S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Calvin Klein Arvind Fashion Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Calvin Klein Arvind Fashion Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS 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.

Responsibility of the management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the Ind AS financial statements, the 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 the management 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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 the Board of Directors 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.

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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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;

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Bengaluru

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

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

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 26(c)(i) to the Ind AS financial statements;

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

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Chandra Kumar Rampuria
Partner
Membership Number: 055729
UDIN: 19055729AAAAAG6332

Place of Signature: Bangalore
Date: July 24, 2019

Annexure 1 referred to in our report to the Members of Calvin Klein Arvind Fashion Private Limited ("the Company") for the year ended March 31, 2019. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in depositing income tax, goods and services tax, provident fund and profession tax dues in few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of duty of custom, value added tax and cess on account of dispute, are as follows:

Name of Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amounts relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty	471.78*	January 2013 to December 2017	Directorate of Revenue Intelligence
Haryana Value Added Tax Act, 2003	CST/VAT	115.45	Financial Year 2015-16	Excise & Taxation officer cum Assessing Authority, Gurgaon

S.R. Batliboi & Associates LLP Bengaluru

* Amount paid under protest of Rs 42.04 lakh has been reduced from the amount demanded in arriving at the aforesaid disclosure

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company does not have any borrowing by way of debentures or from government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) is not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of section 177 the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP
Bengaluru

per Chandra Kumar Rampuria
Partner
Membership Number: 055729
UDIN: 19055729AAAAAG6332

Place of Signature: Bangalore
Date: July 24, 2019

Annexure 2 to the independent auditor's report of even date on the Ind AS financial statements of Calvin Klein Arvind Fashion Private Limited

Report on the Internal Financial Controls 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 Calvin Klein Arvind Fashion Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements 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") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 Ind AS 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 over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

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dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements 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 S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S. R. Batliboi & Associates LLP
Bengaluru

per Chandra Kumar Rampuria
Partner
Membership Number: 055729
UDIN: 19055729AAAAAG6332

Place of Signature: Bangalore
Date: July 24, 2019

Calvin Klein Arvind Fashion Private Limited
Balance Sheet as at March 31, 2019

	Notes	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	3	703.25	798.78
Intangible assets	4	692.60	758.07
Financial assets	5		
Loans	5.1	151.30	153.84
Other non-current financial assets	5.5	11.90	10.90
Non-current tax assets (net)		11.92	6.35
Other non-current assets	6	8.80	25.10
Total non-current assets		**1,579.77**	**1,753.04**
Current assets			
Inventories	7	7,643.04	5,223.14
Financial assets	5		
Trade receivables	5.2	3,534.39	3,474.65
Cash and cash equivalents	5.3	18.79	43.19
Other bank balances	5.4	-	1.00
Other current financial assets	5.5	4.06	16.38
Other current assets	6	2,872.44	2,504.51
Total current assets		**14,072.72**	**11,262.87**
Total assets		**15,652.49**	**13,015.91**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	100.93	100.93
Other equity	9	3,577.66	3,539.71
Total equity		**3,678.59**	**3,640.64**
Non-current liabilities			
Financial liabilities	10		
Security deposits from customers	10.1	1,250.80	1,303.39
Long term provisions	11	41.32	89.03
Total non-current liabilities		**1,292.12**	**1,392.42**
Current liabilities			
Financial liabilities	10		
Borrowings	10.2	6,097.51	4,255.59
Trade payables	10.3		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,700.50	2,904.03
Other current financial liabilities	10.4	238.46	65.41
Short term provisions	11	35.45	292.95
Other current liabilities	12	609.86	464.87
Total current liabilities		**10,681.78**	**7,982.85**
Total liabilities		**11,973.90**	**9,375.27**
Total equity and liabilities		**15,652.49**	**13,015.91**
Summary of significant accounting policies	2.2		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
UDIN: 19055729AAAAAG6332

Place: Bengaluru
Date: July 24, 2019

S.R. Batliboi & Associates LLP Bengaluru

For and on behalf of the board of directors of Calvin Klein Arvind Fashion Private Limited

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

Shailesh Chaturvedi	Suresh Jayaraman
Director	Director
DIN: 03023079	DIN : 03033110
Place: Bengaluru	Place: Bengaluru
Date: July 24, 2019	Date: July 24, 2019.

Calvin Klein Arvind Fashion Private Limited
Statement of Profit and Loss for the year ended March 31, 2019

	Notes	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Income			
Revenue from contracts with customers	13	22,381.75	13,567.85
Other income	14	440.27	641.25
Finance income	15	4.89	4.79
Total income		**22,826.91**	**14,213.89**
Expenses			
Purchase of traded goods	16	9,283.85	4,945.33
(Increase) / decrease in inventories of traded goods and right to return asset	17	(2,454.87)	3,454.68
Employee benefits expense	18	1,222.05	1,407.34
Depreciation and amortisation expense	19	483.08	424.64
Finance costs	20	669.73	610.58
Other expenses	21	13,517.09	4,002.61
Total expenses		**22,720.93**	**14,845.18**
Profit/(Loss) before tax		**105.98**	**(631.29)**
Income tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(Loss) for the year		**105.98**	**(631.29)**
Other comprehensive income	22		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		43.81	(12.84)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedge reserve		(111.84)	-
Other comprehensive income for the year		**(68.03)**	**(12.84)**
Total comprehensive income for the year, net of tax		**37.95**	**(644.13)**
Earning per equity share [nominal value per share Rs. 10 (March 31, 2018: Rs. 10)]	23		
Basic in Rs. per share		10.50	(65.28)
Diluted in Rs. per share		10.50	(65.28)
Summary of significant accounting policies	2.2		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
UDIN: 19055729AAAAAG6332

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: July 24, 2019

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

Shailesh Chaturvedi
Director
DIN: 03023079

Place: Bengaluru
Date: July 24, 2019

Suresh Jayaraman
Director
DIN : 03033110

Place: Bengaluru
Date: July 24, 2019

Calvin Klein Arvind Fashion Private Limited
Statement of cash flows for the year ended March 31, 2019

	Notes	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Operating activities			
Profit/(Loss) before tax		**105.98**	**(631.29)**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	3	401.15	376.20
Amortisation of other intangible assets	4	81.93	48.44
Finance income	15	(4.89)	(4.79)
Finance costs		590.35	532.98
Interest income on financial liabilities at amortised cost		(20.62)	(22.34)
Fair value gain on financial instruments at fair value through profit or loss		-	(79.46)
Loss / (gain) on financial instruments recycled from OCI		46.35	-
Liability no longer required, written back		(438.69)	(559.10)
Provision for doubtful debts (net of reversals)		146.00	-
Bad debts written off		921.41	-
Sundry balances written off		19.02	-
Unrealised foreign exchange loss/(gain)		(69.13)	-
Property, plant and equipment discarded		16.55	56.73
Working capital adjustments:			
(Increase) / decrease in inventories		(2,419.90)	3,454.68
(Increase) in trade receivables		(1,127.15)	(1,246.97)
(Increase) / decrease in other financial assets		13.12	(0.28)
(Increase) / decrease in non-current loans		6.31	(53.44)
(Increase) in other current assets		(386.95)	(1,958.31)
(Increase) in other non-current assets		(0.93)	(1.51)
(Decrease) / increase in trade payables		1,304.29	(500.36)
(Decrease) / increase in security deposit from customers		(73.58)	177.98
(Decrease) / increase in provisions		(261.40)	236.48
Increase in other current liabilities		165.61	240.94
		(985.17)	**66.58**
Income tax (paid)		(5.57)	(4.41)
Net cash flows from / (used in) operating activities (A)		**(990.74)**	**62.17**
Investing activities			
Purchase of property, plant and equipment		(315.23)	(1,173.96)
Investment in bank deposits (having original maturity of more than three months)		-	155.67
Interest received (finance income)		0.32	7.62
Net cash flows used in investing activities (B)		**(314.91)**	**(1,010.67)**
Financing activities			
Increase in share capital		-	1,999.99
(Repayment of) / proceeds from borrowings (net)		1,841.92	(705.60)
Interest paid		(560.67)	(514.82)
Net cash flows from financing activities (C)		**1,281.25**	**779.57**
Net increase/ (decrease) in cash and cash equivalents [A+B+C]		**(24.40)**	**(168.93)**
Cash and cash equivalents at the beginning of the year	5.3	43.19	212.12
Cash and cash equivalents at the end of the year	5.3	18.79	43.19
Cash and cash equivalents comprise of (refer note 5.3):			
Balances with banks on current account		18.79	43.19
Cash and cash equivalents		**18.79**	**43.19**

Notes:
a. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standards (Ind AS 7), "Statement of Cash Flows".
b. Additions to property, plant and equipment include movement of capital advances and capital creditors.

