

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

TELEPHONE : +91 79 29700466
: +91 79 48006782
EMAIL : sseahm@sseco.in
: sseahm@hotmail.com
WEB : www.sseco.in



804, SAKAR-IX,
BESIDES OLD RBI,
ASHRAM ROAD,
AHMEDABAD-380 009

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Arvind Lifestyle Brands Limited

Report on the Audit of the financial Statements

Opinion

We have audited the accompanying financial statements of Arvind Lifestyle Brands 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.


Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.
Telephone : +91 22 2282 4811, 2204 0861 • Email : sorabsengineer@yahoo.com, ssemum@sseco.in

Bengaluru Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bengaluru-560020.
Telephone : +91 9925879234 • Email : sseblr@sseco.in

SORAB S. ENGINEER & CO. (Regd.)

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.



SORAB S. ENGINEER & CO. (Regd.)

- 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.



SORAB S. ENGINEER & CO. (Regd.)

- 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note ___ to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note ___ to the Financial Statements.
 - iii. There has been no amounts which are 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

Ahmedabad
May 16, 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 Lifestyle Brands 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 Lifestyle Brands 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



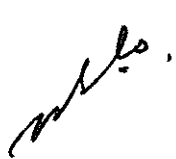
CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 16, 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 Lifestyle Brands Limited of even date)

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its 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 hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and 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 in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) 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 has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Goods and Service Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added 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.



SORAB S. ENGINEER & CO. (Regd.)

(b) Following amounts have not been deposited as on March 31, 2019 on account of any dispute:

Nature of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where matter is Pending
Sales Tax Act	Sales Tax	9,96,490	1998-99	High Court
		2,36,186	2000-01	Deputy Commissioner
		2,549	2001-02	Deputy Commissioner
		24,25,111	2001-05	High Court
		1,40,000	2002-03	Appellate Tribunal
		6,24,751	2005-06	Additional Commissioner
		73,58,223	2005-06	Deputy Commissioner
		5,33,922	2006-07	Appellate Tribunal
		8,69,603	2007-08	Deputy Commissioner
		99,40,759	2008-09	Deputy Commissioner
		22,21,000	2009-10	Deputy Commissioner
		3,55,46,304	2009-10	Joint Commissioner Appeal
		3,35,89,359	2010-11	Joint Commissioner Appeal
		2,58,74,838	2010-11	Deputy Commissioner
		36,92,595	2011-12	Deputy Commissioner
		2,62,05,814	2012-13	Appellate Tribunal
		1,59,36,919	2012-13	Assistant Commissioner
		91,93,217	2012-13	Deputy Commissioner
		10,71,444	2013-14	Assistant Commissioner
		2,56,09,423	2013-14	Deputy Commissioner
41,97,094	2013-14 to 2015-16	High Court		
24,61,531	2014-15	Deputy Commissioner		
Central Excise Act	Excise Duty	1,00,000	2006-07	CESTAT
		1,58,000	2006-07	Commissioner of Central Excise
Textile Committee	Textile Committee Cess	10,94,000	2006-07	CESTAT
Employee Provident Fund	Provident Fund	52,92,000	January 2012-March 2015	EPF Tribunal
Customs Act	Basic Custom Duty	11,04,60,721	2013-18	Commissioner of Customs
Income Tax Act	Income Tax	4,86,51,103	2015-16	Appellate Tribunal
	Tax Deducted at Source	3,67,14,030	2010-11 to 2014-15	Commissioner

SORAB S. ENGINEER & CO. (Regd.)

- (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, other than temporary deployment pending application.
- (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, no managerial remuneration has been paid/provided.
- (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 sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS 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, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (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.
- (xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 16, 2019

Arvind Lifestyle Brands Limited
Balance Sheet as at March 31, 2019

Particulars	Notes	Amount in Rs.	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	2,72,94,04,887	2,70,34,54,888
(b) Capital work-in-progress	5	5,85,283	24,33,400
(c) Intangible assets	6	16,00,02,755	26,26,90,066
(d) Intangible assets under development	6	3,77,43,501	-
(e) Financial assets			
(i) Investments	7	1,50,000	1,50,000
(ii) Loans	7	17,35,196	34,41,137
(iii) Other financial assets	7	1,90,79,78,261	1,81,60,62,650
(f) Deferred tax assets (net)	25	1,93,46,92,959	2,00,33,58,581
(g) Other non-current assets	8	3,32,51,409	4,89,95,952
Total non-current assets		6,80,55,44,251	6,84,05,86,674
II. Current assets			
(a) Inventories	9	6,68,89,42,573	5,32,83,82,009
(b) Financial assets			
(i) Trade receivables	7	7,42,02,16,221	6,24,39,90,610
(ii) Cash and cash equivalents	7	3,78,65,582	2,80,45,000
(iii) Bank balance other than (ii) above	7	4,20,04,856	15,97,81,910
(iv) Loans	7	3,12,97,341	2,94,33,418
(v) Others financial assets	7	24,45,05,263	25,03,23,124
(c) Current tax assets (net)	10	15,64,78,811	10,12,56,030
(d) Other current assets	8	3,16,69,69,295	3,01,29,17,605
Total current assets		17,78,82,79,942	15,15,41,29,706
	Total Assets	24,59,38,24,193	21,99,47,16,380
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	91,27,87,230	81,27,87,230
(b) Other equity	12	7,50,55,45,590	6,67,55,21,761
Total equity		8,41,83,32,820	7,48,83,08,991
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	67,13,40,060	80,05,66,056
(ii) Other financial liabilities		53,60,37,098	41,73,77,180
(b) Long-term provisions	13	15,43,66,390	13,55,63,154
		1,36,17,43,548	1,35,35,06,390
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	4,67,52,13,544	4,01,82,73,086
(ii) Trade payables	13		
a) total outstanding dues of micro enterprises and small enterprises		1,05,13,72,760	28,92,27,625
b) total outstanding dues of creditors other than micro enterprises and small enterprises		7,86,37,78,269	7,11,76,84,534
(iii) Other financial liabilities	13	75,30,73,174	1,41,53,09,556
(b) Other current liabilities	13	30,27,28,192	20,33,73,719
(c) Short-term provisions	15	16,75,81,886	10,90,32,479
Total current liabilities	12	14,81,37,47,825	13,15,29,00,999
	Total Equity and Liabilities	24,59,38,24,193	21,99,47,16,380

Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

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

Chokshi Shreyas B.

C.A. Chokshi Shreyas B.
 Partner
 Membership No. 100892
 Place : Ahmedabad
 Date: 16th May, 2019

For and on behalf of the board of directors of
 Arvind Lifestyle Brands Limited

Suresh Jayaraman
 Suresh Jayaraman
 Managing Director & CEO
 (DIN -03033110)
 Place : Ahmedabad
 Date : 16th May, 2019

Kamal Singal
 Kamal Singal
 Director
 (DIN-02524196)
 Place : Ahmedabad
 Date : 16th May, 2019

Pranod Kumar Gupta
 Pranod Kumar Gupta
 Chief Financial Officer
 Place : Ahmedabad
 Date : 16th May, 2019

Vijay Kumar B.S.
 Vijay Kumar B.S.
 Company Secretary
 Place : Ahmedabad
 Date : 16th May, 2019

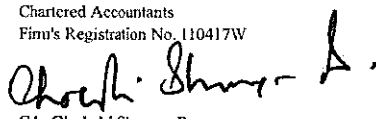
B

Arvind Lifestyle Brands Limited
Statement of profit and loss for the Year ended March 31, 2019

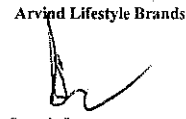
Particulars	Notes	Amount in Rs.	
		Year ended March 31, 2019	Year ended March 31, 2018
I Income			
Revenue from operations			
Sale of Products	16	31,03,10,31,341	27,30,01,36,930
Sale of Services	16	5,64,27,006	42,87,83,875
Operating Income	16	44,49,22,419	41,97,160
Revenue from operations		<u>31,53,23,80,766</u>	<u>27,73,31,17,905</u>
Other income	17	1,74,61,622	3,81,12,204
Total income (I)		<u><u>31,54,98,42,388</u></u>	<u><u>27,77,12,30,109</u></u>
II Expenses			
Cost of trims and accessories consumed	18	3,12,95,839	1,78,13,231
Purchase of stock-in-trade	19	16,61,21,20,240	11,48,93,42,389
Changes in inventories	20	(1,37,85,57,691)	1,38,27,95,834
Employee benefits expense	21	2,83,15,58,309	2,61,26,97,889
Finance costs	22	88,38,30,098	67,10,44,788
Depreciation and amortisation expense	23	1,09,77,56,095	1,04,73,83,152
Other expenses	24	11,42,77,07,512	10,66,95,52,598
Total expenses (II)		<u><u>31,50,57,10,402</u></u>	<u><u>27,89,06,29,880</u></u>
III Profit/(loss) before exceptional items and tax (III)=(I-II)		<u>4,41,31,986</u>	<u>(11,93,99,771)</u>
IV Exceptional items		-	-
V Profit/(loss) before tax (III-IV)		<u>4,41,31,986</u>	<u>(11,93,99,771)</u>
Tax expense			
Deferred tax charge / (credit)	25	8,61,42,197	(7,84,90,590)
VI Total tax expense		<u>8,61,42,197</u>	<u>(7,84,90,590)</u>
VII Profit/(loss) for the period (V-VI)		<u><u>(4,20,10,211)</u></u>	<u><u>(4,09,09,181)</u></u>
VIII Other comprehensive income/(loss)			
A. Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit	12	(4,97,65,250)	(1,78,34,893)
Income tax effect	25	1,73,89,969	62,32,225
		<u>(3,23,75,281)</u>	<u>(1,16,02,668)</u>
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (A)		<u>(3,23,75,281)</u>	<u>(1,16,02,668)</u>
B. Items that will be reclassified to profit or loss in subsequent periods:			
Net gains / (loss) on hedging instruments in a cash flow hedge	12	(2,47,844)	-
Income tax effect	25	86,607	-
Net other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods (B)		<u>(1,61,237)</u>	<u>-</u>
Total other comprehensive income/(loss) for the year, net of tax (A+B)		<u><u>(3,25,36,518)</u></u>	<u><u>(1,16,02,668)</u></u>
IX Total comprehensive income/(loss) for the year, net of tax (VII+VIII)		<u><u>(7,45,46,729)</u></u>	<u><u>(5,25,11,849)</u></u>
X Earning per equity share [nominal value per share Rs.10/- (March 31, 2018: Rs.10/-)]			
Basic	32	(0.52)	(0.60)
Diluted	32	(0.52)	(0.60)
Significant Accounting Policies	3		

