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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND FASHIONS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)***
	
	The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, estimate of variable consideration, reduction of revenue on the basis of consideration payable to customers in the form of loyalty points, determination of Principal versus agent consideration, recognition of contract assets and refund liability. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
	
	Refer Note 16 to the Standalone Financial Statements
		<u>Principal Audit Procedures</u>
		
		We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
		
		• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
		• Selected a sample of continuing and new contracts and performed the following procedures:
		  ◦ Read, analysed and identified the distinct performance obligations in these contracts.
		  ◦ Compared these performance obligations with that identified and recorded by the Company.
		  ◦ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
		  ◦ Considered the terms of contracts for determination of Principal versus agent consideration, recognition of contract assets and refund liability including historical trend of returns.
		  ◦ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
		  ◦ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
		  ◦ We reviewed the collation of information to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

2	***Valuation of Inventory*** Valuation of inventory requires (a) measurement of cost to be recognised as an inventory and carried forward until the related revenues are recognised; (b) any write-down to net realisable value; (c) identification of slow moving stock; and (d) accuracy of expected selling prices, particularly for products with significant time lapse between manufacture and ultimate date of sale of product to the consumer. These include inherently subjective judgements about forecast future demand and estimated net realisable value at the time the product is expected to be sold. Refer Note 9 to the Standalone Financial Statements	***<u>Principal Audit Procedures</u>*** We assessed the Company's process to identify and measurement of all costs which comprise of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to identification and measurement of cost of inventory, slow moving goods and estimated net realisable value. • Selected sample of Inventory to verify the correctness of cost components. • Tested the relevant information technology systems generating report of slow moving goods. • Performed sample testing for accuracy of net realizable value of inventory including slow moving goods with sales invoices. • Validated cost write-down to estimated net realizable value.
3	***Business Combination*** During the year, Branded Apparel Division of Arvind Limited (Erstwhile Holding Company) was merged with the Company having net identifiable assets of Rs. 462.22 Crores resulting into creation of Capital Reserve of Rs. 45.39 Crores. After the merger, the Company has issued shares to the shareholders of Arvind Limited and got listed on stock exchange. This requires significant management judgement. Our key audit matter focuses on the valuation of assets acquired (including intangibles) and the completeness of liabilities. Refer Note 40 to the Standalone Financial Statements	***<u>Principal Audit Procedures</u>*** We performed the following procedures in response to the key audit matter identified: • Completed a walkthrough of the merger process and obtained understanding of the transaction by reading the Scheme of Arrangement and the Listing Profile document; • Assessed the design and implementation of the key controls addressing the risk; • Evaluated management's assessment of the due diligence findings and the actions taken; • Risk assessed, appropriately scoped and tested the balances for the acquired business; • Reviewed the key underlying assumptions; • Reviewed the disclosures in the financial statements.

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

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   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 no pending litigations in its standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 16, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Fashions Limited of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 16, 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

i. In respect of the Company's fixed assets:

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

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following.

Particulars	No of Cases	Area	Gross Carrying Amount	Net Carrying Amount	Remarks
Building	1	13,500 Sq Feet	Rs. 6.94 Crores	Rs. 6.88 Crores	The Company is in the process to register title deed in its name.

ii. As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.

iii. According the information and explanations given to us, the Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.

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

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, no disputed amounts are payable as at March 31, 2019.

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

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

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

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

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

xv. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 16, 2019

Arvind Fashions Limited
Balance Sheet as at March 31, 2019

Rs. In Crores

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	29.62	10.56
(b) Capital work-in-progress	5	5.50	0.02
(c) Intangible assets	6	9.21	8.80
(d) Intangible assets under development	6	1.93	-
(e) Financial assets			
(i) Investments	7	1,243.99	1,141.20
(ii) Loans	7	0.14	0.36
(iii) Other financial assets	7	14.26	12.34
(f) Deferred tax assets (net)	25	17.39	3.92
(g) Other non-current assets	8	0.28	1.53
Total non-current assets		1,322.32	1,178.73
II.Current assets			
(a) Inventories	9	223.80	107.31
(b) Financial assets			
(i) Investments	7	(Rs. 13,090)	(Rs. 18,375)
(ii) Trade receivables	7	147.39	37.73
(iii) Cash and cash equivalents	7	1.16	8.05
(iv) Bank balance other than (iii) above	7	0.03	0.03
(v) Loans	7	31.49	1.28
(vi) Others financial assets	7	0.69	0.11
(c) Current tax assets (net)	10	13.07	-
(d) Other current assets	8	97.24	183.95
Total current assets		514.87	338.46
Total Assets		1,837.19	1,517.19
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	23.20	23.17
(b) Other equity	12	1,326.65	1,207.88
Total equity		1,349.85	1,231.05
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	18.94	0.25
(ii) Other financial liabilities	13	1.20	2.07
(b) Long-term provisions	14	5.09	3.53
Total non-current liabilities		25.23	5.85
II.Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	51.70	46.09
(ii) Trade payables	13		
a) total outstanding dues of micro enterprises and small enterprises		30.28	4.69
b) total outstanding dues of creditors other than micro enterprises and small enterprises		343.70	211.53
(iii) Other financial liabilities	13	18.49	9.39
(b) Other current liabilities	15	16.73	7.90
(c) Short-term provisions	14	1.21	0.20
(d) Current tax liabilities (net)	10	-	0.49
Total current liabilities		462.11	280.29
Total Equity and Liabilities		1,837.19	1,517.19
Significant Accounting Policies	3		

