined benefit obligation (impact) Year ended March 31, 2019	Year ended March 31, 2018
Gratuity			
Discount rate	0.5% increase	(25,77,303)	(20,07,209)
	0.5% decrease	26,53,127	22,18,747
Salary increase	0.5% increase	(26,46,032)	(23,20,447)
	0.5% decrease	25,83,895	21,08,644
Attrition rate	0.5% increase	(25,85,535)	(22,02,282)
	0.5% decrease	26,44,217	22,17,942

The followings are the expected future benefit payments for the defined benefit plan :

(Amount in Rs.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	6,65,361	8,202
Between 2 and 5 years	18,16,471	8,57,635
Beyond 5 years	6,77,688	10,08,874
Total expected payments	31,59,520	18,74,711

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2019 Years	Year ended March 31, 2018 Years
Gratuity	3	11

C. Other Long term employee benefit plans

Leave encashment

Amount of Rs.1,813,522/- (March 31, 2018: Rs. 887,199/-) is recognised as expenses and included in Note No. 20 "Employee benefit expense"

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 29 : Earning per share

Particulars		Year ending March 31, 2019	Year ending March 31, 2018
Earning per share (Basic and Diluted)			
Loss attributable to ordinary equity holders	Rs.	(4,80,28,190)	(3,73,08,983)
Total no. of equity shares at the end of the year	Nos.	76,89,488	76,89,488
Weighted average number of equity shares			
For basic & diluted EPS	Nos.	76,89,488	70,92,340
Nominal value of equity shares	Rs.	10.00	10.00
Basic & diluted earning per share	Rs.	(6.25)	(5.26)
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS	Nos.	76,89,488	70,92,340
Effect of dilution: Share options	Nos.	-	-
Weighted average number of equity shares adjusted for the effect of dilution	Nos.	76,89,488	70,92,340

Arvind Beauty Brands Retail Private Limited
Notes to the Financial Statements

Note 30 : Related Party Transactions

a As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Ultimate Holding Company Enterprise over which Non Executive Directors of Holding Company are able to exercise significant influence	Upto 29/11/2018 From 30/11/2018
Arvind Fashions Limited	Holding Company	
Arvind Lifestyle Brands Limited	Fellow Subsidiary Company	
Arvind Envisol Limited	Fellow Subsidiary Company Enterprise over which Non Executive Directors of Holding Company are able to exercise significant influence	Upto 29/11/2018 From 30/11/2018
ABBRPL Employees Gratuity Fund	Trust	

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

b Disclosure in respect of Related Party Transactions :

(Amount in Rs.)

Nature of Transactions	Period Ended November 29, 2018	Period Ended March 31, 2019	Year ended March 31, 2019	Year ended March 31, 2018
Receiving of Services				
Arvind Lifestyle Brands Limited - Shared Service	-	-	7,51,22,750	2,85,39,568
Arvind Lifestyle Brands Limited - Commission	-	-	1,03,53,562	41,61,040
Arvind Lifestyle Brands Limited - Other services	-	-	21,89,231	-
Interest Expense				
ICD- Arvind Limited	-	-	-	22,11,767
Arvind Envisol Ltd-till 29/11/2018	1,42,52,998	79,74,337	2,22,27,335	-
Arrvind Fashion Limited	-	3,60,959	3,60,959	-
Other Income				
Arvind Lifestyle Brands Limited - Shared Service	-	2,35,360	2,35,360	-
Contribution Given for Employee Benefit Plancs				
ABBRPL Employees Gratuity Fund	-	26,39,152	26,39,152	-
Loan Taken/(Repayment of Loan)				
Arrvind Fashion Limited		31,00,00,000	31,00,00,000	
Interest Income				
ICD- Arvind Limited	-	-	-	-
Arvind Envisol Limited	-	-	-	5,11,207
Issue of Equity shares				
Arrvind Fashion Limited	-	-	-	11,99,99,922
Payable in respect of Loan				
Arvind Envisol Limited	27,09,48,914	-	27,09,48,914	14,66,914
Arrvind Fashion Limited	-	31,03,24,863	31,03,24,863	-
Payable in respect of Current Liabilities				
Arvind Lifestyle Brands Limited	-	-	-	1,00,03,116
Arvind Fashions Limited	7,266	74,320	81,586	7,266
Receivable in respect of Current Assets				
Arvind Lifestyle Brands Limited	-	73,29,713	73,29,713	-
Arvind Limited	-	-	-	1,38,009
Arvind Lifestyle Brands Limited	9,30,547		9,30,547	-

c Transactions and Balances :

(Amount in Rs.)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Enterprise over which Key Managerial personnel and Non Executive Directors are able to exercise significant influence		Trusts	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Transactions										
Shared Services Income	-	-	-	-	2,35,360	-	-	-	-	-
Shared Services Expenses	-	-	-	-	7,51,22,750	2,85,39,568	-	-	-	-
Commission Expenses	-	-	-	-	1,03,53,562	41,61,040	-	-	-	-
Other services	-	-	-	-	21,89,231	-	-	-	-	-
Interest Expense	-	22,11,767	3,60,959	-	-	-	79,74,337	-	-	-
Interest Income	-	-	-	-	-	5,11,207	-	-	-	-
Contribution Given for Employee Benefit Plans	-	-	-	-	-	-	-	-	26,39,152	-
Repayment of Loan	-	-	-	-	-	19,27,000	-	-	-	-
Loan Taken	-	-	31,00,00,000	-	-	-	-	-	-	-
Issue of Equity shares	-	-	-	11,99,99,922	-	-	-	-	-	-

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Enterprise over which Key Managerial personnel and Non Executive Directors are able to exercise significant influence		Trusts	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Balances as at year end										
Other Receivable	-	1,38,009	-	-	73,29,713	-	-	-	-	-
Payable in respect of Loans	-	-	31,03,24,863	-	-	14,66,914	-	-	-	-
Trade and Other Payable	-	-	74,320	7,266	-	1,00,03,116	-	-	-	-

d Terms and conditions of transactions with related parties

1) 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 at the year-end are unsecured and interest free and settlement occurs in cash.