Summary of significant accounting policies 2.2

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
UDIN: 19055729AAAAAG6332

Place: Bengaluru
Date: July 24, 2019

S.R. Batliboi & Associates LLP Bengaluru

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited

Shailesh Chaturvedi
Director
DIN: 03023079

Place: Bengaluru
Date: July 24, 2019

Suresh Jayaraman
Director
DIN : 03033110

Place: Bengaluru
Date: July 24, 2019

Calvin Klein Arvind Fashion Private Limited
Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid:

	No. of shares	Rs. in lakhs
As at April 1, 2017	934,022	93.40
Issue of equity share capital (refer note 8)	75,274	7.53
As at March 31, 2018	1,009,296	100.93
Issue of equity share capital	-	-
As at March 31, 2019	**1,009,296**	**100.93**

B. Other equity

(Rs. in lakhs)	Securities premium	Retained earnings	Cash flow hedge reserve	Total equity
	Note 9.1	Note 9.2	Note 9.3	
Balance as at April 1, 2017	8,080.18	(5,888.80)	-	2,191.38
Premium on issue of equity shares	1,992.46	-	-	1,992.46
(Loss) for the year	-	(631.29)	-	(631.29)
Other comprehensive income for the year	-	(12.84)	-	(12.84)
Balance as at March 31, 2018	**10,072.64**	**(6,532.93)**	-	**3,539.71**
Profit for the year	-	105.98	-	105.98
Other comprehensive income for the year	-	43.81	(111.84)	(68.03)
Balance as at March 31, 2019	**10,072.64**	**(6,383.14)**	**(111.84)**	**3,577.66**

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
UDIN: 19055729AAAAAG6332

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: July 24, 2019

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

Shailesh Chaturvedi
Director
DIN: 03023079

Place: Bengaluru
Date: July 24, 2019

Suresh Jayaraman
Director
DIN : 03033110

Place: Bengaluru
Date: July 24, 2019

1. Corporate information
The Company was incorporated on March 31, 2011 in the name 'Premium Garments Retail Private Limited', which has been changed to 'Premium Garments Wholesale Trading Private Limited' from May 10, 2011 and subsequently to 'Calvin Klein Arvind Fashion Private Limited' from May 19, 2016. The Company is engaged in the business of 'Cash and carry wholesale trading of fashion apparels and accessories' in India.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable.

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative instruments), which are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') and all values are rounded off to the nearest lakhs, except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification
The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as 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 equivalents 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 treated as 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e., the "functional currency"). The Company's financial statements are presented in Indian Rupee, which is also the Company's functional and presentation currency.

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Transactions and balances

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate prevailing at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

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

Exchange differences arising on the settlement or translation of monetary items are recognised in the statement of profit or loss.

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 Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

Fair value for measurement and/or disclosure purpose in these financial information is determined on such a basis, except for leasing transaction that are within the scope of Ind AS 17 and measurement that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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d. Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 24.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 180 days upon delivery (March 31, 2018: 30 to 90 days).

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return and discount. The right to return and discount give rise to variable consideration.

• *Rights to return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability and a right to return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer).

• *Discount*

Discounts are offset against amounts payable by the franchisee. To estimate the variable consideration for the expected discount, the company applies expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the expected discounts to be given to the end customers.

• *Loyalty points programme*

The Company has loyalty points programme, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

(ii) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

• *Trade receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

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• *Contract liabilities*
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(iii) Assets and liabilities arising from right to return

• *Right to return asset*
Right to return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

• *Refund liability*
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Interest income
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

e. Taxes
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 in accordance with the Income Tax Act, 1961 enacted in India. 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 the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax liabilities are recognised for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire.

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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 profit or loss is recognised outside profit or loss either in other comprehensive income or in equity in correlation to the underlying transaction.

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.

f. Property, plant and equipment

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, cost of replacing part of the plant and equipment, borrowing costs if the recognition criteria are met and directly attributable cost of bringing the asset to its location and condition necessary for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and 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 and if the amount is material.

An item of property, plant and equipment and any significant part initially recognised 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.

Property, plant and equipment under installation or construction as at the balance sheet date is shown as capital work-in-progress and the related advances are shown under non-current assets.

Depreciation on property, plant and equipment is calculated on straight-line basis using the rates arrived at based on the useful life estimated by the management. The identified components, if any, are depreciated over their useful life and the remaining assets are depreciated over the life of the principal asset.

The management believes that depreciation rates used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act 2013. The Company has used the following estimated useful lives to provide depreciation on its fixed assets.

Category of assets	Useful life estimated by management	Useful life as per Schedule II
Furniture and fixtures	6 years	10 years
Office equipments	5 years	5 years
Electrical installations	5 years	10 years
Air conditioners	5 years	5 years
Computers and accessories	3 years	3 years
Vehicles	4 years	8 years

Leasehold improvements are depreciated over the useful life of 5 years or over the period of the lease, whichever is lower.

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.

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g. 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 the related 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 the useful economic life 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 unless such expenditure forms part of carrying value of another asset.

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 or loss when the asset is derecognised.

A summary of amortisation policies applied to the Company's intangible assets is as below:

Category of assets	Useful life estimated by management
License Fees	Over the remaining term of license period or 15 years whichever is less
Computer software	3 years

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

i. 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, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss.

j. Inventories

Inventories are valued at lower of cost and net realisable value. Cost of goods is ascertained under actual landed cost and is determined by specific identification of the individual cost of inventory.

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.

Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Obsolete and defective inventory are duly provided for basis the management estimates.

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k. 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 cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover 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. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of profit and loss, except for previously revalued property, plant and equipment, with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of profit and 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

m. Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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n. Retirement and other employee benefits

a) Defined contribution plan

Retirement benefits in the form of provident fund is a defined contribution scheme in respect of which the Company has no obligation other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined benefit plan

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

c) Leave encashment / compensated absence

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o. Financial instruments

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contract with customers.

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In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
(i) Debt instruments at amortised cost
(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer note 5.2.

Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment loss & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. 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.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

(i) The rights to receive cash flows from the asset have expired, or
(ii) The Company has transferred its 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.

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:

a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Loan commitments which are not measured as at FVTPL
d) Financial guarantee contracts which are not measured as at FVTPL
e) 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/Ind AS 115.
f) Lease receivables under Ind AS 17

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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 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 entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) 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 entity is required to use the remaining contractual term of the financial instrument.
(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

(i) Financial assets measured as at amortised cost: 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.
(ii) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.
(iii) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e., as a liability;

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.

Financial liabilities

Initial recognition and measurement

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 and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include security deposits, trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and 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. For more information refer note 10.2.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 and loss.

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.

p. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward contracts to hedge its foreign currency 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.

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The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

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:
(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

(iii) Hedges of a net investment in a foreign operation

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.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

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. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer to Note 30 for more details.
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 purchase occurs.

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.

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

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.

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

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

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s. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.3 Changes in accounting policies and disclosures

New and amended standards

The Company has applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at April 01, 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

There were no such contracts existing as at March 31, 2018, hence there are no right to return asset or refund liability or adjustment required upon adoption of Ind AS 115 as at April 01, 2018.