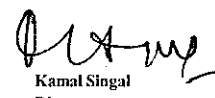
The accompanying notes are an integral part of these financial statements

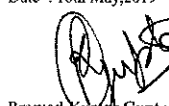
As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

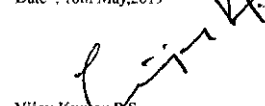

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date: 16th May,2019

For and on behalf of the board of directors of
Arvind Lifestyle Brands Limited


Suresh Jayaraman
Managing Director & CEO
(DIN -03033110)
Place : Ahmedabad
Date : 16th May,2019


Kamal Singal
Director
(DIN-02524196)
Place : Ahmedabad
Date : 16th May,2019


Pramod Kumar Gupta
Chief Financial Officer
Place : Ahmedabad
Date : 16th May,2019


Vijay Kumar D.S.
Company Secretary
Place : Ahmedabad
Date : 16th May,2019

Arvind Lifestyle Brands Limited
Statement of cash flows for the year ended March 31, 2019

Particulars	Amount in Rs.	
	Year ended March 31, 2019	Year ended March 31, 2018
A Operating activities		
Profit / (Loss) Before taxation	4,41,31,986	(11,93,99,772)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation /Amortization	1,09,77,56,095	1,04,73,83,153
Interest Income	(44,05,391)	(2,27,07,358)
Interest and Other Borrowing Cost	88,38,30,098	67,10,44,788
Provision for Bad Debts		2,03,45,987
Provision for doubtful debts and advances (net)		51,12,740
Foreign Exchange Difference	(60,50,420)	
Provision for Litigation/Disputes	3,39,50,578	6,97,02,733
Fixed Assets written off	-	7,09,75,037
(Profit)/Loss on Sale of Tangible/Intangible assets	(6,08,160)	(15,54,970)
Share based payment expense	45,70,558	48,25,393
	<u>2,00,90,43,358</u>	<u>1,86,51,27,503</u>
Operating Profit before Working Capital Changes	2,05,31,75,344	1,74,57,27,731
Working Capital Changes:		
Changes in Inventories	(1,36,05,60,564)	(38,09,05,135)
Changes in trade payables	1,50,82,38,870	1,65,23,53,189
Changes in other current liabilities	9,93,54,473	(5,95,79,342)
Changes in other financial liabilities	(13,11,32,154)	17,92,89,455
Changes in provisions	(63,63,185)	2,86,75,639
Changes in loans and advances	(1,57,982)	(2,60,17,930)
Changes in trade receivables	(1,17,62,25,611)	(3,64,50,69,980)
Changes in other current assets	(15,40,51,690)	3,01,40,662
Changes in other financial assets	(8,82,44,614)	36,56,518
Changes in Other Bank Balances	11,77,77,054	26,51,689
Net Changes in Working Capital	(1,19,13,65,403)	(2,21,48,05,235)
Cash Generated from Operations	86,18,09,941	(46,90,77,504)
Direct Taxes paid (Net of Income Tax refund)	(5,52,22,781)	1,04,35,729
Net Cash from Operating Activities	80,65,87,160	(45,86,41,775)
B. Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment/intangible assets	(1,10,04,83,481)	(1,22,15,49,027)
Sale of Property, Plant & Equipment	4,41,77,475	1,18,65,058
Changes in Capital Advances	1,57,44,543	(60,16,142)
Interest Income	65,52,255	2,10,04,028
Net cash flow from Investing Activities	(1,03,40,09,208)	(1,19,46,96,083)
C. Cash Flow from Financing Activities		
Proceeds from Issue of share capital	1,00,00,00,000	2,49,99,99,960
Changes in long term Borrowings	(55,44,07,204)	(26,26,08,913)
Changes in short term borrowings	66,29,90,878	88,19,192
Interest and Other Borrowing Cost Paid	(85,23,67,646)	(64,77,19,536)
Net Cash flow from Financing Activities	25,62,16,028	1,59,84,90,703
Net Increase/(Decrease) in cash & cash equivalents	2,87,93,980	(5,48,47,155)
Cash & Cash equivalent at the beginning of the period	42,60,198	5,91,07,353
Cash & Cash equivalent at the end of the period	3,30,54,178	42,60,198

Particulars	Amount in Rs.	
	Year Ended March 31, 2019 Rupees	Year Ended March 31, 2018 Rupees
Cash and cash equivalents comprise of:		
Cash on Hand	47,472	15,946
Balances with Banks	3,78,18,110	2,80,29,054
Cash and cash equivalents as per Balance Sheet (Note 7)	3,78,65,582	2,80,45,000
Less: Book Overdraft (Note 13 c)	48,11,404	2,37,84,802
Cash and cash equivalents	3,30,54,178	42,60,198

The accompanying notes are an integral part of these financial statements

Particulars of liabilities arising from financing activity	Note No.	As at March 31, 2018	Net cash flows	Non Cash Changes		As at March 31, 2019
				Effect of change in Foreign Currency Rates	Other Changes*	
Borrowings:						
Long term borrowings	13(a)	1,53,74,15,889	(55,44,07,204)			98,30,08,685
Short term borrowings	13(a)	4,01,82,73,086	66,29,90,878	(60,50,420)		4,67,52,13,544
Interest accrued on borrowings	13(c)	14,24,25,858	(8,60,92,224)		11,75,54,676	17,38,88,310
Total		5,69,81,14,833	2,24,91,450	(60,50,420)	11,75,54,676	5,83,21,10,539

* The same relates to amount charged in statement of profit and loss accounts.

Notes:

- 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.
- Purchase of property, plant & equipment / intangible assets include movement of capital work-in-progress during the year.

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 : Ahmedabad
Date: 16th May, 2019

For and on behalf of the board of directors of
Arvind Lifestyle Brands Limited

Suresh Jayaraman
Managing Director & CEO
(DIN - 03033110)
Place : Ahmedabad
Date : 16th May, 2019

Pramod Kumar Gupta
Chief Financial Officer
Place : Ahmedabad
Date : 16th May, 2019

Kanail Singal
Director
(DIN-02524196)
Place : Ahmedabad
Date : 16th May, 2019

Vijay Kumar B.S.
Company Secretary
Place : Ahmedabad
Date : 16th May, 2019

23

Arvind Lifestyle Brands 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 1, 2017	54,39,70,030
Issue of Equity Share capital	26,88,17,200
As at March 31, 2018	81,27,87,230
Issue of Equity Share capital	10,00,00,000
As at March 31, 2019	91,27,87,230

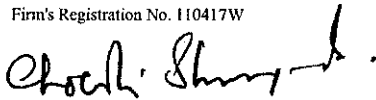
B. Other equity

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total Other Equity
	Capital Reserve	Securities premium	Contribution from Parent for ESOP	Retained Earnings	Cash flow hedge reserve	
	Note 12	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2017	59,05,31,059	7,34,93,80,770	26,17,757	(3,45,05,04,130)	-	4,49,20,25,456
Profit / (Loss) for the Year	-	-	-	(4,09,09,181)	-	(4,09,09,181)
Other comprehensive income/ (loss) for the Year	-	-	-	(1,16,02,668)	-	(1,16,02,668)
Total Comprehensive income/ (loss) for the Year	-	-	-	(5,25,11,849)	-	(5,25,11,849)
Add: Addition during the year	-	2,23,11,82,760	-	-	-	2,23,11,82,760
Contribution from the Holding Company for Employee Stock Options (Refer Note 39)	-	-	48,25,394	-	-	48,25,394
Balance as at March 31, 2018	59,05,31,059	9,58,05,63,530	74,43,151	(3,50,30,15,979)	-	6,67,55,21,761
Balance as at April 1, 2018	59,05,31,059	9,58,05,63,530	74,43,151	(3,50,30,15,979)	-	6,67,55,21,761
Profit / (Loss) for the Year	-	-	-	(4,20,10,211)	-	(4,20,10,211)
Other comprehensive income/ (loss) for the Year	-	-	-	(3,23,75,281)	(1,61,237)	(3,25,36,518)
Total Comprehensive income/ (loss) for the Year	-	-	-	(7,43,85,492)	(1,61,237)	(7,45,46,729)
Add: Addition during the year	-	90,00,00,000	-	-	-	90,00,00,000
Contribution from the Holding Company for Employee Stock Options (Refer Note 39)	-	-	45,70,558	-	-	45,70,558
Balance as at March 31, 2019	59,05,31,059	10,48,05,63,530	1,20,13,709	(3,57,74,01,471)	(1,61,237)	7,50,55,45,590