The accompanying notes are an integral part of these standalone financial statements

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

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

For and on behalf of the board of directors of
Arvind Fashions Limited

Sanjay S. Lalbhai
Chairman & Director
(DIN -00008329)
Place : Ahmedabad
Date : 16th May,2019

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

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

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

Arvind Fashions Limited
Statement of profit and loss for the year ended March 31,2019

Rs. In Crores

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations			
Sale of Products	16	1,002.35	995.13
Sale of Services	16	0.13	4.98
Operating Income	16	7.42	0.83
Revenue from operations		1,009.90	1,000.94
Other income	17	1.79	0.67
Total income (I)		1,011.69	1,001.61
Expenses			
Cost of trims and accessories consumed	18	2.72	1.14
Purchases of stock-in-trade	19	756.30	387.82
Changes in inventories of stock-in-trade	20	(116.21)	150.38
Employee benefits expense	21	66.33	51.02
Finance costs	22	17.98	9.78
Depreciation and amortisation expense	23	15.30	11.49
Other expenses	24	207.04	315.98
Total expenses (II)		949.46	927.61
Profit before exceptional items and tax (III)=(I-II)		62.23	74.00
Exceptional items (IV)		-	-
Profit before tax (V) = (III-IV)		62.23	74.00
Tax expense			
Current tax	25	13.43	22.37
Deferred tax charge / (credit)	25	(12.71)	(1.76)
Total tax expense (VI)		0.72	20.61
Profit for the year (VII) = (V-VI)		61.51	53.39
Other comprehensive income			
A. Items that will not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		(2.11)	(0.10)
Income tax effect	25	0.74	0.03
		(1.37)	(0.07)
Net gain / (loss) on FVOCI equity instruments		(Rs. -5,283)	(Rs. 9,720)
Income tax effect	25	-	-
		(Rs. -5,283)	(Rs. 9,720)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		(1.37)	(0.07)
B. Items that will be reclassified to profit or loss in subsequent periods:			
Net gains / (loss) on hedging instruments in a cash flow hedge		(0.07)	-
Income tax effect	25	0.02	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods (B)		(0.05)	-
Total other comprehensive income for the year, net of tax (VIII) (A+B)		(1.42)	(0.07)
Total comprehensive income for the year, net of tax (VII+VIII)		60.09	53.32
Earning per equity share [nominal value per share Rs.4/- (March 31, 2018: Rs.4/-)			
Basic	32	10.64	9.40
Diluted	32	10.40	9.16
Significant Accounting Policies	3		

The accompanying notes are an integral part of these standalone financial statements

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

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

For and on behalf of the board of directors of
Arvind Fashions Limited

Sanjay S. Lalbhai
Chairman & Director
(DIN -00008329)
Place : Ahmedabad
Date : 16th May,2019

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

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

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

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

Rs. In Crores

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A Operating activities				
Profit Before taxation		62.23		74.00
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation /Amortization	15.30		11.49	
Financial guarantee commission	(1.48)		(0.39)	
Interest Income	(0.19)		(0.01)	
Interest and Other Borrowing Cost	17.98		9.78	
Bad Debts Written Off	1.29		-	
Allowance for Doubtful Debts	0.95		-	
Foreign Exchange Difference	(0.58)		-	
Provision for Litigation/Disputes	0.64		-	
(Profit)/Loss on Sale of Property, Plant & Equipment/Intangible assets	(0.01)		-	
Share based payment expense	0.72		0.16	
		34.62		21.03
Operating Profit before Working Capital Changes		96.85		95.03
Working Capital Changes:				
Changes in Inventories	(108.42)		148.88	
Changes in trade payables	157.76		25.74	
Changes in other current liabilities	(20.36)		(52.37)	
Changes in other financial liabilities	2.42		(9.16)	
Changes in provisions	(0.18)		0.05	
Changes in trade receivables	(77.23)		(3.41)	
Changes in other current assets	102.55		(178.76)	
Changes in other financial assets	(2.50)		(8.20)	
Net Changes in Working Capital		54.04		(77.24)
Cash Generated from Operations		150.89		17.79
Direct Taxes paid (Net of Income Tax refund)		(26.99)		(21.84)
Net Cash from Operating Activities		123.90		(4.05)
B Cash Flow from Investing Activities				
Purchase of Property, Plant & Equipment/intangible assets	(26.21)		(8.46)	
Sale of Property, Plant & Equipment	0.56		-	
Changes in Capital Advances	1.25		(1.42)	
Changes in loans and advances	(29.99)		(1.30)	
Change in Long Term Investments	(100.00)		(292.03)	
Interest Income	0.19		0.01	
Net cash flow from Investing Activities		(154.20)		(303.20)
C Cash Flow from Financing Activities				
Proceeds from Issue of share capital	3.41		300.00	
Share application money received	8.51		-	
Changes in long term Borrowings	20.70		0.31	
Changes in short term borrowings	(12.52)		23.55	
Interest and Other Borrowing Cost Paid	(14.79)		(8.67)	
Net Cash flow from Financing Activities		5.31		315.19
Net Increase/(Decrease) in cash & cash equivalents		(24.99)		7.94
Add: Adjustment due to Business Combination (Note No. 40)		18.10		-
Cash & Cash equivalent at the beginning of the year		8.05		0.11
Cash & Cash equivalent at the end of the year		1.16		8.05