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended March 31, 2019 as a result of the adoption of Ind AS 115. The adoption of Ind AS 115 did not have a material impact on OCI or the Company's operating, investing and financing cash flows. The first column shows amounts prepared under Ind AS 115 and the second column shows what the amounts would have been had Ind AS 115 not been adopted:

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Notes to the financial statements for the year ended March 31, 2019

Statement of profit and loss for the year ended March 31, 2019 — Rs. in lakhs

	Reference	Ind AS 115	Previous Ind AS	Increase / (decrease)
Revenue from contracts with customers	(c)	22,381.75	14,798.50	7,583.25
Other income		440.27	440.27	-
Finance income		4.89	4.89	-
Total income		**22,826.91**	**15,243.66**	**7,583.25**
Expenses				
Purchase of traded goods		9,283.85	9,283.85	-
(Increase) / decrease in inventories of traded goods and right to return asset		(2,454.87)	(2,454.87)	-
Employee benefits expense		1,222.05	1,222.05	-
Depreciation and amortisation expense		483.08	483.08	-
Finance costs		669.73	669.73	-
Other expenses	(c)	13,517.09	5,933.84	7,583.25
Total expenses		**22,720.93**	**15,137.68**	**7,583.25**
Profit/(Loss) before tax		**105.98**	**105.98**	-

Balance Sheet as at March 31, 2019 — Rs. in lakhs

	Reference	Ind AS 115	Previous Ind AS	Increase / (decrease)
ASSETS				
Total non-current assets		**1,579.77**	**1,579.77**	-
Current assets				
Inventories	(a)	7,643.04	7,678.01	(34.97)
Financial assets				
Trade receivables	(a)	3,534.39	3,433.65	100.74
Cash and cash equivalents		18.79	18.79	-
Other current financial assets		4.06	4.06	-
Other current assets (includes right to return asset)	(a)	2,872.44	2,837.47	34.97
Total current assets		**14,072.72**	**13,971.98**	**100.74**
Total assets		**15,652.49**	**15,551.75**	**100.74**
EQUITY AND LIABILITIES				
Total equity		**3,678.59**	**3,678.59**	-
Total non-current liabilities		**1,292.12**	**1,292.12**	-
Current liabilities				
Financial liabilities				
Borrowings		6,097.51	6,097.51	-
Trade payables		3,700.50	3,700.50	-
Other current financial liabilities		238.46	238.46	-
Short term provisions		35.45	35.45	-
Other current liabilities (includes contract liabilities and refund liability)	(b)/(a)	609.86	509.12	100.74
Total current liabilities		**10,681.78**	**10,581.04**	**100.74**
Total liabilities		**11,973.90**	**11,873.16**	**100.74**
Total equity and liabilities		**15,652.49**	**15,551.75**	**100.74**

The nature of the adjustments as at April 01, 2018 and the reasons for the significant changes in the balance sheet as at March 31, 2019 and the statement of profit or loss for the year ended March 31, 2019 are described below:

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(a) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with a right of return and discount. Before adopting Ind AS 115, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and discounts. If revenue could not be reliably measured, the Company deferred recognition of revenue until the uncertainty was resolved. Under Ind AS 115, rights of return and discounts give rise to variable consideration.

• Right to return

When a contract provides a customer with a right to return the goods within a specified period, the Company previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under Ind AS 115. Before the adoption of Ind AS 115, the amount of revenue related to the expected returns was deferred and recognised in the balance sheet as a reduction from trade receivables with a corresponding adjustment to cost of material consumed. The initial carrying amount of goods expected to be returned was included in Inventories.

Under Ind AS 115, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the balance sheet.

There were no such contracts existing as at March 31, 2018, hence there are no right to return asset or refund liability has been recognised upon adoption of Ind AS 115 as at April 01, 2018.

As at March 31, 2019, in accordance with Ind AS 115, right to return asset and refund liability were created for Rs. 34.97 lakh and Rs. 100.74 lakh respectively, and decreased inventories and increased trade receivables by Rs. 34.97 lakh and Rs. 100.74 lakh respectively.

(b) Loyalty point programme and gift vouchers

Before the adoption of Ind AS 115, the loyalty programme offered by the Company resulted in the allocation of a portion of the transaction price to the loyalty programme using the fair value of points issued and recognition of deferred revenue in relation to points issued but not yet redeemed or expired. The Company concluded that under Ind AS 115 the loyalty points give rise to a separate performance obligation because they provide a material right to the customer and a portion of the transaction price was allocated to the loyalty points awarded to customers.

Further, there were no gift vouchers outstanding to be redeemed as on April 01, 2018.

Upon the adoption of Ind AS 115, deferred revenue (current) of Rs. 95.00 lakh was reclassified to Contract liabilities (current) as at April 01, 2018.

As at March 31, 2019, in accordance with Ind AS 115, Contract liabilities towards loyalty points decreased to Rs. 30.81 lakh and Contract liabilities towards gift vouchers increased to Rs. 49.99 lakh. Further, there is an increase in Revenue from contracts with customers by Rs. 64.19 lakh for the year ended March 31, 2019 towards loyalty points redeemed.

(c) Principal versus agent consideration

The Company has certain contracts with franchisees to sell, on their behalf, Calvin Klein branded apparels, accessories and other products in India. Before the adoption of Ind AS 115, the Company concluded that, based on the existence of credit risk and the nature of the consideration in the contract, such franchisees had an exposure to the significant risks and rewards associated with the sale of goods to the end customers and accounted for the contracts as a principal. Upon the adoption of Ind AS 115, the Company determined that the Company controls the goods before they are transferred to the end customers. Hence, the franchisees are agents in these contracts as they do not have the ability to direct the use of the goods or obtain benefits from them. This change did not affect the balance sheet. However, this change will result in increase in revenue from the sale of goods and increase in other expenses.

For the year ended March 31, 2019, in accordance with Ind AS 115, both revenue from contracts with customers and other expenses increased by Rs. 7,583.25 lakh.

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2.4 Recent accounting pronouncements

Standards issued but not yet effective

a) Ind AS 116: Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases and related Interpretations. The Standard 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 lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The standard permits two possible methods of transition:

1. Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
2. Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
a. Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
b. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application
Certain practical expedients are available under both the methods.

The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 01, 2019. The Company will adopt the standard on April 01, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted.

The Company is currently evaluating the requirements of the amendments and has not yet determined the impact on the financial statements. A reliable estimate of the quantitative impact of Ind AS 116 on the financial statements will only be possible once the implementation project has been completed.

b) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

(i) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
(ii) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after April 01, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

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3: Property, plant and equipment

(Rs. in lakhs)

	Furniture and fixtures	Office equipment	Electrical installations	Leasehold improvements	Air conditioners	Computers and accessories	Vehicles	Total
Cost								
As at April 1, 2017	**820.98**	**48.54**	**97.41**	**551.06**	**51.65**	**122.38**	-	**1,692.02**
Additions	146.91	3.24	12.65	78.92	7.08	15.71	18.00	282.51
Disposals/ deletions	45.30	8.62	1.92	55.16	17.50	1.85	-	130.35
As at March 31, 2018	**922.59**	**43.16**	**108.14**	**574.82**	**41.23**	**136.24**	**18.00**	**1,844.18**
Additions	170.25	16.39	0.88	80.66	-	53.99	-	322.17
Disposals/ deletions	95.36	6.55	5.69	53.51	3.17	12.49	-	176.77
As at March 31, 2019	**997.48**	**53.00**	**103.33**	**601.97**	**38.06**	**177.74**	**18.00**	**1,989.58**
Depreciation								
As at April 1, 2017	**312.29**	**28.26**	**58.09**	**256.56**	**27.51**	**60.11**	-	**742.82**
Depreciation for the year	158.18	11.35	23.09	134.57	12.04	35.66	1.31	376.20
Disposals/ deletions	20.16	5.89	0.95	33.85	11.62	1.15	-	73.62
As at March 31, 2018	**450.31**	**33.72**	**80.23**	**357.28**	**27.93**	**94.62**	**1.31**	**1,045.40**
Depreciation for the year	232.86	5.77	13.71	105.56	5.59	33.16	4.50	401.15
Disposals/ deletions	81.90	5.96	5.13	52.54	2.97	11.72	-	160.22
As at March 31, 2019	**601.27**	**33.53**	**88.81**	**410.30**	**30.55**	**116.06**	**5.81**	**1,286.33**
Net book value								
As at March 31, 2018	**472.28**	**9.44**	**27.91**	**217.54**	**13.30**	**41.62**	**16.69**	**798.78**
As at March 31, 2019	**396.21**	**19.47**	**14.52**	**191.67**	**7.51**	**61.68**	**12.19**	**703.25**