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

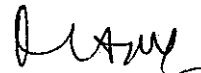


CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date: 16th May, 2019

For and on behalf of the board of directors of
Arvind Lifestyle Brands Limited



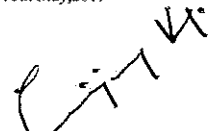
Suresh Jayaraman
Managing Director & CEO
(DIN -03033110)
Place : Ahmedabad
Date : 16th May, 2019



Kamal Singal
Director
(DIN-02524196)
Place : Ahmedabad
Date : 16th May, 2019



Pranod Kumar Gupta
Chief Financial Officer
Place : Ahmedabad
Date : 16th May, 2019



Vijay Kumar B.S.
Company Secretary
Place : Ahmedabad
Date : 16th May, 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 MARCH 2019

1. Corporate Information

Arvind Lifestyle Brands Limited ('the Company') is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Company includes Domestic and International brands like US Polo, Nautica, GANT, GAP, TCP, Cherokee etc.

The Company is a Subsidiary of Arvind Fashions Limited and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Naroda Road, Ahmedabad - 380025.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 16, 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.

The Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act.

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Derivative financial instruments measured at fair value;
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

msb,

B

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.

mll.
B

3.3. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Business combinations between entities under common control are accounted for at carrying value.

Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Tax* and Ind AS 19 *Employee Benefits* respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payments* at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

msl
B

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.4. Foreign currencies

The 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

m.l.s.
B

denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5.Fair value measurement

The Company measures financial instruments such as derivatives at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the 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.

msl
B

- 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)

3.6. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the

mlo.
B

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 following assets category as shown in Table below.

Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Leasehold Improvements	On Lease Term	5 to 9 Years
Buildings	30 Years	20 Years
Plant & Machinery	15 Years	6 to 15 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Computer Software	-	5 Years
Motor Cars	6 Years	4 Years

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

Any change in useful file are being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

m.l.o.
B

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

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

3.7. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the 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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease income is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, in the period in which they are earned.

msl
B

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

3.8. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the 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.

3.9. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight Line basis over the period of five years.

Value of License Brands acquired under demerger scheme has been amortized on Straight Line basis over the period of ten years.

Software is depreciated over management estimate of its useful life of 3 years.

m.l.

D

3.10. Inventories

Inventories of Raw material, Stock-in-trade and Packing Material are valued at the lower of cost and net realisable value.

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

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Stock in Trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

All other inventories are valued at cost. The stock of waste is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.11. Impairment of non-financial assets

The 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

M. S. S.
B

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.

3.12. Revenue Recognition

The Company derives revenues primarily from sale of traded goods and related services.

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.

Effective from April 1, 2018, the Group has adopted Ind AS 115 – "Revenue from contracts with customers" under the full retrospective approach. Accordingly, the comparatives have been adjusted to give the effect of Ind AS 115. The effect on adoption of Ind AS 115 is insignificant on the Group's financial performance.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.



Sale of goods – customer loyalty programme (deferred revenue)

The Group operates a loyalty point programme which allows customers to accumulate points when they purchase the products. The points can be redeemed for free products, subject to a minimum number of points being obtained. Consideration received is allocated between the product sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Sales Return

The Group recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sales. Therefore, a refund liability is recognized for the products expected to be returned.

Rendering of services

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.

Revenue from other services are recognised based on the services rendered in accordance with the terms of contracts on the basis of work performed.

Gift Vouchers

The amount collected on sale of a gift voucher is recognized as a liability and transferred to revenue (sales) when redeemed or to revenue (sale of services) on expiry

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

Profit or loss on sale of Investments

Profit or Loss on sale of investments is recorded on transfer of title from the Group, and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.

Insurance claims

Claims receivable on account of Insurance are accounted for to the extent the Group is reasonably certain of their ultimate collection.

3.13. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the 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.

mslo.

B

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.

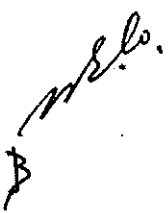
(iii) Derecognition of financial assets

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
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

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

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the 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

ml.
B

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.

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the

B

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) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability

Handwritten:
B

or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

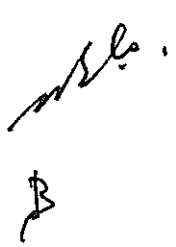
For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Handwritten signature and initials in the bottom left corner of the page.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

d) Offsetting of financial instruments

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

3.14. Cash and cash equivalent

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15. Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

3.16. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in

mll.
B

equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

msb.
\$

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.

3.17. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, 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.

mllo,

B

c) Other long term employment benefits:

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

d) Termination Benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

3.18.Share-based payments

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

Equity-settled transactions

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

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as

msl
B

measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.19. Earnings per share

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

3.20. 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.

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:

mtg.
B

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.

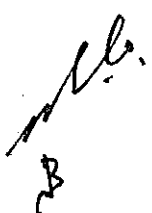
The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve 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 30.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.



Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is Rs.8,10,94,243/- (March 31, 2018: Rs.9,53,45,365/-).

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 39.

Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs. 9,43,84,544/- (March 31, 2018: Rs. 9,83,18,163/-) of tax credits carried forward. The Company also has Rs. 84,26,86,922/- (March 31, 2018: Rs. 110,20,31,845/-) of unused losses available for offsetting against future taxable income. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.

Further details on taxes are disclosed in Note 25.

Revenue recognition – Customer loyalty program reward points

The Company estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2019, the estimated liability towards unredeemed points amounted to approximately Rs. 2,01,84,025/- (March 31, 2018: Rs. 4,22,58,072/-).

Intangible assets

Refer Note 3.9 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

msk,
B

Property, plant and equipment

Refer Note 3.6 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the 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.

mslo.

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Particulars	Amount in Rs.						
	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Data Processing	Total
Gross Carrying Amount							GWIP
As at April 1st, 2017	54,88,49,645	1,18,53,52,407	5,74,31,056	1,66,51,95,002	15,55,21,262	20,14,91,504	3,81,38,40,876
Additions	22,86,79,408	34,35,58,792	98,28,319	42,88,82,935	6,01,94,436	8,86,30,145	1,15,97,74,035
Deductions	2,96,91,441	4,22,60,568	1,75,37,273	7,37,94,684	75,95,956	23,42,704	17,32,32,627
As at April 1st, 2018	74,78,37,612	1,48,66,50,631	4,97,22,102	2,02,02,83,253	20,81,19,741	28,77,78,945	4,80,03,92,285
Additions	16,54,54,262	31,34,59,164	2,00,96,474	39,17,25,889	6,99,74,830	8,37,63,358	1,04,44,75,976
Deductions	5,42,94,275	8,38,58,093	1,92,19,862	13,76,59,822	1,44,93,057	1,01,36,802	31,96,61,910
As at March 31, 2019	85,89,97,599	1,71,62,51,703	5,05,98,714	2,27,43,49,321	26,36,01,514	36,14,07,501	5,52,52,06,351
Depreciation and Impairment							
As at April 1st, 2017	19,16,37,519	36,58,67,881	1,61,47,617	55,72,94,064	5,71,95,298	8,97,68,773	1,27,79,11,152
Depreciation for the year	16,35,60,720	22,14,56,935	1,82,44,472	38,79,94,386	5,28,65,667	6,69,08,925	91,10,31,105
Deductions	1,92,29,894	1,85,42,220	98,26,852	3,88,84,048	38,87,498	16,34,348	9,20,04,860
As at April 1st, 2018	33,59,68,345	56,87,82,596	2,45,65,237	90,64,04,401	10,61,73,468	15,50,43,350	2,09,69,37,396
Depreciation for the year	19,16,78,714	29,65,98,041	1,22,36,513	34,42,76,388	5,20,02,428	7,81,64,580	97,49,56,663
Deductions	4,62,17,188	7,62,97,516	1,35,18,116	11,85,53,886	1,13,75,402	1,01,30,487	27,60,92,595
As at March 31, 2019	48,14,29,871	78,90,83,120	2,32,83,634	1,13,21,26,903	14,68,00,493	22,30,77,443	2,79,58,01,464
Net Carrying Amount							
As at March 31, 2019	37,75,67,728	92,71,69,583	2,73,15,080	1,14,22,22,418	11,68,01,021	13,83,30,058	2,72,94,04,887
As at March 31, 2018	41,18,69,267	91,78,68,035	2,51,56,865	1,11,38,78,852	10,19,46,273	13,27,35,595	2,70,34,54,888

1 For properties pledged as security, refer Note 13 (a)

2 W.e.f Oct 1, 2018, the Company has changed the useful life of certain Property, Plant & Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life of Property, Plant & Equipment, charge for depreciation and amortization for the year ended March 31, 2019 would have been higher by Rs 10,62,34,636.