Rs. In Crores

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash and cash equivalents comprise of:		
Cash on Hand	0.02	0.04
Balances with Banks	1.14	8.01
Cash and cash equivalents as per Balance Sheet (Note 7)	**1.16**	**8.05**
Less: Book Overdraft (Note 13 c)	-	(Rs. 28,700)
Cash and cash equivalents	1.16	8.05

The accompanying notes are an integral part of these standalone financial statements

Disclosure under Para 44A as set out in Ind As 7 on cash flow statements under Companies(Indian Accounting Standards) Rules,2015 (as amended)

Particulars of liabilities arising from financing activity	Note No.	As at March 31,2018	Net cash flows	Non Cash Changes: Adjustment on account of Business Combination (Note No 40)	Non Cash Changes: Effect of change in Foreign Currency Rates	Non Cash Changes: Other Changes*	As at March 31,2019
Borrowings:							
Long term borrowings	13(a)	0.30	20.70				21.00
Short term borrowings	13(a)	46.09	(12.52)	18.71	(0.58)		51.70
Interest accrued on borrowings	13(c)	2.34	(1.57)			4.76	5.53
Total		48.73	6.61	18.71	(0.58)	4.76	78.23

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

Notes:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

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

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

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

For and on behalf of the board of directors of
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Place : Ahmedabad
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Pramod Kumar Gupta
Chief Financial Officer
Place : Ahmedabad
Date : 16th May,2019

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

Arvind Fashions Limited
Statement of changes in Equity for the year ended March 31,2019

A. Equity share capital

Rs. In Crores

Balance	Amount Note 11
As at April 1, 2017	**21.74**
Issue of Equity Share capital (Rights issue)	0.91
Issue of Equity Share capital (Bonus issue)	0.52
As at March 31, 2018	**23.17**
Issue of Equity Share capital (On exercise of ESOP)	0.12
Cancellation of Shares shares under scheme of arrangement (Note No. 40)	(20.78)
Allotement of Shares pursuent to Scheme of Arrangement (Note No. 40)	20.69
As at March 31, 2019	**23.20**

B. Other equity

Rs. In Crores

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Items of Other Comprehensive Income		Total equity
		Capital Reserve Note 12	Securities premium Note 12	Share Based Payment Reserve Note 12	Retained Earnings Note 12	Cash Flow Hedge Reserve Note 12	Equity Instrument through FVOCI Note 12	
Balance as at April 1, 2017	-	-	**858.58**	**0.67**	**(3.96)**	-	**(Rs. -165)**	**855.29**
Profit for the year	-	-	-	-	53.39	-	-	53.39
Other comprehensive income for the year	-	-	-	-	(0.07)	-	(Rs. 9,720)	(0.07)
Total Comprehensive income for the year	-	-	-	-	53.32	-	(Rs. 9,720)	53.32
Issue of share capital (Note 11)	-	-	299.09	-	-	-	-	299.09
Utilized during the year for bonus shares	-	-	(0.52)	-	-	-	-	(0.52)
Issue of Shares under Employee Stock Option Plan to Holding Co. (Note 33)	-	-	-	0.71	(0.71)	-	-	-
Issue of Shares under Employee Stock Option Plan to Subsidiary Co. (Note 33)	-	-	-	0.54	-	-	-	0.54
Issue of Shares under Employee Stock Option Plan (Note 33)	-	-	-	0.16	-	-	-	0.16
Balance as at March 31,2018	-	-	**1,157.15**	**2.08**	**48.65**	-	**(Rs. 9,555)**	**1,207.88**
Balance as at April 1, 2018	-	-	**1,157.15**	**2.08**	**48.65**	-	**(Rs. 9,555)**	**1,207.88**
Profit for the year	-	-	-	-	61.51	-	-	61.51
Other comprehensive income for the year	-	-	-	-	(1.37)	(0.05)	(Rs. -5283)	(1.42)
Total Comprehensive income for the year	-	-	-	-	60.14	(0.05)	(Rs. -5283)	60.09
Issue of share capital (Note 11)	-	-	3.29	-	-	-	-	3.29
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	-	-	0.19	(0.19)	-	-	0.00
Issue of Shares under Employee Stock Option Plan to Holding Co. (Note 33)	-	-	-	0.77	-	-	-	0.77
Issue of Shares under Employee Stock Option Plan to Subsidiary Co. (Note 33)	-	-	-	0.72	-	-	-	0.72
Transfer to Securities premium	-	-	-	(0.16)	-	-	-	(0.16)
Transfer from share based payment reserve	-	-	0.16	-	-	-	-	0.16
Adjustment due to Business Combination (Note No. 40)	-	45.39	-	-	-	-	-	45.39
Received during the year	8.51	-	-	-	-	-	-	8.51
Balance as at March 31,2019	**8.51**	**45.39**	**1,160.60**	**3.60**	**108.60**	**(0.05)**	**(Rs. 4,272)**	**1,326.65**

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

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

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

For and on behalf of the board of directors of
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Chief Financial Officer
Place : Ahmedabad
Date : 16th May,2019

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

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

1. **Corporate Information**

Arvind Fashions Limited (formerly known as Arvind J&M Limited) ("the Company") was incorporated under the provisions of the Companies Act, 2013 and has registered office at Arvind Limited Premises, Naroda Road, Ahmedabad - 380025.