Note: Also refer to note 26b for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

4: Intangible assets

(Rs. in lakhs)

	Goodwill (refer note 4a)	License fee (refer note 4b)	Computer software	Total
Cost				
As at April 1, 2017	**18.00**	-	**173.93**	**191.93**
Additions	-	714.23	-	714.23
Disposals/ deletions	-	-	-	-
As at March 31, 2018	**18.00**	**714.23**	**173.93**	**906.16**
Additions	-	-	16.46	16.46
Disposals/ deletions	-	-	0.27	0.27
As at March 31, 2019	**18.00**	**714.23**	**190.12**	**922.35**
Amortisation and impairment				
As at April 1, 2017	**18.00**	-	**81.65**	**99.65**
Amortisation for the year	-	-	48.44	48.44
Disposals/ deletions	-	-	-	-
As at March 31, 2018	**18.00**	-	**130.09**	**148.09**
Amortisation for the year	-	47.62	34.31	81.93
Disposals/ deletions	-	-	0.27	0.27
As at March 31, 2019	**18.00**	**47.62**	**164.13**	**229.75**
Net book value				
As at March 31, 2018	-	**714.23**	**43.84**	**758.07**
As at March 31, 2019	-	**666.61**	**25.99**	**692.60**

4a: Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the business as whole for impairment testing and the carrying amount was Rs. 18 lakh as on April 1, 2015.

As a result of management analysis, the Company recognised an impairment charge of Rs. 18 lakh in the financial year ending March 31, 2017 against goodwill. The impairment charge is recorded in the Statement of profit and loss of that year.

4b: License Fee

On March 23, 2018, the Company had entered into an addendum to the license agreements dated December 1, 2015 and March 19, 2014 with Calvin Klein Inc., to add certain product categories to licensed products for a consideration of Rs. 714.23 lakh (equivalent to USD 1.1 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets". The license agreement is to grant the Company a license to use approved form of trademarks in connection with the manufacture, sale, distribution and promotion of the Calvin Klein licensed products in India.

The initial term of license shall end on December 31, 2023. However, the same can be renewed for a further period of 10 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Company would renew the license agreement for a further period of 10 years. Accordingly, the Company is amortising the trademark license fee over remaining term of license agreement (including renewal period) till December 31, 2033.

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5: Financial assets

5.1: Loans

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Security deposits		
Unsecured, considered good	151.30	153.84
Unsecured, considered doubtful	32.56	32.56
	183.86	186.40
Provision for doubtful deposits	(32.56)	(32.56)
	151.30	**153.84**

5.2: Trade receivables

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Trade receivables*	3,533.82	3,474.65
Receivable from related parties (refer note 27)	0.57	-
	3,534.39	**3,474.65**

* Net of expected discount of Rs. 42.16 lakh (March 31, 2018: Nil)

Break-up for security details:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Trade receivables		
Unsecured, considered good	3,534.39	3,474.65
Trade Receivables - credit impaired	223.66	544.43
	3,758.05	**4,019.08**
Impairment Allowance (allowance for bad and doubtful debts)		
Trade Receivables - credit impaired	(223.66)	(544.43)
	3,534.39	**3,474.65**

Notes:

a. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

b. Trade receivables are non-interest bearing and are generally on credit terms of 30 to 180 days (March 31, 2018 : 30 to 90 days).

c. For terms and conditions relating to related party receivables, refer note 27.

5.3: Cash and cash equivalents

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Balances with banks		
- On current accounts	18.79	43.19
	18.79	**43.19**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Balances with banks		
- On current accounts	18.79	43.19
	18.79	**43.19**

5.4: Other bank balances

	Non-current		Current	
	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Other deposits (refer note a below)	11.90	10.90	-	1.00
	11.90	**10.90**	-	**1.00**
Amount disclosed under "Other financial assets" - note 5.5	**(11.90)**	**(10.90)**	-	-
	-	-	-	**1.00**

Notes:

a. Under lien with bank as security for guarantee facility to the Sales Tax Department [Rs.11.90 lakh (March 31, 2018 - 11.90 lakh)].

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5.5: Other financial assets

	Non-current		Current	
	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Unsecured, considered good				
Other bank balances	11.90	10.90	-	-
Accrued interest on bank deposits	-	-	1.60	0.80
Loans to employees	-	-	2.46	3.88
	11.90	**10.90**	**4.06**	**4.68**
Carried at fair value				
Derivative instrument at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts	-	-	-	11.70
	11.90	**10.90**	**4.06**	**16.38**

Note : Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected purchases.

Break-up of financial assets carried at amortised cost:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Loans (note 5.1)	151.30	153.84
Trade receivables (note 5.2)	3,534.39	3,474.65
Cash and cash equivalents (note 5.3)	18.79	43.19
Other bank balances (note 5.4)	-	1.00
Others financial assets (note 5.5)	15.96	15.58
	3,720.44	**3,688.26**
Break-up of financial assets carried at fair value through profit or loss:		
Others financial assets (note 5.5)	-	11.70
	-	**11.70**

6: Other assets

	Non-current		Current	
	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Unsecured, considered good				
Capital advances	6.36	23.59	-	-
Deferred rent on account of fair valuation of security deposit	2.44	1.51	4.27	1.77
Prepaid expenses	-	-	69.17	52.44
Employee advances	-	-	16.36	41.40
Advances to suppliers	-	-	171.05	48.69
Balances with statutory/ government authorities	-	-	2,534.59	2,318.18
Other advances	-	-	42.03	42.03
Right to return asset	-	-	34.97	-
	8.80	**25.10**	**2,872.44**	**2,504.51**
Unsecured, considered doubtful				
Advances to suppliers	-	-	60.54	60.54
Other advances	-	-	48.00	48.00
	-	-	**108.54**	**108.54**
Provision for doubtful advances	-	-	(108.54)	(108.54)
	8.80	**25.10**	**2,872.44**	**2,504.51**

7: Inventories (valued at lower of cost and net realisable value)

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Traded goods [including stock-in-transit Rs. 305.37 lakh, (March 31, 2018 : Rs. 98.98 lakh)]	7,643.04	5,223.14
	7,643.04	**5,223.14**

Note: During the year ended March 31, 2019: Rs. (1,298.94) lakhs (March 31, 2018: Rs. 1,324.48 lakhs) was recognised as an expense/ (reversed) for inventories carried at net realisable value.

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8: Equity share capital

	March 31, 2019		March 31, 2018	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
Authorised share capital				
Equity shares of Rs.10 each	2,000,000	200.00	2,000,000	200.00
	2,000,000	**200.00**	**2,000,000**	**200.00**
Issued, subscribed and paid-up share capital				
Equity shares of Rs.10 each	1,009,296	100.93	1,009,296	100.93
	1,009,296	**100.93**	**1,009,296**	**100.93**

8.1. Terms/ rights attached to the equity shares

The Company has one class of equity shares having face value of Rs.10 each. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2019		March 31, 2018	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
At the beginning of the year	1,009,296	100.93	934,022	93.40
Add: Issue of shares during the year	-	-	75,274	7.53
Outstanding at the end of the year	**1,009,296**	**100.93**	**1,009,296**	**100.93**

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

	March 31, 2019		March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited	504,648	50%	504,648	50%
PVH Singapore Private Limited (Joint Venture Partner upto March 28, 2019)	-	-	504,648	50%
PVH B.V. (Joint Venture Partner from March 29, 2019)	504,648	50%	-	-

9: Other equity

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
9.1: Securities premium:		
Balance at the begining of the year	10,072.64	8,080.18
Changes during the year	-	1,992.46
Balance at the end of the year	**10,072.64**	**10,072.64**

Note: Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

9.2: Retained earnings:		
Balance at the beginning of the year	(6,532.93)	(5,888.80)
Add: Profit/(loss) for the year	105.98	(631.29)
Add: Other comprehensive income / (loss) for the year	43.81	(12.84)
Balance at the end of the year	**(6,383.14)**	**(6,532.93)**
9.3: Cash flow hedge reserve:		
Balance at the beginning of the year	-	-
Add: (Loss) recognised during the year (net)	(111.84)	-
Balance at the end of the year	**(111.84)**	**-**