Handwritten signature

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 6 : Intangible assets

Particulars	Amount in Rs.				Intangible assets under development
	Computer/Software	Brand Value & License Brands	Distribution Network	Technical Process development	
Gross Carrying Amount					
As at April 1st, 2017	13,00,94,942	17,51,84,085	2,08,54,119	24,73,36,286	57,34,69,431
Additions	5,93,88,693	-	-	-	5,93,88,693
Deductions	1,25,633	-	-	-	1,25,633
As at April 1st, 2018	18,93,58,002	17,51,84,085	2,08,54,119	24,73,36,286	63,27,32,492
Additions	2,01,12,121	-	-	-	2,01,12,121
Deductions	8,21,590	-	-	-	8,21,590
As at March 31, 2019	20,86,48,533	17,51,84,085	2,08,54,119	24,73,36,286	65,20,23,023
Amortisation and Impairment					
As at April 1st, 2017	7,44,42,278	9,32,63,705	1,65,75,430	4,94,67,257	23,37,48,670
Amortisation for the Year	4,60,54,877	3,65,51,224	42,78,689	4,94,67,257	13,63,52,048
Deductions	58,292	-	-	-	58,292
As at March 31, 2018	12,04,38,864	12,98,14,929	2,08,54,119	9,89,34,514	37,00,42,426
Amortisation for the Year	2,79,66,334	4,53,69,156	-	4,94,63,942	12,27,99,432
Deductions	8,21,590	-	-	-	8,21,590
As at March 31, 2019	14,75,83,608	17,51,84,085	2,08,54,119	14,83,98,456	49,20,20,268
Net Carrying Amount					
As at March 31, 2019	6,10,64,925	-	-	9,89,37,830	16,00,02,755
As at March 31, 2018	6,89,19,138	4,53,69,156	-	14,84,01,772	26,26,90,066

Notes:

1) Intangible assets under development consists of capitalised development cost for internally developed software of Rs. 3,77,43,501 (Previous year Rs. Nil)

[Handwritten signature]

[Handwritten mark]

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Investments	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Investment in government securities		
National Saving Certificates	1,50,000	1,50,000
Total Investments	1,50,000	1,50,000
Total non-current investments	1,50,000	1,50,000
Total current investments	-	-

7 (b) Trade receivables- Current	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Particulars		
Unsecured, considered good	8,52,38,14,993	6,75,30,10,540
Credit Impaired	8,10,94,243	9,53,45,365
Less : Allowance for doubtful debts	(8,10,94,243)	(9,53,45,365)
Less : Provision for Refundable liability	(1,10,35,98,772)	(50,90,19,930)
Total Trade and other receivables	7,42,02,16,221	6,24,39,90,610

Trade receivables are given as security for borrowings as disclosed under Note 13(a).

Refundable Liability as on March 31, 2018 is converted into Revenue from Operations.

Allowance for doubtful debts

Company has provided allowance for doubtful debts based on the lifetime expected credit loss model using provision matrix.

Movement in allowance for doubtful debt :

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	9,53,45,365	7,49,99,378
Add : Allowance for the year	-	2,03,45,987
Less : Write off of bad debts (net of recovery)	(1,42,51,122)	-
Balance at the end of the year	8,10,94,243	9,53,45,365

7 (c) Loans Receivable considered good- Unsecured	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Particulars		
Non-current		
Loans to employees	17,35,196	34,41,137
	17,35,196	34,41,137
Current		
Loans to employees	3,12,97,341	2,94,33,418
	3,12,97,341	2,94,33,418
Total Loans	3,30,32,537	3,28,74,555

7 (d) Cash and cash equivalent	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Particulars		
Cash on hand	47,472	15,946
Balance with Bank		
Current accounts and debit balance in cash credit accounts	3,77,68,110	76,69,054
In Deposit Account	50,000	2,03,60,000
Total cash and cash equivalents	3,78,65,582	2,80,45,000

m.l.

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

7 (e) Other bank balance

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Held as Margin Money*	4,19,51,932	15,95,72,116
Lodged with Sales Tax Department	52,924	2,09,794
Total other bank balances	4,20,04,856	15,97,81,910

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Unsecured Considered good unless otherwise stated		
Non-current		
Security deposits	1,90,60,11,183	1,80,49,68,544
Bank deposits with maturity of more than 12 months	19,67,078	1,10,94,106
	1,90,79,78,261	1,81,60,62,650
Current		
Security deposits		
Considered Good	4,25,11,535	2,83,16,583
Doubtful	93,05,048	2,35,00,000
Less Allowance for Doubtful Deposits	(93,05,048)	(2,35,00,000)
	4,25,11,535	2,83,16,583
Income receivable	21,62,030	-
Accrued Interest	12,71,050	34,17,914
Mark to market of derivative financial instruments	-	30,095
Insurance claim receivable	60,04,060	1,10,22,317
Other Receivables	19,25,56,588	20,75,36,215
	24,45,05,263	25,03,23,124
Total financial assets	2,15,24,83,524	2,06,63,85,774

Other Current Financial assets are given as security for borrowings as disclosed under Note 13(a).

Allowance for doubtful deposits

Company has provided allowance for doubtful deposits based on the lifetime expected credit loss model using provision matrix.

Movement in allowance for doubtful deposits :

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	2,35,00,000	2,00,00,000
Add : Allowance for the year	-	51,12,740
Less : Write off of doubtful deposits (net of recovery)	(1,41,94,952)	(16,12,740)
Balance at the end of the year	93,05,048	2,35,00,000

7 (g) Financial assets by category

Particulars	Amount in Rs.		
	FYTPL	FVOCI	Amortised Cost
March 31, 2019			
Investments			
- Equity shares			
- Debentures			
- Government securities	-	-	1,50,000
- Limited liability partnership	-	-	
Trade receivables	-	-	7,42,02,16,221
Loans	-	-	3,30,32,537
Cash & Bank Balances	-	-	7,98,70,438
Other Financial Assets	-	-	2,15,24,83,524
Total Financial assets	-	-	9,68,57,52,720
March 31, 2018			
Investments			
- Equity shares			
- Debentures			
- Government securities	-	-	1,50,000
- Limited liability partnership	-	-	
Trade receivables	-	-	6,24,39,90,610
Loans	-	-	3,28,74,555
Cash & Bank Balances	-	-	18,78,26,910
Other Financial Assets	-	-	2,06,63,85,774
Total Financial assets	-	-	8,53,12,27,849

For Financial instruments risk management objectives and policies, refer Note 37

Fair value disclosures for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures for investment are in Note 36.

Handwritten signature/initials

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 8 : Other current / non-current assets

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	3,32,51,409	4,89,95,952
	<u>3,32,51,409</u>	<u>4,89,95,952</u>
Current		
Advance to suppliers- Considered good	44,88,40,563	30,19,08,162
Doubtful	3,17,58,008	8,55,59,602
Less : Provision for doubtful advances	<u>(3,17,58,008)</u>	<u>(8,55,59,602)</u>
	44,88,40,563	30,19,08,162
Export incentive receivable	74,01,821	66,93,106
Prepaid expenses	7,16,53,968	4,53,25,860
Sales tax paid under protest	39,62,80,034	47,31,29,676
Returnable Asset	1,56,76,60,625	1,77,26,95,036
GST Receivable	48,94,61,414	9,87,02,513
Other Current Asset	<u>18,56,70,870</u>	<u>31,44,63,252</u>
	3,16,69,69,295	3,01,29,17,605
Total	<u>3,20,02,20,704</u>	<u>3,06,19,13,557</u>

Other current assets are given as security for borrowings as disclosed under Note 13(a).
Returnable Asset as on March 31, 2018 is converted into Trade Receivables.

Provision for Doubtful Advances

Particulars	Movement in provision for doubtful advances:	
	As at March 31, 2019 In Rs.	As at March 31, 2018 In Rs.
Balance at the beginning of the year	8,55,59,602	8,55,59,602
Add : Provision made during the year	-	-
Less : Write off of doubtful advances	<u>(5,38,01,594)</u>	<u>-</u>
Balance at the end of the year	3,17,58,008	8,55,59,602

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

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Trims and accessories	2,14,32,880	4,31,35,510
Trims in transit	-	63,84,327
Stock-in-trade	6,57,98,81,361	5,20,13,23,670
Stock-in-trade in transit	1,68,71,878	1,52,23,619
Packing materials	7,07,56,454	6,23,14,881
Total	6,68,89,42,573	5,32,83,82,009

Inventories are given as security for borrowings as disclosed under Note 13(a).

Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value, for Rs 25,54,41,635 (Previous year- Rs 25,93,22,956). The changes in write downs are recognised as an expense in the Statement of profit and loss.