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

The Company, its subsidiaries and Joint Ventures, have a strong portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, GANT, Nautica, Unlimited, Sephora, Hanes, TCP and others.

The company has diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, topwear, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online).

The financial statements were authorised for issue in accordance with the resolution passed by the Board of Directors of the Company at its meeting held on May 16, 2019.

2. **Statement of Compliance and Basis of Preparation**

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act.

2.2 Historical Cost Convention

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

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

2.3 Rounding of Amount

Financials Statement are prepared in Indian Rupee (INR) and all the values are rounded to nearest crores as per the requirement of Schedule III, except when otherwise indicated. Figures less than Rs 50,000 which are required to be shown separately, have been shown in actual brackets.

3. Summary of Significant Accounting Policies

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

3.1. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3.2. Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.
The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

3.3. Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

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

3.4. Fair value measurement

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

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

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

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

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

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

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

3.5. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Depreciation
Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for following assets category as shown in Table below.

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

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

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

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

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

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

3.6. Leases

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

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

3.7. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

Amortisation

Brand Value and License Brands acquired under Business Transfer Agreement will be amortized on Straight Line basis up to March 31, 2019.

Computer Software and Other intangible assets are amortised over a period of 5 years.

3.9. Inventories

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

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

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

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

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

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

3.10. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.11. Revenue Recognition

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

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

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

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

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

Sale of goods – customer loyalty programme (deferred revenue)

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

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

Rendering of services
Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.
Revenue from other services are recognised based on the services rendered in accordance with the terms of contacts on the basis of work performed.

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

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

3.12. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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

(ii)Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- **Financial assets at amortised cost** :

  A financial asset is measured at amortised cost if:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

  A financial asset is measured at fair value through other comprehensive income if:
  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

  FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

- **Equity instruments:**
  All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

  If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

  Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
  or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

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

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

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

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

- Financial assets measured as at amortised cost and contract assets: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(ii)Subsequent measurement of financial liabilities

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

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

  This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.
  This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

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

3.13. Cash and cash equivalent

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

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

3.14. Export incentives

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

3.15. Taxes

Tax expense comprises of current income tax and deferred tax.

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

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

3.16. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The Company's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(ii) Defined benefit plan

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

c) Other long term employment benefits:

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

d) Termination Benefits :

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

3.17. Share-based payments

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

Equity-settled transactions

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

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

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

3.18. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4. Significant accounting judgements, estimates and assumptions

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

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

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

The Company assesses its revenue arrangement in order to determine if its business partner is acting as a principle or as an agent by analysing whether the Company has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Company has concluded that certain arrangements are on principal to agent basis where its business partner is acting as an agent. Hence, sale of goods to its business partner is recognised once they are sold to the end customer.

4.2. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 30.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

Taxes

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

The Company has Rs.6.68 Crores/- (March 31, 2018: Rs. Nil/-) of tax credits carried forward. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets.

Further details on taxes are disclosed in Note 26.

Revenue recognition – Customer loyalty program reward points

The Company estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2019, the estimated liability towards unredeemed points amounted to approximately Rs. 1.31 Crores/- (March 31, 2018: Rs. 1.21Crores/-).

Intangible assets

Refer Note 3.8 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

Property, plant and equipment

Refer Note 3.5 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Arvind Fashions Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Rs. In Crores

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computer, server & network	Total	CWIP
Gross Carrying Amount									
As at April 1, 2017	-	**0.01**	**2.86**	-	**2.23**	-	**0.02**	**5.12**	-
Additions	-	0.28	4.35	0.68	2.61	0.07	0.45	8.44	0.85
Deductions	-	-	-	-	-	-	-	-	0.83
As at April 1, 2018	-	**0.29**	**7.21**	**0.68**	**4.84**	**0.07**	**0.47**	**13.56**	**0.02**
Adjustment due to Business Combination (Note No. 40)	6.94	0.58	3.94	0.06	1.57	0.48	0.09	13.66	-
Additions	-	1.17	5.70	1.20	1.95	0.61	0.14	10.77	5.48
Deductions	-	-	0.43	0.17	-	0.01	0.01	0.62	-
As at March 31, 2019	**6.94**	**2.04**	**16.42**	**1.77**	**8.36**	**1.15**	**0.69**	**37.37**	**5.50**
Depreciation and Impairment									
As at April 1, 2017	-	-	**0.16**	-	**0.15**	-	-	**0.31**	-
Depreciation for the year	-	**0.06**	**1.69**	-	**0.86**	**0.01**	**0.07**	2.69	-
Deductions	-	-	-	-	-	-	-	-	-
As at April 1, 2018	-	**0.06**	**1.85**	-	**1.01**	**0.01**	**0.07**	**3.00**	-
Depreciation for the year	0.06	0.17	2.53	0.58	1.21	0.10	0.19	4.84	-
Deductions	-	-	0.07	0.02	-	-	-	0.09	-
As at March 31, 2019	**0.06**	**0.23**	**4.31**	**0.56**	**2.22**	**0.11**	**0.26**	**7.75**	-
Net Carrying Amount									
As at March 31, 2019	**6.88**	**1.81**	**12.11**	**1.21**	**6.14**	**1.04**	**0.43**	**29.62**	**5.50**
As at April 1, 2018	-	**0.23**	**5.36**	**0.68**	**3.83**	**0.06**	**0.40**	**10.56**	**0.02**

Notes:

1) Buildings include Rs. 6.94 Crores of properties (Previous year Rs. Nil) in respect of which registration are pending in favour of the Company.