Note: The Company uses hedging instruments as part of its management of foreign currency risk associated with purchases. For hedging foreign currency risk, the Company uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve through Other Comprehensive Income. Amounts recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

Total other equity	**3,577.66**	**3,539.71**

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10: Financial liabilities

10.1: Security deposits from customers

	Non-current	
	March 31, 2019	**March 31, 2018**
	Rs. in lakhs	**Rs. in lakhs**
Security deposits from customers	1,250.80	1,303.39
	1,250.80	**1,303.39**

10.2: Borrowings

	Interest rate (%)	Maturity	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Short-term borrowings (secured)				
Working capital loan from bank	Refer Note below	90 days	5,000.00	3,200.00
Cash credit (Overdraft) facility from bank	Refer Note below	Repayable on demand	1,097.51	1,055.59
			6,097.51	**4,255.59**

Notes:

a. The Company has obtained a borrowing facility with a combined limit of Rs. 6,500 lakh (March 31, 2018: Rs. 6,500 lakh) from a bank which can be used towards working capital loan, cash credit (overdraft) facility, buyers' credit arrangement etc. The interest rate for the working capital facility ranges between 8.25% to 9.1% (March 31, 2018: 8.25% to 9.8%) and for cash credit (overdraft) facility is MCLR subject to fluctuation at Bank's discretion.

b. The above working capital loan/overdraft are secured by (i) first exclusive charge over current assets of the borrower for Rs. 6,500 lakh, both present & future; (ii) Corporate Guarantee from PVH Corp., USA for 50% of the exposure and (iii) letter of comfort from PVH Corp., USA for Rs. 6,950 lakh.

c. Refer note 32(c) for liquidity risk.

10.3: Trade payables

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Trade payables	1,421.28	1,393.62
Trade payables to related parties (refer note 27)	2,279.22	1,510.41
	3,700.50	**2,904.03**

Notes:

a. Trade payables are generally non-interest bearing except in case of overdue payments and are normally settled as per credit terms varying between 30 and 90 days.

b. For terms and conditions with related parties, refer note 27.

c.The disclosures with regard to Micro, Small and Medium Enterprises Development Act is based on the information collected by the management based on enquiries made with the creditors which have been relied upon by the auditors. As at March 31, 2019 and March 31, 2018, there were no parties registered under the said Act.

10.4: Other financial liabilities

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Carried at amortised cost		
Payable for capital supplies/ services	62.33	56.16
Interest accrued but not due on borrowings	17.94	9.25
	80.27	**65.41**
Derivative instruments at fair value through OCI		
Cash flow hedges		
Foreign exchange forward contracts	158.19	-
	238.46	**65.41**

Note: Derivative instruments at fair value through OCI reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast purchases in US dollars (USD).

Break-up of financial liabilities carried at amortised cost:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Security deposits from customer (note 10.1)	1,250.80	1,303.39
Borrowings (note 10.2)	6,097.51	4,255.59
Trade payables (note 10.3)	3,700.50	2,904.03
Other financial liabilities (note 10.4)	80.27	65.41
	11,129.08	**8,528.42**

Break-up of financial liabilities carried at fair value through OCI:

Other financial liabilities (note 10.4)	158.19	-
	158.19	-

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11: Provisions

	Non-current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for employee benefits (refer note 25)	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Provision for leave encashment	-	-	31.53	83.19
Provision for gratuity	41.32	89.03	3.92	9.76
Provision for litigation / dispute (refer note below)	-	-	-	200.00
	41.32	89.03	35.45	292.95

Note: Provision made in previous year for litigation/ dispute represents provision made in respect of claims against the Company for ongoing tax dispute.

12: Other current liabilities

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Advance from customers	265.71	17.35
Statutory dues (refer note a below)	95.10	293.14
Deferred income on account of fair valuation of security deposits from customers	67.51	59.38
Refund liability	100.74	-
Deferred income of loyalty program reward points (refer note b below)	-	95.00
Contract liabilities (refer note 13.2)	80.80	-
	609.86	464.87

Note a : Undisputed statutory dues are settled in next month except in few cases. Statutory dues include provident fund, professional tax, bonus, withholding taxes, customs duty and goods and services tax payable.
Note b : The Company has deferred the revenue related to the customer loyalty program reward points.

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13: Revenue from contract with customers

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Sale of traded goods	22,361.13	13,545.51
Interest income on financial liabilities at amortised cost	20.62	22.34
Total Revenue	**22,381.75**	**13,567.85**

13.1 Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by type of goods. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Type of goods	March 31, 2019 Rs. in lakhs
Apparels	20,709.09
Accessories	1,652.04
	22,361.13

13.2 Contract balances

	March 31, 2019 Rs. in lakhs
Trade receivables (refer note 5.2)	3,534.39
Contract liabilities	
Deferred income of loyalty program reward points (refer note 12)	30.81
Deferred income on gift vouchers issued (refer note 12)	49.99

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

Contract liabilities include transaction price of loyalty points and gift vouchers not yet redeemed.

Set out below is the amount of revenue recognised from:

	March 31, 2019 Rs. in lakhs
Amounts included in contract liabilities at the beginning of the year	95.00
Performance obligations satisfied (net)	64.19

13.3 Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	March 31, 2019 Rs. in lakhs
Revenue as per contracted price	22,584.83
Adjustments :	
Loyalty points and gift vouchers	(80.80)
Expected Sales return	(100.74)
Expected discount	(42.16)
Revenue from contract with customers	**22,361.13**

13.4 Perfomance obligation

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery of goods.

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures as the contracts have original expected duration of less than one year .

14: Other income

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Liability no longer required, written back	438.69	559.10
Other non-operating income:		
Sale of scrap	-	0.27
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	-	79.46
Miscellaneous income	1.58	2.42
	440.27	641.25

Note : Fair value gain on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that are not designated in hedge relationships.

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15: Finance income

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Interest on deposit with banks	1.00	3.63
Interest income on financial assets at amortised cost	3.77	1.16
Interest income - others	0.12	-
	4.89	**4.79**

16: Purchase of traded goods

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Purchase of traded goods	9,283.85	4,945.33
	9,283.85	**4,945.33**

17: (Increase)/ decrease in inventories of traded goods and right to return asset

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Inventories at the beginning of the year	5,223.14	8,677.82
Less: Inventories at the end of the year	7,643.04	5,223.14
(Increase)/ decrease in inventories	**(2,419.90)**	**3,454.68**

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Right to return asset at the beginning of the year	-	-
Less: right to return asset at the end of the year	34.97	-
(Increase)/ decrease in right to return asset	**(34.97)**	-
	(2,454.87)	**3,454.68**

18: Employee benefits expense

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Salaries, wages and bonus	927.18	1,089.42
Contribution to provident and other funds	129.41	168.43
Gratuity expense (refer note 25)	37.39	32.76
Staff welfare expense	128.07	116.73
	1,222.05	**1,407.34**

19: Depreciation and amortisation expense

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Depreciation of tangible assets (refer note 3)	401.15	376.20
Amortisation of intangible assets (refer note 4)	81.93	48.44
	483.08	**424.64**

20: Finance costs

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Interest		
on bank borrowings	459.08	434.04
on security deposit received from customers	110.12	81.22
on financial liabilities measured at amortised cost	20.99	15.65
others	0.16	2.07
Bank charges	79.38	77.60
	669.73	**610.58**