Note 10 : Current Tax Assets (Net)

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Tax Paid in Advance (Net of Provision)	15,64,78,811	10,12,56,030
Total	15,64,78,811	10,12,56,030

ms

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 11 : Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Authorised share capital Equity shares of Rs.10 each	10,00,00,000	1,00,00,00,000	8,50,00,000	85,00,00,000
Issued,Subscribed and fully paid up Equity shares of Rs.10 each	9,12,78,723	91,27,87,230	8,12,78,723	81,27,87,230
Total	9,12,78,723	91,27,87,230	8,12,78,723	81,27,87,230

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030
Add :				
Shares issued during the year	1,00,00,000	10,00,00,000	2,68,81,720	26,88,17,200
Outstanding at the end of the period	9,12,78,723	91,27,87,230	8,12,78,723	81,27,87,230

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		As at March 31, 2018	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Arvind Fashions Limited (along with nominees)	9,12,78,723	91,27,87,230	8,12,78,723	81,27,87,230

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		As at March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited (along with nominees)	9,12,78,723	100.00%	8,12,78,723	100.00%

11.5. Shares allotted as fully paid up without payment being received in cash (during 5 years immediately preceding March 31, 2019)

62,85,000 shares of Rs. 10 each were allotted as fully paid up in the year 2013-14 pursuant to the scheme of arrangement without payment being received in cash.

11.6. Objective, policy and procedure of capital management, refer Note 38

msl's

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 12 : Other Equity

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements	59,05,31,059	59,05,31,059
Add/Less: Adjustment for the year	-	-
Balance at the end of the year	<u>59,05,31,059</u>	<u>59,05,31,059</u>
Securities premium		
Balance as per last financial statements	9,58,05,63,530	7,34,93,80,770
Add: addition during the year	90,00,00,000	2,23,11,82,760
Balance at the end of the year	<u>10,48,05,63,530</u>	<u>9,58,05,63,530</u>
Contribution from Parent for ESOP (Refer Note 39)		
Balance as per last financial statements	74,43,151	26,17,757
Add: Contribution received during the year	45,70,558	48,25,394
Balance at the end of the year	<u>1,20,13,709</u>	<u>74,43,151</u>
Retained Earnings		
Balance as per last financial statements	(3,50,30,15,979)	(3,45,05,04,130)
Add: profit for the year	(4,20,10,211)	(4,09,09,181)
Add / (Less): OCI for the year	(3,23,75,281)	(1,16,02,668)
Balance at the end of the year	<u>(3,57,74,01,471)</u>	<u>(3,50,30,15,979)</u>
Total reserves & surplus	<u><u>7,50,57,06,827</u></u>	<u><u>6,67,55,21,761</u></u>
Note 12.2 Other comprehensive Income/ (Loss)		
Cash Flow Hedge reserve		
Balance as per last financial statements	-	-
Add: gain / (loss) for the year	(2,47,844)	-
Less: Tax impact	86,607	-
Balance at the end of the year	<u>(1,61,237)</u>	<u>-</u>
Total Other comprehensive Income/ (Loss)	<u>(1,61,237)</u>	<u>-</u>
Total Other equity	<u><u>7,50,55,45,590</u></u>	<u><u>6,67,55,21,761</u></u>

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

- Capital Reserve**
Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the company
- Securities Premium**
Securities premium reserve is created due to premium on issue of shares. These reserve is utilised in accordance with the provision of the Companies Act.
- Share based payment reserve**
This reserve relates to share options granted by the company to its employee share option plan. Further information about share based payment to employees is sent out in Note 39.
- Cash flow hedge reserve**
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non - financial hedged item.

Handwritten signature/initials

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 13 : Financial liabilities

13 (a) Borrowings Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Long-term Borrowings (refer note I to II below)		
Non-current portion		
Secured		
Term loan from Banks	67,13,40,060	30,06,83,630
Unsecured		
Non Convertible Debentures	-	49,98,82,426
	<u>67,13,40,060</u>	<u>80,05,66,056</u>
Current maturities		
Secured		
Term loan from Banks	31,16,68,625	48,70,15,433
Non Convertible Debentures	-	24,98,34,400
	<u>31,16,68,625</u>	<u>73,68,49,833</u>
Total long-term borrowings	<u><u>98,30,08,685</u></u>	<u><u>1,53,74,15,889</u></u>
Short-term Borrowings (refer note III below)		
Secured		
Working Capital Loans repayable on demand from Banks (including charnel financing)	4,01,10,60,781	2,43,05,91,531
Unsecured		
Under Buyer's Credit Arrangement	31,41,52,763	24,18,91,791
Intercompany Deposits - From Related Parties	-	54,51,38,805
From Others	-	6,50,959
Commercial Paper	35,00,00,000	50,00,00,000
Working Capital Loans repayable on demand from Banks	-	30,00,00,000
	<u>4,67,52,13,544</u>	<u>4,01,82,73,086</u>
Total short-term borrowings	<u><u>4,67,52,13,544</u></u>	<u><u>4,01,82,73,086</u></u>
Total borrowings	<u><u>5,65,82,22,229</u></u>	<u><u>5,55,56,88,975</u></u>

I Details of Term Loans

- a Loans of Rs 94,61,08,659 is secured against first charge over the entire fixed assets of the Company both present and future and second charge is created over the entire stock, receivables and other current assets of the company excluding stocks of Nautica Brand.
- b Secured Loans of Rs. 71,91,95,253 are guaranteed by Arvind Fashions Limited being the Holding Company and Secured Loans of Rs. 94,61,08,659 are additionally guaranteed by Arvind Limited .
- c Hire Purchase Loan from Banks and Others of Rs 3,69,00,026 are secured by hypothecation of related vehicles.
- d Rate of Interest and Terms of Repayment

Particulars	As on March 31, 2019	Range of Interest (%)	Terms of Repayment from Balance sheet date
From Banks			
Rupee Loans	27,91,08,659	8.65% -8.70%	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Rupee Loans	66,70,00,000	8.95%	Repayable in 22 instalments in 5 years
Hire Purchase Loan	3,69,00,026	9.25%	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

msl

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

II Details of Unsecured Borrowings- Non Convertible Debentures

Non Convertible Debentures of Rs 74,97,16,826 which were bearing interest of 10.35% per annum by 750 Non Convertible Debentures of face value Rs: 10,00,000 each were redeemed at par on July 27, 2018

III Details of Short Term Borrowing

a Nature of Security

Working Capital Loans repayable on demand from Banks

Loans from banks are secured by:

i. First charge over entire stocks, receivables and other current assets excluding stocks of Nautica Brand and second charge over entire fixed assets of the Company both present and future.

ii. Working Capital Loan of Rs.4,01,10,60,781 is secured by Corporate Guarantee given by Arvind Limited and Working Capital Loans of Rs.3,13,87,39,821 are additionally secured by Gaurantee of Arvind Fashions Limited, the holding Company.

b Rate of Interest

- i. Loans from banks carry interest rates ranging from 0.5% to 1.5% above base rate.
- ii. Buyers Credit carry interest ranging from 3.2% to 3.4%
- iii. Working Capital Loans carry interest ranging from 8.5% to 9.5%.
- iv. Commercial Paper carries interest rate of 8.20%.

13 (b) Trade payable

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Current		
Acceptances	2,16,65,69,983	1,64,64,85,913
Total outstanding dues of micro enterprises and small enterprises (refer note below)	1,05,13,72,760	28,92,27,625
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,69,72,08,286	5,47,11,98,621
Total	8,91,51,51,029	7,40,69,12,159

a Acceptance and Other trade payables are not-interest bearing and are normally settled on 30-90 days terms

b Based on the information available, the disclosures as required under section 22 of the Micro, Small and Medium Enterprise Small Enterprise Development (MSMED) Act, 2006 are presented as follows :

Particulars	As at March 31, 2019	As at March 31, 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
i) Principal	1,05,13,72,760	28,92,27,625
ii) Interest	11,03,47,407	5,63,33,634
(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), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	1,87,46,845
(c) 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;	11,03,47,407	5,63,33,634
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	11,03,47,407	5,63,33,634
(e) 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	11,03,47,407	5,63,33,634

msl

2

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

13 (c) Other financial liabilities		Amount in Rs.	
Particulars	As at March 31, 2019	As at March 31, 2018	
Non-current			
Deposits from customers and others	53,60,37,098	41,73,77,180	
	53,60,37,098	41,73,77,180	
Current			
Current maturity of long term borrowings	31,16,68,625	73,68,49,833	
Interest accrued but not due	3,70,54,504	8,60,92,224	
Interest accrued and due	13,68,33,806	5,63,33,634	
Payable to employees	16,07,09,133	24,34,82,481	
Book overdraft	48,11,404	2,37,84,802	
Payable in respect of capital goods	10,17,77,953	20,47,49,306	
Foreign Exchange Forward contracts (Cash flow hedge)	2,17,749	-	
Other financial liabilities	-	6,40,17,276	
	75,30,73,174	1,41,53,09,556	
Total	1,28,91,10,272	1,83,26,86,736	

13 (d) Financial liabilities by category		Amount in Rs.		
Particulars	FVTPL	FVOCI	Amortised Cost	
March 31, 2019				
Borrowings	-	-	5,34,65,53,604	
Trade payable	-	-	8,91,51,51,029	
Other financial liabilities	-	-	-	
Current maturity of long term borrowings	-	-	31,16,68,625	
Payable to employees	-	-	16,07,09,133	
Deposits from customers and others	-	-	53,60,37,098	
Interest accrued and due	-	-	13,68,33,806	
Interest accrued but not due	-	-	3,70,54,504	
Foreign Exchange Forward contracts (Cash flow hedge)	-	-	2,17,749	
Payable in respect of capital goods	-	-	10,17,77,953	
Book overdraft	-	-	48,11,404	
Total Financial liabilities	-	-	15,55,08,14,905	
March 31, 2018				
Borrowings	-	-	4,81,88,39,142	
Trade payable	-	-	7,40,69,12,159	
Other financial liabilities	-	-	6,40,17,276	
Current maturity of long term borrowings	-	-	73,68,49,833	
Payable to employees	-	-	24,34,82,481	
Deposits from customers and others	-	-	41,73,77,180	
Interest accrued and due	-	-	5,63,33,634	
Interest accrued but not due	-	-	8,60,92,224	
Payable in respect of capital goods	-	-	20,47,49,306	
Book overdraft	-	-	2,37,84,802	
Total Financial liabilities	-	-	14,05,84,38,037	

For Financial instruments risk management objectives and policies, refer Note 37
Fair value disclosures for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures for investment are in Note 36.