2) W.e.f Oct 1, 2018, the Company has changed the useful life of certain Property, Plant & Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life of Property, Plant & Equipment, charge for depreciation for the year ended March 31, 2019 would have been higher by Rs 0.07 Crores.

Arvind Fashions Limited
Notes to the Financial Statements

Note 6 : Intangible assets

Rs. In Crores

Particulars	Computer Software	Brand Value & License Brands	Technical Process development	Website	Total	Intangible assets under development
Gross Carrying Amount						
As at April 1, 2017	-	21.27	-	-	21.27	-
Additions	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
As at April 1, 2018	-	21.27	-	-	21.27	-
Adjustment due to Business Combination (Note No. 40)	0.40	-	-	2.46	2.86	-
Additions	0.01	-	8.00	-	8.01	1.93
Deductions	-	-	-	-	-	-
As at March 31, 2019	**0.41**	**21.27**	**8.00**	**2.46**	**32.14**	**1.93**
Amortisation and Impairment						
As at April 1, 2017	-	3.67	-	-	3.67	-
Amortisation for the Year	-	8.80	-	-	8.80	-
Deductions	-	-	-	-	-	-
As at April 1, 2018	-	12.47	-	-	12.47	-
Amortisation for the Year	0.06	8.80	1.06	0.54	10.46	-
Deductions	-	-	-	-	-	-
As at March 31, 2019	**0.06**	**21.27**	**1.06**	**0.54**	**22.93**	-
Net Carrying Amount						
As at March 31, 2019	**0.35**	-	**6.94**	**1.92**	**9.21**	**1.93**
As at April 1, 2018	-	**8.80**	-	-	**8.80**	-

Notes:

1) Intangible assets under development consistes of capitalised development cost for internally developed software of Rs. 1.93 Crores (Previous year Rs. Nil)

Note 7 : Financial assets

7 (a) Investments Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current investment		
Investment in equity shares of subsidiaries and controlled Joint Venture		
Unquoted		
Arvind Beauty Brands Retail Private Limited# (31st Mar 2019 : 7,689,488: 31st March 2018: 7,689,488) Face Value Rs 10.	102.86	102.55
Arvind Lifestyle Brand Ltd *# (31st Mar 2019: 91,278,723, 31st March 2018: 81,278,723) Face Value Rs 10.	1,025.92	923.44
Calvin Klein Arvind Fashion Private Limited (31st Mar 2019: 5,04,648; 31st Mar 2018: 5,04,648) Face Value Rs 10.	28.94	28.94
Tommy Hilfiger Arvind Fashion Private Limited (31st Mar 2019: 1,49,47,159; 31st March 2018: 1,49,47,159) Face Value Rs 10.	86.27	86.27
Current investment		
Investment in equity shares of others		
Quoted		
Arvind SmartSpaces Limited (31st Mar 2019: 100, 31st March 2018: 100) Face Value Rs 10.	(Rs. 13,090)	(Rs. 18,375)
Total equity Investments	**1,243.99**	**1,141.20**
Total Investments	**1,243.99**	**1,141.20**
Agreegate amount of quoted investments	(Rs. 13,090)	(Rs. 18,375)
Agreegate amount of unquoted investments	1,243.99	1,141.20
Agreegate impairment in value of investment	-	-
Total non-current investments	**1,243.99**	**1,141.20**
Total current investments	**(Rs. 13,090)**	**(Rs. 18,375)**

Increase in the cost of investment during the year includes recognition of cost of ESOPs issued to Employees of the same is detailed below:

Subsidiaries	Rs. In Crores	
	As at March 31, 2019	As at March 31, 2018
Arvind Lifestyle Brands Limited	0.46	0.48
Arvind Beauty Brands Retail Private Limited	0.31	0.05

* Increase in the Cost of investment during the year includes recognition of Notional Commission on Fair Valuation of Financial Guarantee provided for loan taken by subsidiary. The Same is detailed below:

Subsidiaries	Rs. In Crores	
	As at March 31, 2019	As at March 31, 2018
Arvind Lifestyle Brands Limited	2.02	0.46

7 (b) Trade receivables - Current Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	222.06	59.22
Credit impaired	5.48	-
Less : Allowance for doubtful debts	(5.48)	-
Less : Provision towards Refundable liability	(74.67)	(21.49)
Total Trade and other receivables	**147.39**	**37.73**

Trade receivables are given as security for borrowings as disclosed under Note 13
Refundable Liability as on March 31,2018 is converted into Revenue from Operations.