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21: Other expenses

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Rent (refer note 26a)	362.86	271.14
Advertisement and publicity	910.79	628.04
Selling expense	7,583.25	-
Travelling and conveyance	248.23	155.97
Packing material consumed	76.87	77.83
Freight, insurance and clearing charges	220.62	147.49
Royalty on sales	1,296.05	1,146.58
Power and fuel	10.40	5.99
Shared services expense	514.07	496.98
Foreign exchange fluctuations, net	21.81	52.33
Outsourced services	507.35	117.07
Octroi	-	32.78
Legal and professional fees	159.41	136.42
Repairs and maintenance		
-Building	6.54	4.67
-Others	158.55	85.51
Printing, stationery & communication	32.09	29.91
Insurance	59.43	52.34
Payments to auditors (refer below for details)	36.50	32.60
Rates and taxes	4.43	337.42
Commission, brokerage and discounts	18.96	36.44
Housekeeping charges	20.14	11.25
Property, plant and equipment discarded	16.55	56.73
Bad debts written off	921.41	-
Sundry balances written off	19.02	-
Provision for doubtful debts (net of reversals)	146.00	-
Loss / (gain) on financial instruments recycled from OCI (net)	46.35	-
Miscellaneous expenses	119.41	87.12
	13,517.09	4,002.61

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Payment to auditors as:		
Statutory audit fees	30.80	27.50
Tax audit fees	4.03	3.60
Reimbursement of expenses	1.67	1.50
	36.50	32.60

22: Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	March 31, 2019 Rs. in lakhs		March 31, 2018 Rs. in lakhs	
	Cash flow hedge reserve	Retained earnings	Cash flow hedge reserve	Retained earnings
Foreign exchange forward contracts	(111.84)	-	-	-
Re-measurement (losses) / gains on defined benefit plans	-	43.81	-	(12.84)
	(111.84)	43.81	-	(12.84)

23 : Earning per share

	March 31, 2019	March 31, 2018
Earing per share (Basic and Diluted)		
Net profit / (loss) for calculation of basic and diluted EPS - Rs. in lakhs	105.98	(631.29)
Total no. of equity shares at the end of the year	1,009,296	1,009,296
Weighted average number of equity shares		
For basic EPS	1,009,296	967,094
For diluted EPS	1,009,296	967,094
Nominal value of equity shares - Rs.	10	10
Basic earning per share - Rs.	**10.50**	**(65.28)**
Diluted earning per share - Rs.	**10.50**	**(65.28)**

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24: 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, liabilities, 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 amounts of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimating 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.

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 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. These estimates are most relevant to intangibles with definite useful lives recognised by the Company.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

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 including the DCF model. 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 about these factors could affect the reported fair value of financial instruments.

Defined benefits plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 25.

Provision on inventory

The provision on inventory is based on policy, future expectation, inventory seasons and current realisable value of the materials depending on the category of goods. Historical data is used to make these estimates.

Provision on receivables and advances/deposits

The Company has defined policy for provision of receivables which is based on ageing and reconciliations with the customers on a periodic basis. The Company reviews the policy at regular intervals to ensure the applicability of the same in the changing scenario.

Revenue from contracts with customers

The Company has applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and discount that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company has determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return. In estimating the variable consideration for the sale of goods with future discounts, the Company has determined that using expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the expected discounts to be given to the end customers.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

b. Determining whether the loyalty points and gift vouchers provide material rights to customers

The Company operates a loyalty points programme which allows customers to accumulate points when they purchase products in the Company's retail stores.

The points can be redeemed for free products, subject to a minimum number of points obtained. Further, the Company issues gift vouchers which allows customers to purchase products at discount. The Company assessed whether the loyalty points and gift vouchers provide a material right to the customer that needs to be accounted for as a separate performance obligation.

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The Company has determined that the loyalty points and gift vouchers provide a material right that the customer would not receive without entering into the contract. The free products the customer would receive by exercising the loyalty points and gift vouchers do not reflect the stand-alone selling price that a customer without an existing relationship with the Company would pay for those products. The customers' right also accumulates as they purchase additional products.

c. Estimating variable consideration for right to return and discounts

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and discounts.

The Company developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company applied a statistical model for estimating expected discounts. The model uses the historical purchasing patterns and discounts entitlement of end customers to determine the expected discount percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and discount entitlements of customers will impact the expected discount percentages estimated by the Company.

d. Estimating stand-alone selling price – loyalty programme and gift vouchers

The Company estimates the stand-alone selling price of the loyalty points awarded and gift vouchers issued. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Company considers breakage which represents the portion of the points issued that will never be redeemed.

The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. In estimating the value of the points issued, the Company considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Company ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

Similarly, the stand-alone selling price of the gift vouchers issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the gift vouchers. The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input.

Estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at March 31, 2019, the estimated liability for unredeemed points was Rs. 30.81 lakh (March 31, 2018: Rs. 95.00 lakh) and for unredeemed gift vouchers was Rs. 49.99 lakh (March 31, 2018: Rs. Nil).

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25: Gratuity and other post employment benefit plans

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for the respective plans:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
a. Amounts recognised in Employee benefits expense in the Statement of profit and loss in respect of gratuity:		
Current service cost	30.44	28.44
Interest on defined benefit obligation (DBO)	6.95	4.32
Net gratuity cost	**37.39**	**32.76**

b. Changes in the present value of DBO and fair value of plan assets:	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Changes in present value of the obligation:		
Opening DBO	98.79	59.44
Current service cost	30.44	28.44
Interest on DBOs	6.95	4.32
Actuarial gain/(loss) recognised in OCI	(43.81)	12.84
Benefits paid	(47.13)	(6.25)
Closing DBO	**45.24**	**98.79**

c. Amounts recognised in the Balance Sheet:	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Present value of the DBO at the end of the year:	45.24	98.79
Fair value of plan assets	-	-
Net liability	**45.24**	**98.79**
d. Net liability is bifurcated as follows:		
Current	3.92	9.76
Non-current	41.32	89.03
	45.24	**98.79**

e. The principal assumptions used in determining gratuity (unfunded) DBOs for the Company are shown below:	March 31, 2019	March 31, 2018
Discount rate	7.60%	7.40%
Salary escalation rate	13.00%	10.00%
Attrition rate	13.00%	20.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

f. Quantitative sensitivity analysis for significant assumption is as follows:	March 31, 2019 Rs. in lakhs		March 31, 2018 Rs. in lakhs	
Sensitivity level:				
Discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(1.43)	1.52	(4.72)	0.38
Salary escalation rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	1.24	(0.77)	2.31	(2.23)
Attrition rate	1% increase	1% decrease	1% increase	1% decrease
Impact on DBO	(0.48)	0.47	(1.69)	1.77

The sensitivity analysis above have been determined based on a method that extrapolates the impact on DBO as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

g. The following payments are expected contributions to the defined benefit plan in future years:	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Within the next 12 months (next annual reporting period)	3.92	9.76
From 2 to 5 years	27.47	92.96
Beyond 5 years	62.77	176.11
Total expected payments	**94.16**	**278.83**

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2018: 6 years).

h. Defined benefit and contribution plans:
Amount recognised as an expense and included in note 18 as "Contribution to provident and other funds":

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Contribution to government provident fund	105.03	130.47
	105.03	**130.47**

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26: Commitments and contingencies

a. Leases

Operating lease commitments as lessee

Rent expenses include lease rental payments towards office and warehouse premises. Such leases are generally for a period of 2 to 6 years with options of renewal against increased rent and premature termination of 1 to 4 months. Lease rent expenses debited to the statement of profit and loss is Rs. 362.86 lakh (March 31, 2018 Rs. 271.14 lakh).

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

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Within one year	197.09	4.85
After one year but not more than five years	49.27	-
More than five years	-	-
	246.36	**4.85**

b. Capital and other commitments

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):	39.90	55.41

c. Contingent liabilities not provided for

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
i. Claims against the Company not acknowledged as debts:		
Matters relating to Value Added Tax (Refer note a)	115.45	747.86
Matters relating to Customs Duty claims (Refer note b)	513.82	513.82
Matters relating to Income Tax under dispute (Refer note c)	-	9.59
	629.27	**1,271.27**

The contingent liabilities, if materialised, shall entirely be borne by the Company, as there is no likely reimbursement from any other party.

Note a: In the previous year, the Company had received demand notice u/s 59(2) of the Delhi Value Added Tax Act, 2004 for the financial year 2013-14 from the Department of Trade & Taxes, Government of NCT of Delhi with respect to assessment carried out ex-parte due to non-submission of C-Form and F-Form, and failure to attend the assessment hearings at the Department office on various dates.