Handwritten signature/initials

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 14 : Provisions

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	7,74,55,901	7,40,27,780
Provision for Gratuity	7,69,10,489	6,15,35,374
	<u>15,43,66,390</u>	<u>13,55,63,154</u>
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	3,37,82,505	91,83,676
Others		
Provision for Wealth tax	1,46,070	1,46,070
Short term provision for litigation/disputed matters	13,36,53,311	9,97,02,733
	<u>16,75,81,886</u>	<u>10,90,32,479</u>
Total	32,19,48,276	24,45,95,633

Provision for Litigation/Disputes

The Group has made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

The movement in the provision account is as under:

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
Balance as per last financial statements	9,97,02,733	3,00,00,000
Addition / Settlement during the year (Net)	3,39,50,578	6,97,02,733
Balance at the end of the year	13,36,53,311	9,97,02,733

Note 15 : Other current liabilities

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Advance from customers	5,50,79,930	4,56,70,679
Statutory dues including provident fund and tax deducted at source	21,61,35,462	11,54,44,968
Unaccrued Sale	1,13,28,775	-
Deferred income of loyalty program reward points (Refer note a below)	2,01,84,025	4,22,58,072
Total	30,27,28,192	20,33,73,719

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 below:

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	4,22,58,072	2,81,24,899
Add: Provision made during the year (Net)	3,13,63,477	7,37,58,650
(Less): Redemption made during the year	5,34,37,524	5,96,25,477
Balance at the end of the year	2,01,84,025	4,22,58,072

Handwritten signature

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 16 : Revenue from operations

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Sale of products	31,03,10,31,341	27,30,01,36,930
Sale of services	5,64,27,006	42,87,83,875
Operating income		
Export incentives	9,78,117	23,41,829
Gift Voucher Income	1,28,65,734	-
Foreign exchange fluctuation on vendors and customers	3,25,00,325	-
Royalty	36,31,70,701	-
Miscellaneous receipts	3,54,07,542	18,55,271
	44,49,22,419	41,97,100
Total	31,53,23,80,766	27,73,31,17,905

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
I. Disaggregation of revenue		
A. Revenue based on Geography		
i. Domestic	31,45,84,01,406	27,65,03,95,392
ii. Export	7,39,79,360	8,27,22,513
	31,53,23,80,766	27,73,31,17,905
B. Revenue based on Business Segment		
Branded Apparels	31,53,23,80,766	27,73,31,17,905

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
II. Reconciliation of Revenue from Operation with Contract Price		
Contract Price	34,06,52,45,629	29,76,60,05,272
Less:		
Schemes and Discounts	2,44,58,18,132	1,89,00,04,078
Customer Loyalty Program	8,70,46,731	14,28,83,289
Total Revenue from Operations	31,53,23,80,766	27,73,31,17,905

Note 17 : Other income

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest income	44,05,391	2,27,07,358
Profit on sale of fixed assets (Net)	6,08,160	15,54,970
Exchange difference	-	66,68,559
Miscellaneous income	1,24,48,071	71,81,317
Total	1,74,61,622	3,81,12,204

Handwritten signature/initials

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements
Note 18 : Cost of Trims and accessories consumed

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Stock at the beginning of the year	4,31,35,510	4,28,22,510
Add : Purchases	95,93,209	1,81,26,231
	5,27,28,719	6,09,48,741
Less : Inventory at the end of the year	2,14,32,880	4,31,35,510
Total	3,12,95,839	1,78,13,231

Note 19 : Purchases of stock-in-trade

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Garments and Accessories	16,61,21,20,240	11,48,93,42,389
Total	16,61,21,20,240	11,48,93,42,389

Note 20 : Changes in inventories

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Stock at the end of the year		
Stock-in-trade	6,57,98,81,361	5,20,13,23,670
	6,57,98,81,361	5,20,13,23,670
Stock at the beginning of the year		
Stock-in-trade	5,20,13,23,670	6,58,41,19,504
	5,20,13,23,670	6,58,41,19,504
Total	(1,37,85,57,691)	1,38,27,95,834

Note 21 : Employee benefits expense

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Salaries, wages, bonus, etc. (Refer Note 30)	2,34,73,45,308	2,22,81,58,297
Contribution to provident, gratuity and other funds (Refer Note 30)	22,60,32,839	18,60,10,946
Welfare and training expenses	25,36,09,604	19,37,03,252
Share based payment to employees - (Refer Note 39)	45,70,558	48,25,394
Total	2,83,15,58,309	2,61,26,97,889

Note 22 : Finance costs

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest expense on		
Term Loans	4,68,26,636	8,20,10,741
Cash Credit Facilities	15,74,51,971	8,96,22,200
Interest expense - others	48,55,16,798	38,20,24,576
Other finance cost	19,40,34,693	11,73,87,271
Total	88,38,30,098	67,10,44,788

Note 23 : Depreciation and amortization expense

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Depreciation on Tangible assets (Refer Note 5)	97,49,56,663	91,10,31,105
Amortization on Intangible assets (Refer Note 6)	12,27,99,432	13,63,52,048
Total	1,09,77,56,095	1,04,73,83,152

Handwritten signature

NB

Arvind Lifestyle Brands Limited
Notes to the Financial Statements
Note 24 : Other expenses

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Power and fuel	37,16,66,506	30,50,37,366
Insurance	3,15,86,625	3,16,81,119
Processing charges	1,81,44,371	2,00,88,552
Printing, stationery & communication	12,44,86,925	11,41,29,717
Rent Expenses	2,80,33,13,166	2,41,70,46,828
Commission & Brokerage	2,96,47,91,222	2,81,24,46,758
Rates and taxes	2,28,62,827	6,53,09,916
Repairs :		
To Building	1,47,37,140	1,19,42,913
To others	50,60,46,895	50,38,27,606
Royalty on Sales	94,08,61,269	83,46,52,368
Freight, insurance & clearing charge	38,11,54,628	27,29,89,269
Legal & Professional charges	11,24,00,440	15,80,07,108
Housekeeping Charges	13,93,80,879	9,90,98,599
Security Charges	13,76,57,735	10,87,64,949
Computer Expenses	10,55,46,572	10,37,49,169
Conveyance & Travelling expense	22,60,72,261	17,91,53,327
Advertisement and publicity	1,09,76,01,490	95,13,94,222
Design Fees	-	17,83,924
Charges for Credit Card Transactions	12,71,25,017	12,12,61,507
Packing Materials Expenses	11,25,57,982	9,25,56,705
Contract Labour Charges	86,31,11,458	84,84,20,959
Sampling and Testing Expenses	7,36,22,639	13,84,08,155
Director's sitting fees	2,10,000	1,77,200
Provision for Litigation/Disputes (Refer note 14)	3,39,50,578	6,97,02,733
Provision for doubtful debts and advances (net)	-	51,12,740
Provision for doubtful debts	-	2,03,45,987
Auditor's remuneration - refer note (i) below	66,43,140	87,09,000
Business Conducting Fees	20,50,501	1,08,60,408
Bank charges	4,55,18,491	4,23,07,212
Warehouse Charges	8,19,07,020	10,76,03,610
Spend on CSR activities (Refer Note 34)	22,12,176	-
Exchange difference (net)	-	28,26,088
Loss on assets sold, demolished, discarded and scrapped	-	7,09,75,037
HVAC Charges	7,44,05,443	7,41,27,354
Miscellaneous expenses	60,82,116	6,50,54,193
Total	11,42,77,07,512	10,66,95,52,598

(i) Payment to Auditors (Net of taxes)

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Payment to Auditors as		
Auditors	45,35,000	52,00,000
For tax audit	10,15,000	11,70,000
For Other certification work	6,69,200	20,48,020
For reimbursement of expenses	4,23,940	2,90,980
Total	66,43,140	87,09,000

ml

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 25: Income tax

The major components of income tax expense for the Period ended March 31, 2019 and March 31, 2018 are

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
Statement of Profit and Loss		
Current tax		
Current income tax		-
Deferred tax		
Deferred tax Charge/(Credit)	8,61,42,197	(7,84,90,591)
Income tax expense reported in the statement of profit and loss	8,61,42,197	(7,84,90,591)

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
OCI section		
Statement to Other comprehensive income (OCI)		
Deferred tax Charge/(Credit)	(1,74,76,576)	(62,32,225)
Deferred tax charged to OCI	(1,74,76,576)	(62,32,225)