Allowance for doubtful debts

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

Movement in allowance for doubtful debt : Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	-	-
Add : Allowance for the year	0.95	-
Add : Adjustment on business combination (Refer Note 40)	4.53	-
Balance at the end of the year	**5.48**	-

7 (c) Loans

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise stated		
Non-current		
Loans to employees	0.14	0.36
	0.14	**0.36**
Current		
Loans to related parties	31.03	-
Loans to employees	0.46	1.28
	31.49	**1.28**
Total Loans	**31.63**	**1.64**

7 (d) Cash and cash equivalent

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.02	0.04
Balance with Bank		
Current accounts and debit balance in cash credit accounts	1.14	8.01
Total cash and cash equivalents	**1.16**	**8.05**

7 (e) Other bank balance

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
In Deposit Account		
Held as Margin Money*	0.03	0.03
Total other bank balances	**0.03**	**0.03**

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise specified		
Non-current		
Security deposits	14.26	12.34
Doubtful	0.02	-
Less Allowance for Doubtful Deposits	(0.02)	-
	14.26	**12.34**
Current		
Income receivable	0.12	-
Accrued Interest	(Rs. 7,182)	(Rs. 6,244)
Insurance claim receivable	0.57	0.11
	0.69	**0.11**
Total financial assets	**14.95**	**12.45**

Other current financial assets are given as security for borrowings as disclosed under Note 13

Allowance for doubtful deposits

Movement in allowance for doubtful deposits :

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	-	-
Add : Adjustment on business combination (Refer Note 40)	0.02	-
Balance at the end of the year	**0.02**	-

7 (g) Financial assets by category

Rs. In Crores

Particulars	Cost	FVTPL	FVOCI	Amortized Cost
March 31, 2019				
Investments				
- Equity shares	1,243.99	-	Rs. 13,090)	-
Trade receivables	-	-	-	147.39
Loans	-	-	-	31.63
~~Cash & Bank Balances~~	~~-~~	~~-~~	~~-~~	~~1.19~~
Other Financial Assets	-	-	-	14.95
Total Financial assets	**1,243.99**	**-**	**Rs. 13,090)**	**195.16**
March 31, 2018				
Investments				
- Equity shares	1,141.20	-	Rs. 18,375)	-
Trade receivables	-	-	-	37.73
Loans	-	-	-	1.64
Cash & Bank Balances	-	-	-	8.08
Other Financial Assets	-	-	-	12.45
Total Financial Assets	**1,141.20**	**-**	**Rs. 18,375)**	**59.90**

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

Note 8 : Other current / non-current assets

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	0.28	1.53
	0.28	**1.53**
Current		
Advance to suppliers	17.31	3.88
GST / Sales tax / VAT / service tax receivable (net)	17.26	10.80
Export incentive receivable	0.36	0.04
Prepaid expenses	3.91	1.67
Returnable Asset	36.89	145.59
Other Current Asset	21.51	21.97
	97.24	**183.95**
Total	**97.52**	**185.48**

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

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

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Trims and Accessories	3.81	1.51
Trims in transit	0.14	0.01
Stock-in-trade	219.64	103.43
Stock-in-trade in transit	-	2.30
Packing materials	0.21	0.06
Total	**223.80**	**107.31**

Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 9.00 Crores (Previous year Rs. 2.86 Crores).
The changes in write downs are recognised as an expense in the Statement of Profit and Loss
Inventories are given as security for borrowings as disclosed under Note 13

Note 10 : Current Tax Assets (Net) / Current tax liabilities (net)

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
I Current Tax Assets (Net)		
Tax Paid in Advance (Net of Provision)	13.07	-
II Current tax liabilities (net)		
Current tax liabilities (net)	-	0.49
Total	**13.07**	**0.49**

Arvind Fashions Limited
Notes to the Financial Statements

Note 11 : Equity share capital

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Rs. In Crores	As at March 31, 2018 No. of shares	As at March 31, 2018 Rs. In Crores
Authorised share capital				
Equity shares of Rs.4 each	18,75,00,000	75.00	6,25,00,000	25.00
Issued and subscribed share capital				
Equity shares of Rs.4 each	5,79,94,673	23.20	5,79,25,727	23.17
Subscribed and fully paid up				
Equity shares of Rs.4 each	5,79,94,673	23.20	5,79,25,727	23.17
Total	**5,79,94,673**	**23.20**	**5,79,25,727**	**23.17**

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

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Rs. In Crores	As at March 31, 2018 No. of shares	As at March 31, 2018 Rs. In Crores
At the beginning of the period	**5,79,25,727**	**23.17**	**5,43,54,100**	**21.74**
Add: Shares alloted pursuant to exercise of ESOP	2,98,911	0.12	-	-
Add: Issue of Share Capital	-	-	22,69,289	0.91
Add: Issue of Bonus Shares	-	-	13,02,338	0.52
Less: Cancellation of shares under scheme of arrangement (Note No 40)	(5,19,53,379)	(20.78)	-	-
Add: Allotement of Shares pursuent to Scheme of Arrangement (Note No 40)	5,17,23,414	20.69	-	-
Outstanding at the end of the period	**5,79,94,673**	**23.20**	**5,79,25,727**	**23.17**

11.2. Rights, Preferences and Restrictions attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.4 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all