2) Loans in INR taken from the related party carries interest rate 8% (March 31, 2018 : 10.25%)

Note 31: Share based payments:

Arvind Fashions Limited, the holding company ("AFL") has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018("ESOP 2018"). As on March 31, 2019, AFL has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOP 2018 in lieu of demerger under the scheme and convertible into equal number of equity shares of face value of Rs 4 each.

Expense arising from share – based payment transactions

Total expenses arising from share – based payment transaction recognized in profit or loss as part of employee benefit expense were as follows:

Particulars	2018-19	2017-18
Employee option plan	30,37,383	4,69,876
Total employee share based payment expense	**30,37,383**	**4,69,876**

Note 32 : Lease Rent

Operating Lease

Factory Building is taken on lease period of 8 to 20 years with no option of renewal, no sub lease of the building.
The particulars of these leases are as follows: (Amount in Rs.)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:	14,45,34,775	15,55,26,282
Not later than one year	7,27,26,645	7,92,60,627
Later than one year and not later than five years	7,18,08,130	7,62,65,655
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	**24,91,62,482**	**18,70,76,154**

Note 33 : 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 Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Amount in Rs)

Particulars	Carrying amount		Fair Value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	In Rs.	In Rs.	In Rs.	In Rs.
Financial liabilities				
Borrowings	31,34,81,375	54,95,623	31,34,81,375	54,95,623
Total	31,34,81,375	54,95,623	31,34,81,375	54,95,623

The management assessed that the fair values of cash and cash equivalents, other bank balances, 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 Company has determined that market participants would take into account when pricing the investments.

Note 34 : Fair value hierarchy
The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2019 & March 31, 2018. **(Amount in Rs)**

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			In Rs.	In Rs.	In Rs.
As at March 31, 2019					
Liabilities measured at fair value					
Borrowings	**March 31, 2019**	**31,34,81,375**		31,34,81,375	
As at March 31, 2018					
Liabilities measured at fair value					
Borrowings	**March 31, 2018**	**54,95,623**		54,95,623	

Note 35 : Financial Instruments risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk.

The Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. The Company's treasury identifies, evaluates in close co-operation with the Company'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.

Within the various methodologies to analyze and manage risk, the Company 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%

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 March 31, 2019 and March 31, 2018 including the effect of hedge accounting, if any.

Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest.

As at March 31, 2019, 100% of the Company's Borrowings are at fixed rate of interest (March 31, 2018 : 100%)

Interest rate sensitivity

- 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 Company transacts business in local currency and in foreign currency, primarily in EUR.

Details of the hedge & unhedged position of the Company given in Note no. 26

Foreign currency sensitivity

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

(Amount in Rs.)

	Change in FC rate	Currency	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019	+2%	USD	-33	-33
	-2%	USD	33	33
March 31, 2018	+2%	USD	-	-
	-2%	USD	-	-

(Amount in Rs.)

	Change in FC rate	Currency	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019	+2%	EURO	-	-
	-2%	EURO	-	-
March 31, 2018	+2%	EURO	(1,42,921)	(1,42,921)
	-2%	EURO	1,42,921	1,42,921

Equity price risk

The Company has not invested in any publicly traded companies. Hence the Company is not exposed to Equity price risk.

(b) 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 Company 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.

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 Company does not hold collateral as security. The Company 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 Company's treasury department in accordance with the Company'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 Company 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 Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2019 & March 31, 2018 is the carrying amount as disclosed in Note 34.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company 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 optimized cost. It also enjoys strong access to domestic capital markets across equity.

(Amount in Rs.)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 1 year	More than 1 year
As at March 31, 2019		
Interest bearing borrowings*	31,12,82,508	21,98,867
Trade payables	26,86,01,149	-
Other financial liabilities	73,14,514	-
	58,71,98,171	21,98,867
As at March 31, 2018		
Interest bearing borrowings*	23,39,111	31,56,512
Trade payables	43,56,52,460	-
Other financial liabilities	2,39,57,689	-
	46,19,49,260	31,56,512

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

Note 36 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

(Amount in Rs.)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest-bearing loans and borrowings (Note 13)	31,34,81,375	54,95,623
Less: cash and cash equivalent (including other bank balance) (Note 7)	(56,91,236)	(12,09,509)
Net debt	30,77,90,139	42,86,114
Equity share capital (Note 11)	7,68,94,880	7,68,94,880
Other equity (Note 12)	61,37,82,409	65,86,75,844
Total capital	69,06,77,289	73,55,70,724
Capital and net debt	99,84,67,428	73,98,56,838
Gearing ratio	30.83%	0.58%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no 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 period ended March 31, 2019 and March 31, 2018.

Loan covenants

Under the terms of the major borrowing facilities, the Company has complied with the required financial covenants through out the reporting periods.

Note 37 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform with those of current year.