The Company has filed its reply against demand notice in the current year, basis which an order dated March 8, 2019 was passed and a demand of Rs. 8.93 lakh was raised. The Company has accepted the demand and paid the same, along with interest, on March 11, 2019.

In the current year, the Company has also received demand notice amounting to Rs. 115.45 lakh u/s 15 (3) of the Haryana Value Added Tax Act, 2003 for the financial year 2015-16 from the Assessing Authority, Gurgaon with respect to scrutiny assessment carried out for availing concessional rate of tax against C-Forms and exemption on Inter State Stock transactions against F-Forms. The assessment order has permitted a time limit of 90 days for submission of the C/F Forms.

The Company is in the process of filing it's reply against the demand notice and is confident that all requisite documents required by the Department to avail exemption / concessional rate on sale / Stock transfers made during the aforesaid financial year are available.

Note b: The Company had received demand cum show cause notice under section 28(4) read with section 124 of the Customs Act, 1962, in the previous year, by the Directorate of Revenue Intelligence ('DRI'), for short payment of duty due to non-inclusion of certain payments to vendor for determining assessable value for payment of Custom Duty.

The Company is confident that it's position will likely be upheld in the appellate process against the above demand. However, the Company has deposited Rs. 42.03 lakh under protest.

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Note c: In earlier years, the Company had received an order u/s 92CA(3) of the Income Tax Act, 1961 for Assessment Year 2013-14 and 2014-15 for the computation of arm's length price in relation to international transactions wherein an upward adjustment of Rs. 35.71 lakh and Rs. 58.93 lakh respectively was made to the income. Further Penalty Proceedings under section 271(1)(c) were separately initiated for furnishing of inaccurate particulars of income and the Company had received demand order under section 156 of the Income tax Act, 1961 dated February 06, 2017 of Rs. 9.59 lakh for Assessment year 2013-14.

In the current year, the CIT(A) has deleted the upward adjustments made to income for the aforesaid assessment years through an Appellate order. However, the final order giving effect to CIT(A)'s order is pending to be received by the Company.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financials statements.

The Company is in the process of filling appeal or contesting demands with various appellate authorities. The management believes that it's position would likely be upheld in all the above cases. Hence, no tax liability has been accrued in the financial statements as the management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the Company's financial position and results of operation.

(ii) Provident Fund matter: There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. The company will update its provision, on receiving further clarity on the subject.

27: Related party disclosure

a) Name of related parties and nature of relationship:
i. Joint venture partner
PVH Singapore Private Limited (till March 28, 2019)
Arvind Fashions Limited
PVH B.V. (from March 29, 2019)

ii. Members of the group of the joint venture partners
PVH Asia Limited
PVH Far East Limited
PVH Europe B.V.
PVH Neckwear Inc.
PVH Hongkong Sourcing Service Limited
Calvin Klein Inc.
Calvin Klein Europe B.V.
Arvind Lifestyle Brands Limited
Arvind Internet - A division of Arvind Limited
Arvind Goodhill Suit Manufacturing Private Limited
Tommy Hilfiger Arvind Fashion Private Limited

iii. Key management personnel (KMP)
Parag Sudhir Dani (Up to April 30, 2017)

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b) Disclosure in respect of related party transactions:

Rs. in lakhs

Nature of transactions	March 31, 2019	March 31, 2018
Issue of equity shares		
PVH Singapore Private Limited (till March 28, 2019)	-	3.80
Arvind Fashions Limited	-	3.73
Securities premium amount		
PVH Singapore Private Limited (till March 28, 2019)	-	1,006.20
Arvind Fashions Limited	-	986.26
Revenue from contract with customers		
Arvind Internet - A division of Arvind Limited	-	(24.01)
Shared services expense		
Arvind Lifestyle Brands Limited	80.88	246.97
Tommy Hilfiger Arvind Fashion Private Limited	433.19	256.77
Royalty on sales		
Calvin Klein Inc.	1,296.05	1,146.58
Advertisement and publicity		
Calvin Klein Inc.	131.42	109.30
Legal and professional fees		
Calvin Klein Inc.	12.73	0.99
Rent		
Tommy Hilfiger Arvind Fashion Private Limited	27.31	-
Outsourced services		
Tommy Hilfiger Arvind Fashion Private Limited	206.55	-
Repairs and maintenance - Building & Others		
Tommy Hilfiger Arvind Fashion Private Limited	2.36	-
Power and fuel		
Tommy Hilfiger Arvind Fashion Private Limited	4.95	-
Staff welfare		
Tommy Hilfiger Arvind Fashion Private Limited	12.40	-
Travelling and conveyance		
Tommy Hilfiger Arvind Fashion Private Limited	9.98	-
Miscellaneous expenses		
Tommy Hilfiger Arvind Fashion Private Limited	100.77	-
Arvind Internet - A division of Arvind Limited	0.29	-
Payments made on behalf of the Company by related parties		
Arvind Lifestyle Brands Limited	56.07	182.44
PVH Far East Limited	-	0.59
Purchase of License (Intangible asset)		
Calvin Klein Inc.	-	714.23
Purchase of traded goods		
PVH Asia Limited	6,305.26	3,907.82
PVH Far East Limited	210.22	145.67
Arvind Goodhill Suit Manufacturing Private Limited	10.09	53.99
Calvin Klein Europe B.V.	9.27	2.80
PVH Neckwear Inc.	-	0.38
Liability no longer required, written back		
PVH Asia Limited	-	528.96
Calvin Klein Inc.	-	30.14
Arvind Internet - A division of Arvind Limited	20.52	-
Buying office commission		
PVH Asia Limited	10.06	30.17
PVH Far East Limited	7.46	2.50
PVH Europe B.V.	1.06	0.46
PVH Hongkong Sourcing Service Limited	12.08	-
Calvin Klein Europe B.V.	3.50	-

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Commission paid		
Arvind Internet - A division of Arvind Limited	-	8.14
Managerial Remuneration (refer note below)		
Parag Sudhir Dani (up to April 30, 2017)	-	11.46

c) **Outstanding balances payable/ receivable from related parties:**

Rs. in lakhs

Nature of transactions	March 31, 2019	March 31, 2018
Financial liabilities		
Trade payables (including provisions)		
PVH Asia Limited	1,662.07	1,031.80
Calvin Klein Inc.	339.91	316.06
Arvind Lifestyle Brands Limited	7.61	14.89
PVH Far East Limited	49.83	61.38
Tommy Hilfiger Arvind Fashion Private Limited	217.63	58.63
Arvind Internet - A division of Arvind Limited	-	20.52
Arvind Goodhill Suit Manufacturing Private Limited	-	3.77
Calvin Klein Europe B.V.	0.33	2.80
PVH Europe B.V.	1.06	0.55
PVH Hongkong Sourcing Service Limited	0.78	-
Other current liabilities		
Advance from customers		
Arvind Internet - A division of Arvind Limited	-	17.35
Financial assets		
Security deposits		
Arvind Lifestyle Brands Limited	39.41	39.41
Trade receivables		
Arvind Internet - A division of Arvind Limited	0.57	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and normally interest free except in case of overdue payments and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. For the year ended March 31, 2019 and March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Salary, wages and bonus	-	10.94
Contribution to provident and other funds	-	0.52
	-	**11.46**

Note:
The remuneration to the key management personnel does not include the provisions made for gratuity & leave benefits, as they are determined on an actuarial basis for the Company as a whole.

28: Unhedged foreign currency exposure

a) **Derivatives outstanding as at the reporting date**

	March 31, 2019	March 31, 2018
Forward contract to buy	$ 6,960,000 Rs. 4,813.54 lakh	$ 2,750,000 Rs. 1,788.71 lakh

b) **Particulars of unhedged foreign currency exposure as at the reporting date**

Particulars	March 31, 2019	March 31, 2018
Trade payables (USD)*	$ 806,680 Rs. 557.86 lakh	-
Trade payables (EUR)*	€ 59,013 Rs. 45.84 lakh	-
Short-term borrowings (USD)	-	-

*INR equivalent at closing exchange rates

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29: Segment reporting

Business segments

The Company is primarily engaged in a single business segment viz., trading of readymade garments and accessories of Calvin Klein branded products, which is governed by similar set of risks and returns. The operations of the Company primarily cater to the market in India, which the management views as a single segment. Accordingly no separate segment disclosures are required.