11.3. Shares Held by Holding Company

Particulars	As at March 31, 2019 No. of shares	As at March 31, 2019 Rs. In Crores	As at March 31, 2018 No. of shares	As at March 31, 2018 Rs. In Crores
Arvind Limited - (along with nominees)	-	-	5,19,53,379	20.78

11.4. Details of shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2019 No. of shares	As at March 31, 2019 % of shareholding	As at March 31, 2018 No. of shares	As at March 31, 2018 % of shareholding
Arvind Limited (along with nominees)	-	-	5,19,53,379	89.69%
Aura Securities Pvt Limited	1,91,12,362	32.96%	-	-
Plenty Private Equity Fund I Limited	39,35,458	6.79%	39,35,458	6.79%

11.5. Consolidation of Shares

With effect from 26th Oct 2018, 2 shares of Rs. 2 each was consolidated into 1 share of Rs. 4 each pursuant to scheme of arrangement approved by NCLT, Ahmedabad.

Number of shares for the previous year have been adjusted to give effect of this Consolidation

11.6. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding year ended March 31, 2019

a. The Company has alloted 13,02,338 Equity Shares as bonus shares by capitalization of Securities premium during the year 2017-18.

11.7. Shares reserved for issue under options

Refer Note 33 for details of shares to be issued under options

11.8 Objective, policy and procedure of capital management, refer Note 39

Note 12 : Other Equity

Rs. In Crores

Balance	As at March 31, 2019	As at March 31, 2018
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements		
Add: Adjustment due to business combination (Refer Note 40)	45.39	-
Balance at the end of the year	45.39	-
Share Application Money		
Balance as per last financial statements		
Add: Addition during the year	8.51	-
Balance at the end of the year	8.51	-
Securities premium		
Balance as per last financial statements	1,157.15	858.58
Add: Addition during the year	3.29	299.09
Add: Transfer from share based payment reserve	0.16	-
Add: Utilized during the year for bonus shares	-	(0.52)
Balance at the end of the year	1,160.60	1,157.15
Share based payment reserve (Refer Note 33)		
Balance as per last financial statements	2.08	0.67
Add: Addition during the year	1.68	1.41
Less: Transfer to Securities Premium Account	(0.16)	-
Balance at the end of the year	3.60	2.08
Surplus in statement of profit and loss		
Balance as per last financial statements	48.65	(3.96)
Add: Profit for the year	61.51	53.39
Less: OCI for the year	(1.37)	(0.07)
	108.79	49.36
Less: Appropriation		
Dividend to Holding Company for ESOP	0.19	0.71
Balance at the end of the year	108.60	48.65
Total reserves & surplus	1,326.70	1,207.88
Note 12.2 Other comprehensive income		
Equity Instruments through OCI (net of tax)		
Balance as per last financial statements	(Rs. 9,555)	(Rs. -165)
Add: Gain during the year	(Rs. -5,283)	(Rs. 9,720)
Balance at the end of the year	(Rs. 4,272)	(Rs. 9,555)
Cash Flow Hedge Reserve		
Balance as per last financial statements	-	-
Add: Gain / (loss) for the year	(0.07)	-
Less: Tax impact	0.02	-
Balance at the end of the year	(0.05)	-
Total Other comprehensive income	(0.05)	(Rs. 9,555)
Total Other equity	1,326.65	1,207.88

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

a. Capital reserve
Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the Company.

b. Securities premium
Securities premium is created due to premium on issue of shares. This reserve is utilized in accordance with the provisions of the Companies Act.

c. Share based payment reserve
This reserve relates to share options granted by the company to its employee share option plan. Further information about share-based payments to employees is set out in Note 33.

d. Equity instruments through OCI
The Company has elected to recognise changes in the fair value of certain investement in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

e. Cash Flow Hedge Reserve
The hedge reserve represents the cumulative effect portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the desginated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only whent he hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Arvind Fashions Limited
Notes to the Financial Statements
Note 13 : Financial liabilities

13 (a) Long-term Borrowings — **Rs. In Crores**

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term Borrowings (refer note I below)		
Non-current portion		
Secured		
Term loan from Banks	18.94	0.25
	18.94	**0.25**
Current maturities		
Secured		
Term loan from Banks	2.06	0.05
	2.06	0.05
Total long-term borrowings	**21.00**	**0.30**
Short-term Borrowings (refer note II below)		
Secured		
Working Capital Loans repayable on demand from Banks	24.62	-
Unsecured		
Working Capital Loans repayable on demand from Banks	-	25.00
Under Buyer's Credit Arrangement	27.08	21.09
Total short-term borrowings	**51.70**	**46.09**
Total borrowings	**72.70**	**46.39**

I **Details of Term Loans**

a **Rate of Interest, Nature of Security and Terms of Repayment** — **Rs. In Crores**

Particulars	Security	Terms of Repayment from Balance sheet date	As at March 31, 2019 Rs. In Crores	Range Of Interest
From Banks				
Rupee Loan	Secured against first charge over the entire fixed assets of the company both present and future , and second charge is created over the entire stock, receivables and other current assets of the Company both present and future	Repayable in quarterly instalments ranging between 4 to 6 in proportion of the disbursements	19.97	9.30% to 9.35%
Hire Purchase Loan	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans	1.03	9.25%