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

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
A) Current tax		
Accounting profit/(loss) before tax	4,41,31,980	(11,93,99,772)
Tax @ 34.944% (March 31, 2018: 34.944%)	1,54,21,479	(4,17,23,056)
Adjustment		
Expenditure not deductible for Tax	7,07,20,718	1,56,85,965
Rate differences and other reasons	-	(5,24,53,500)
At the effective income tax rate of 195.19% (March 31, 2018 -65.74%)	8,61,42,197	(7,84,90,591)

Particulars	Amount in Rs.			
	Balance Sheet		Statement of Profit and Loss and Other Comprehensive Income for the year ended on	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	84,50,75,192	71,13,11,873	(13,37,63,119)	(23,86,43,723)
Effective Interest Method Term Loan	(9,41,623)	(3,41,703)	5,99,920	3,41,703
Impairment of Receivables/Advances(including allowance for ECL)	-	-	-	3,60,61,531
Expenditure allowable on payment basis(43 B)	10,67,87,390	6,50,92,153	(4,16,95,237)	(83,35,033)
Unused losses available for offsetting against future taxable income	84,26,86,922	1,10,20,31,845	25,93,44,923	13,03,74,622
Unused tax credit available for offsetting against future taxable income (MAT Credits)	9,43,84,544	9,83,18,163	39,33,619	-
Others	4,67,00,535	2,69,46,250	(1,97,34,283)	(2,45,21,916)
Deferred tax charge/(credit)			6,86,65,621	(8,47,22,816)
Net deferred tax assets/(liabilities)	1,93,46,92,960	2,00,33,58,581		
Reflected in the balance sheet as follows				
Deferred tax assets	1,93,56,34,583	2,00,37,00,284		
Deferred tax liabilities	(9,41,623)	(3,41,703)		
Deferred tax liabilities (net)	1,93,46,92,960	2,00,33,58,581		

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
Reconciliation of deferred tax assets / (liabilities), net		
Opening balance as of April 1	2,00,33,58,581	1,91,86,35,765
Tax credit/(charge) during the period recognised in profit or loss	(8,61,42,197)	7,84,90,591
Tax credit/(charge) during the period recognised in OCI	1,74,76,576	62,32,225
Closing balance as at March 31	1,93,46,92,960	2,00,33,58,581

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.

mls

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 26 : Contingent liabilities

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
Contingent liabilities not provided for		
a. Bills discounted	-	7,87,65,657
b. Claims against Company not acknowledged as debts	9,87,26,872	6,66,41,931
c. Disputed demands in respect of		
Excise/Customs duty	11,04,61,000	18,61,064
Goods and Service Tax	2,22,008	
Sales tax and VAT (Refer note 1 below)	47,87,61,647	2,01,01,14,304
Income tax	8,57,55,476	3,91,84,003
Textile Committee Cess	10,94,000	10,94,000
Provident Fund	75,60,000	75,60,000
d. Guarantee given by bank on behalf of the Company	3,00,000	14,30,11,957

Note

- 1 Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the Company has collected forms covering substantial amount of demand. The Company is in the process of collecting balance forms and hence no provision is considered necessary for the same.
- 2 The Company does not expect any reimbursements in respects of the above contingent liabilities.

Note 27: Capital commitment and other commitments

Particulars	Amount in Rs.	
	March 31, 2019	March 31, 2018
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	7,70,50,500	20,32,51,896

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of Instrument	Currency	March 31, 2019		March 31, 2018	
		Amount in FC	Amount in Rs.	Amount in FC	Amount in Rs.
Forward contracts					
Purchase	USD	21,72,068	15,05,45,703	15,25,503	9,96,28,125

All derivative contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

B. Exposure Not Hedged

Nature of exposure	Currency	March 31, 2019		March 31, 2018	
		Amount in FC	Amount in Rs.	Amount in FC	Amount in Rs.
Receivables	USD	1,38,814	95,99,680	1,69,159	1,10,24,921
Payable towards borrowings	USD	36,59,563	25,30,77,053	21,94,680	14,30,38,284
Payable to creditors	USD	20,79,306	14,37,94,388	28,96,265	18,87,64,080
	EURO	299	23,254	1,68,030	1,35,78,100
	SEK	9,84,972	73,55,275	94,786	7,45,494

m/lo

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 29 : Segment Reporting

Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company.

The Company's business activity falls within a single operating business segment of Branded Appeals (Garments and Accessories) through Retail and Departmental Store facilities.

Geographical segment

Geographical segment is considered based on sales within India and rest of the world

Amount in Rs.

Particulars	March 31, 2019	March 31, 2018
Segment Revenue*		
a) In India	31,45,84,01,406	27,65,03,95,392
b) Rest of the world	7,39,79,360	8,27,22,513
Total Sales	31,53,23,80,766	27,73,31,17,905
Carrying Cost of Segment Assets**		
a) In India	24,57,77,76,253	21,98,36,91,459
b) Rest of the world	1,60,47,940	1,10,24,921
Total	24,59,38,24,193	21,99,47,16,380
Carrying Cost of Segment Non Current Assets**@		
a) In India	2,96,09,87,835	3,01,75,74,306
b) Rest of the world	-	-
Total	2,96,09,87,835	3,01,75,74,306

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax assets.

Note:

Considering the nature of business of group in which it operates, the group deals with various customers including multiple geographics. Consequently, none of the customer contribute materially to the revenue of the group.

Handwritten signature

B

Note 39 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 13,94,33,192/- (March 31, 2018: Rs.12,68,22,404) is recognised as expense and included in Note No. 21 "Employee benefit expense"

Particulars	As at March 31, 2019	As at March 31, 2018
Provident Fund	6,71,28,539	6,00,75,397
Contributory Pension Scheme	7,21,04,653	6,51,60,858
Superannuation Fund	-	13,86,149
	<u>13,94,33,192</u>	<u>12,68,22,404</u>

B. Defined benefit plans:

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

Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

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

Particulars	Gratuity cost charged to statement of profit and loss		Remeasurement gain/(losses) in other comprehensive income					Amount in Rs.	
	Service cost	Net interest expense	Return on plan assets excluding amounts included in net interest expense	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination	March 31, 2019
Defined benefit obligation	8,95,90,394	3,17,48,928	65,37,885	3,82,86,813	(1,67,83,332)	1,94,75,485	6,63,874	1,54,52,043	12,64,18,044
Fair value of plan assets	(2,80,55,020)	-	(28,96,655)	(28,96,655)	1,67,83,332	-	25,78,206	-	(4,95,07,555)
Total benefit liability	<u>6,15,35,374</u>	<u>3,17,48,928</u>	<u>36,41,230</u>	<u>3,53,90,158</u>	<u>(46,87,316)</u>	<u>1,94,75,485</u>	<u>6,63,874</u>	<u>1,80,10,249</u>	<u>7,69,10,489</u>

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

Particulars	Cost charged to statement of profit and loss		Remeasurement gain/(losses) in other comprehensive income					Amount in Rs.	
	Service cost	Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination	March 31, 2018
Defined benefit obligation	6,61,00,745	3,09,57,748	40,66,184	3,50,23,932	(1,43,41,081)	(47,16,325)	75,23,023	28,06,798	8,95,90,394
Fair value of plan assets	(3,60,90,541)	-	(16,35,877)	(16,35,877)	1,43,41,081	-	(98,81,327)	-	(2,80,55,020)
Total benefit liability	<u>3,00,10,204</u>	<u>3,09,57,748</u>	<u>24,30,307</u>	<u>3,33,88,055</u>	<u>(98,81,327)</u>	<u>(47,16,325)</u>	<u>75,23,023</u>	<u>(70,74,529)</u>	<u>6,15,35,374</u>

Handwritten signature

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

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

Particulars	Year ended March 31, 2019 (%) of total plan assets	Year ended March 31, 2018 (%) of total plan assets
Others (In-house company Products)	100%	100%
	100%	100%

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	7.00%	7.50%
Future salary increase	8.6% for Front End Employee 9.9% for Other Employee	5.00%
Expected rate of return on plan assets	7.00%	7.50%
Attrition rate	37.6% on Front End Employee 19.6% on Other Employee	18% on Front End Employee 7% on Other Employee
Mortality rate during employment	Indian assumed lives	Monthly (2006-48)
Mortality rate during employment	N.A.	N.A.