30: Hedging activities and derivatives

Derivative not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its foreign currency transaction exposures. The foreign exchange forward contracts entered in previous year are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Derivatives designated as hedging instruments

Cash flow hedges

Foreign exchange forward contracts entered in the current year are designated as hedging instruments in cash flow hedges of forecast purchases in USD. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the Dollar offset method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

At March 31, 2019	**Maturity**				
	Less than 1	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**Total**
Foreign exchange forward contracts for highly probable forecast purchases					
Notional amount (in INR lakhs)	495.72	1,144.27	2,244.06	1,170.58	**5,054.63**
Notional amount (in USD lakhs)	7.00	15.85	30.75	16.00	**69.60**
Average forward rate (INR/USD)	70.82	72.19	72.98	73.16	
At March 31, 2018					
Foreign exchange forward contracts (highly probable forecast purchases)					
Notional amount (in INR lakhs)	-	-	-	-	-
Notional amount (in USD lakhs)	-	-	-	-	-
Average forward rate (INR/USD)	-	-	-	-	-

The impact of the hedging instruments on the balance sheet is as follows:

	March 31, 2019 **Rs. in lakhs**	**March 31, 2018** **Rs. in lakhs**
Cash flow hedge		
Foreign currency risk arising from	Purchases	NA
Nominal amount of hedging instruments	5,054.63	
Carrying amount of hedging instruments		
Assets	-	-
Liabilities	158.19	NA
Line item in balance sheet where hedging instrument is disclosed	Derivative instrument under Other current financial liabilities	NA
Changes in fair value for calculating hedge ineffectiveness	NA	NA

The impact of the hedging item on the balance sheet is as follows:

	March 31, 2019 **Rs. in lakhs**	**March 31, 2018** **Rs. in lakhs**
Foreign currency risk arising from	Purchases	NA
Changes in fair value for calculating hedge ineffectiveness	NA	NA
Balances in Cash flow hedge reserve		
For continuing hedge	(111.84)	-
For hedge no longer applied	-	-

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The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Foreign currency risk arising from	Purchases	NA
Hedged Gain/(Loss) recognised in OCI	(111.84)	NA
Hedge ineffectiveness recognised in profit & loss	-	NA
Line item in statement of profit & loss in which hedge ineffectiveness is recognised	NA	NA
Amount reclassified to statement of profit & loss for which future cash flows are no longer expected to occur	NA	NA
Amount reclassified to statement of profit & loss as hedged item has affected profit & loss	46.35	NA
Line item in statement of profit & loss that includes reclassification adjustment	Loss / (gain) on financial instruments recycled from OCI (net)	NA

31: Fair values and fair value hierarchy

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short-term nature.

The carrying values of security deposits from customers and security deposit paid are considered to be reasonably same as their fair values.

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

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

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Assets measured at amortised cost :			
Loans			
Security deposits	-	-	151.30
Liabilities measured at amortised cost :			
Security deposits from customers	-	-	1,250.80
Liabilities measured at fair value :			
Derivative instruments at fair value through OCI			
Cash flow hedges	-	158.19	-
Foreign exchange forward contracts			

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Assets measured at amortised cost :			
Loans			
Security deposits	-	-	153.84
Liabilities measured at amortised cost :			
Security deposits from customers	-	-	1,303.39
Assets measured at fair value:			
Derivative instrument at fair value through profit or loss			
Derivatives not designated as hedges			
Foreign exchange forward contracts	-	11.70	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2019.

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32: Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, security deposit, trade and other payables. The main purpose of these financial liabilities is to support the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, foreign exchange forward contract, are entered to hedge foreign currency exposures. Derivatives are used exclusively for hedging purpose and not as trading/ speculative instruments. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below:

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 two types of risk: interest rate risk and currency risk . Financial instruments affected by market risk include borrowings, trade and other payable.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the 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.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

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

	March 31, 2019 Rs. in lakhs		March 31, 2018 Rs. in lakhs	
Basis points	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect on profit before tax [increase/ (decrease)]	(30.49)	30.49	(21.28)	21.28

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

The interest rate sensitivity is based on the closing balance of short term borrowings bearing variable interest rates.

ii) 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency.

The Company manages its foreign currency risk by hedging its foreign currency exposure using foreign currency forward contracts. As at March 31, 2019, the Company has hedged 72% (March 31, 2018: 100%) of its payables in foreign currency.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

Foreign currency sensitivity

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

	March 31, 2019 Rs. in lakhs		March 31, 2018 Rs. in lakhs	
Change in USD and Euro	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect on profit before tax and on pre-tax equity [increase/ (decrease)]	(3.34)	3.34	-	-

b) Credit risk

Credit risk is the risk that 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 and other receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

(i) Trade and other receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables as disclosed in note 5.1, 5.2, 5.5 and 6. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for credit loss for trade receivables	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Opening balance	544.43	544.43
Provision made/ (utilised) during the year	(320.77)	-
Closing balance	223.66	544.43

As at March 31, 2019, the Company had 10 customers (March 31, 2018: 12 customers) that owed the Company more than Rs. 100 lakh each and accounted for approximately more than 83% (March 31, 2018: 90%) of all the receivables outstanding.

Allowance for credit loss for other receivables	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Opening balance	141.10	141.10
Provision made during the year	-	-
Closing balance	141.10	141.10

No single party balance accounted for more than 10% of the other receivables as of March 31, 2019 and March 31, 2018. There is no significant concentration of credit risk.

(ii) Financial instruments and deposits:

Credit risk on cash and cash equivalents is limited as the Company generally transacts with banks with high credit ratings assigned by international and domestic credit rating agencies.

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c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligation without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum level of liquidity to meet its cash and collateral requirements.

The Company monitors its risk of shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts/ bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be moderate. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments except for Security deposits from customers:

(Rs. in lakhs)

As at March 31, 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	6,097.51	-	-	6,097.51
Trade payables	3,700.50	-	-	3,700.50
Security deposits from customers	-	1,250.80	-	1,250.80
Other financial liabilities	238.46	-	-	238.46

As at March 31, 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	4,255.59	-	-	4,255.59
Trade payables	2,904.03	-	-	2,904.03
Security deposits from customers	-	1,303.39	-	1,303.39
Other financial liabilities	65.41	-	-	65.41

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company deals in a leading apparel brand - Calvin Klein and is the sole supplier of the brand's products in India.

33: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium 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).

	March 31, 2019 Rs. in lakhs	March 31, 2018 Rs. in lakhs
Borrowings (note 10.2)	6,097.51	4,255.59
Less: Cash and cash equivalent and other bank balances (note 5.3 and 5.4)	(18.79)	(44.19)
Net debt	6,078.72	4,211.40
Equity share capital (note 8)	100.93	100.93
Other equity (note 9)	3,577.66	3,539.71
Total capital	3,678.59	3,640.64
Capital and net debt	9,757.31	7,852.04
Gearing ratio	62%	54%

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 borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

34: Transfer Pricing

During the year ended March 31, 2019, the Company has entered into certain transactions with its related parties as defined under section 92BA of Income Tax Act, 1961 ("the Act"). The Company, as required under the Act, is in the process of getting the transfer pricing evaluation conducted for International and Specified Domestic Transactions undertaken during the year. The Company is confident that the International and Specified Domestic Transactions with associated/related enterprises are at arm's length, and accordingly does not expect any material financial adjustment on completion of the transfer pricing evaluation.

35: Previous year figures have been regrouped/reclassified, where necessary, to confirm to current year classification.

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
UDIN: 19055729AAAAAG6332

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: July 24, 2019

For and on behalf of the board of directors of Calvin Klein Arvind Fashion Private Limited

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

Shailesh Chaturvedi	Suresh Jayaraman
Director	Director
DIN: 03023079	DIN : 03033110
Place: Bengaluru	Place: Bengaluru
Date: July 24, 2019	Date: July 24, 2019