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

Particulars	Sensitivity level	Amount in Rs.	
		Increase/ (decrease) in defined benefit obligation (Impact)	Year ended March 31, 2018
Gratuity			
Discount rate	50 basis points increase	(25,11,461)	(78,57,582)
	50 basis points decrease	16,19,417	1,11,358
Salary increase	50 basis points increase	22,51,000	43,33,118
	50 basis points decrease	(21,80,653)	(40,30,800)
Attrition rate	50 basis points increase	7,57,414	4,61,470
	50 basis points decrease	(7,75,814)	(5,35,292)

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	2,29,53,294	48,37,195
Between 2 and 5 years	11,91,31,854	4,79,28,868
Beyond 5 years	13,45,45,468	15,09,10,749
Total expected payments	27,66,30,616	20,36,76,812
Weighted average duration of defined plan obligation (based on discounted cash flows)		
Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity	4 Years	7 Years

C. Other Long term employee benefit plans
Leave encashment

Salaries, Wages and Bonus include Rs. 49,913,549 (Previous Year Rs. 39,465,300) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

Handwritten signature

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 31 : Related Party Transactions

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 having significant influence by Non executive director	Upto 29/11/2018 From 30/11/2018
Arvind Fashions Ltd.	Holding Company	
Arvind Beauty Brands Retail Private Limited	Fellow Subsidiary Company	
Tommy Hilfiger Arvind Fashion Private Limited	Controlled Joint Venture of Holding Co.	
Calvin Klein Arvind Fashion Pvt Ltd	Controlled Joint Venture of Holding Co.	
Arvind Ruf & Tuf Pvt Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind True Blue Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind Premium Retail Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind Goodhill Suit Manufacturing Private Limited	Fellow Subsidiary Company Enterprise having significant influence by Non executive directors	Upto 29/11/2018 From 30/11/2018
Arvind Envisol Limited	Fellow Subsidiary Company Enterprise having significant influence by Non executive directors	Upto 29/11/2018 From 30/11/2018
Arvind Lifestyle Brands Limited Employee Group Gratuity Trust	Trust	
Suresh Jayaraman, Managing Director	Key Managerial Personnel	
Kannan S., Chief Financial Officer	Key Managerial Personnel	
Vijay Kumar BS , Company Secretary	Key Managerial Personnel	
Jayesh Shah	Non Executive Director	
Kamal Singal	Non Executive Director	
Sanjay Lalbhai	Non Executive Director	
Nithya Easwaran	Non Executive Director	
Nagesh Punge	Non Executive Director	

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

mlb

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 32 : Earning per share

Particulars	Amount in Rs.	
	March 31,2019	March 31,2018
Profit/(Loss) attributable to ordinary equity holders	(4,20,10,211)	(4,09,09,181)
Total no. of equity shares at the end of the year	9,12,78,723	8,12,78,723
Weighted average number of equity shares		
For basic EPS	8,08,88,155	6,81,69,281
For diluted EPS	8,08,88,155	6,81,69,281
Nominal value of equity shares	10	10
Basic earning per share	(0.52)	(0.60)
Diluted earning per share	(0.52)	(0.60)
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	8,08,88,155	6,81,69,281
Effect of dilution: Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	8,08,88,155	6,81,69,281

mlb.

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 33 : Lease Rent

Operating Lease

- (A) Office Premises, Showrooms and other facility are taken on lease period of 1 to 9 years with option of renewal.

The particulars of these leases are as follows:

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year ended March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	20,45,03,101	33,53,15,411
Later than one year and not later than five years	15,23,63,050	16,32,18,126
Lease Payment recognised in Statement of Profit and Loss	2,74,18,70,057	2,35,40,44,618

- (B) Equipments are taken on operating lease for a period of 5 years with the option of renewal

The particulars of these leases are as follows:

Particulars	Amount in Rs.	
	Year Ended March 31, 2019	Year ended March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	6,40,22,125	6,24,88,474
Later than one year and not later than five years	9,66,81,389	15,55,29,317
Lease Payment recognised in Statement of Profit and Loss	6,14,43,109	6,30,02,210

- (C) Sub-lease income includes receipt towards office premises, and Sub-lease agreement is for a period of 60 months. Sub-lease income received (or receivable) recognized in the Statement of Profit and Loss amounts to Rs Nil (Previous Year Rs. 10,82,064)

Note 34 : Corporate Social Responsibility (CSR) Activities

- (a) The Company is required to spend Rs. 22,12,176 (March 31, 2018 - Rs Nil) on CSR Activities

- (b) Amount spent during the year on :

Particulars	Year-ended March 31, 2019			Year ended March 31, 2018		
	In Cash	Yet to be paid in	Total	In Cash	Yet to be paid in	Total
	(i) Construction/acquisition of any asset	-	-	-	-	-
(ii) On purposes other than (i) above	22,12,176	-	22,12,176	-	-	-

Handwritten signature/initials

Handwritten mark

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 35 : 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:

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
Financial assets				
Investments measured at amortized cost	1,50,000	1,50,000	1,50,000	1,50,000
Total	1,50,000	1,50,000	1,50,000	1,50,000
Financial liabilities				
Borrowings	5,65,82,22,229	5,55,56,88,976	5,65,82,22,229	5,56,08,43,230
Total	5,65,82,22,229	5,55,56,88,976	5,65,82,22,229	5,56,08,43,230

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 rate lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

Note 36 : Fair value hierarchy

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

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)
Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2019 and March 31, 2018				
As at March 31, 2019				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	March 31, 2019	1,50,000		1,50,000
Other financial assets - derivative financial instruments	March 31, 2019	-		-
As at March 31, 2018				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	March 31, 2018	1,50,000		1,50,000
Other financial assets - derivative financial instruments	March 31, 2018	30,095	30,095	

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)
Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2019 and March 31, 2018				
As at March 31, 2019				
Liabilities measured at fair value				
Borrowings	March 31, 2019	5,65,82,22,229		5,65,82,22,229
As at March 31, 2018				
Liabilities measured at fair value				
Borrowings	March 31, 2018	5,55,56,88,976		5,55,56,88,976

Handwritten signature/initials

B

Note 37 : Financial Instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, 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. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. Company's treasury identifies, evaluates and hedges financial risks 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 commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, 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.

Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

As at March 31, 2019 approximately 12% of the Company's Borrowings are at fixed rate of interest (March 31, 2018- 49 %)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Amount in Rs. Effect on profit before tax
March 31, 2019	
Increase in 50 basis points	(2,47,85,847)
Decrease in 50 basis points	2,47,85,847
March 31, 2018	
Increase in 50 basis points	(1,73,89,756)
Decrease in 50 basis points	1,73,89,756

Exclusion from this analysis are as follows:

- Fixed rate financial instruments measured at cost : Since a change in interest rate would not change the carrying amount of this category of instruments, there is no net income impact and they are excluded from this analysis
- The effect of interest rate changes on future cash flows is excluded from this analysis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.28

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and SEK 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 is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of foreign currency monetary items designated as cash flow hedge.

Handwritten signature

	Amount in Rs.	
	Change in USD rate	Effect on profit before tax
March 31, 2019	+2%	(77,45,435)
	-2%	77,45,435
March 31, 2018	+2%	(64,15,549)
	-2%	64,15,549
	Amount in Rs.	
	Change in EUR rate	Effect on profit before tax
March 31, 2019	+2%	(465)
	-2%	465
March 31, 2018	+2%	(2,71,562)
	-2%	2,71,562
	Amount in Rs.	
	Change in SEK rate	Effect on profit before tax
March 31, 2019	+2%	(1,47,106)
	-2%	1,47,106
March 31, 2018	+2%	(14,910)
	-2%	14,910

The movement in the pre-tax effect is a result of a change in the fair value of financial instruments not designated in a hedge relationship. Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(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.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The 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.

The requirement of impairment is analysed as each reporting date. Refer Note 7 for details on the impairment of trade receivables.

Handwritten signature

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 and March 31, 2018 is the carrying amount as disclosed in Note 35.

(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 optimised cost. It also enjoys strong access to domestic capital markets across equity.

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

Particulars	Amount in Rs	
	Less than 1 year	More than 1 year
Year ended March 31, 2019		
Interest bearing borrowings*	4,98,68,82,169	67,13,40,060
Trade payables	8,91,51,51,029	
Other financial liabilities#	75,30,73,174	53,60,37,098
	<u>14,65,51,06,372</u>	<u>1,20,73,77,158</u>
Year ended March 31, 2018		
Interest bearing borrowings*	4,75,51,22,919	80,05,66,056
Trade payables	7,40,69,12,159	
Other financial liabilities#	1,41,53,09,556	41,73,77,180
	<u>13,57,73,44,634</u>	<u>1,21,79,43,236</u>

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.
Other financial liabilities includes interest accrued but not due of Rs.3,70,54,504 (March 31, 2018: 8,60,92,224)

Note 38 : 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 maximise 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).

Particulars	Amount in Rs	
	March 31, 2019	March 31, 2018
Interest-bearing loans and borrowings (Note 13)	5,65,82,22,229	5,55,56,88,976
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft)	(7,70,26,112)	(17,51,36,214)
Net debt	<u>5,58,11,96,117</u>	<u>5,38,05,52,762</u>
Equity share capital (Note 11)	91,27,87,230	81,27,87,230
Other equity (Note 12)	7,50,55,45,590	6,67,55,21,761
Total capital	<u>8,41,83,32,820</u>	<u>7,48,83,08,991</u>
Capital and net debt	<u>13,99,95,28,937</u>	<u>12,86,88,61,753</u>
Gearing ratio	40%	42%

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 year ended March 31, 2019 and year ended March 31, 2018

Loan covenants

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

Handwritten signature

B

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 39 : 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 transactions recognised in profit or loss as part of employee benefit expense were as

Particulars	Amount in Rs.	
	2018-19	2017-18
Employee option plan	45,70,558	48,25,393
Total employee share based payment expense	45,70,558	48,25,393

Note 40 : Standards issued but not yet effective

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.

Note 41 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform to Ind AS presentation requirements.

Handwritten signature

Handwritten mark