II **Details of Short Term Borrowing**

a **Rate of Interest, Nature of Security and Terms of Repayment**
i. Working Capital Loans from banks is secured first pari passu charge on Stocks and Receivables. They carry interest rates ranging from 9.75% and are repayable on Demand
ii. Buyer's Credit carry interest at the rate of 3.24% to 3.45%

13 (b) Trade payable - Current

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Acceptances	108.20	87.05
Total outstanding dues of micro enterprises and small enterprises (refer note below)	30.28	4.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	235.50	124.48
Total	**373.98**	**216.22**

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

Rs. In Crores

b Disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:	As at March 31, 2019	As at March 31, 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
i) Principal	30.28	4.69
ii) Interest	2.74	0.77
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	0.00	0.41
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	2.74	0.77
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	2.74	0.77
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	2.74	0.77

Arvind Fashions Limited
Notes to the Financial Statements

13 (c) Other financial liabilities

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposit	0.82	2.06
Guarantee Commission Liability	0.38	0.01
	1.20	2.07
Current		
Current maturity of long term borrowings	2.06	0.05
Interest accrued but not due	2.23	1.57
Interest accrued and due	3.30	0.77
Payable to employees	3.04	5.22
Book overdraft	-	(Rs. 28,700)
Payable in respect of capital goods	7.56	1.72
Foreign Exchange Forward contracts (Cash flow hedge)	0.07	-
Guarantee Commission Liability	0.23	0.06
	18.49	9.39
Total	19.69	11.46

Financial guarantee contract
The Company has given the financial guarantee to Banks on behalf of Subsidiary Company

13 (d) Financial liabilities by category

Rs. In Crores

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2019			
Borrowings			72.71
Trade payable			373.98
Other financial liabilities			19.70
Total Financial liabilities			466.39

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2018			
Borrowings			46.40
Trade payable			216.22
Other financial liabilities			11.46
Total Financial liabilities			274.08

For Financial instruments risk management objectives and policies, refer Note 38
Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

Note 14: Provisions

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	2.38	1.61
Provision for Gratuity	2.71	1.92
	5.09	3.53
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	0.57	0.20
Others		
Provision for litigation/disputed matters	0.64	-
	1.21	0.20
Total	6.30	3.73

Provision for Litigation/Disputed matters

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

The movement in the provision account is as under:

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	-	-
Provided during the year (Net) (Note No. 24)	0.64	-
Balance at the end of the year	0.64	-

Note 15 : Other current liabilities

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from customers	0.37	0.38
Statutory dues including provident fund and tax deducted at source	14.08	6.30
~~Deferred income of loyalty program reward points (Refer note a below)~~	~~1.32~~	~~1.22~~
Deferred revenue	0.96	-
Total	16.73	7.90

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

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	1.22	-
Provision made during the year(net)	7.15	8.29
Less: Redemption made during the year	7.05	7.07
Balance at the end of the year	1.32	1.22

Arvind Fashions Limited
Notes to the Financial Statements

Note 16 : Revenue from operations

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Sale of products	1,002.35	995.13
Sale of services	0.13	4.98
Operating income		
Export incentives	0.25	0.79
Foreign exchange fluctuation on vendors and customers	4.01	-
Royalty	3.10	-
Liability no longer required written back	(Rs. 22,084)	-
Others	0.06	0.04
	7.42	0.83
Total	**1,009.90**	**1,000.94**

I. Disaggregation of revenue Particulars	Year Ended March 31, 2019	Year ended March 31, 2018
A. Revenue based on Geography		
i. Domestic	995.15	980.57
ii. Export	14.75	20.37
	1,009.90	**1,000.94**
B. Revenue based on Business Segment		
Branded Apparels	1,009.90	1,000.94

II. Reconciliation of Revenue from Operation with Contract Price Particulars	Year Ended March 31, 2019	Year ended March 31, 2018
Contract Price	1,402.26	1,321.29
Less:		
Schemes and Discounts	392.11	318.50
Customer Loyalty Program	0.25	1.85
Total Revenue from Operations	**1,009.90**	**1,000.94**

Note 17 : Other income

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Interest income	0.19	0.01
Financial guarantee commission	1.48	0.39
Profit on sale of Property, Plant & Equipment (Net)	0.01	-
Exchange Difference (Net)	-	0.26
Miscellaneous income	0.11	0.01
Total	**1.79**	**0.67**

The Company has given financial guarantee to Banks on behalf of the subsidiaries. Fair value of the financial guarantee has been accounted as liability and amortised over the period of loan as commission income.

Note 18 : Cost of Trims and Accessories consumed

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Stock at the beginning of the year	1.51	1.38
Add : Purchases	5.02	1.27
	6.53	2.65
Less : Inventory at the end of the year	3.81	1.51
Total	2.72	1.14

Arvind Fashions Limited
Notes to the Financial Statements
Note 19 : Purchases of stock-in-trade

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Garments and others	756.30	387.82
Total	**756.30**	**387.82**

Note 20 : Changes in inventories

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Stock at the end of the year		
Stock-in-trade	219.64	103.43
	219.64	103.43
Stock at the beginning of the year		
Stock-in-trade	103.43	253.81
	103.43	253.81
Total	**(116.21)**	**150.38**

Note 21 : Employee benefits expense

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	57.27	44.91
Contribution to provident and other funds	5.43	3.46
Welfare and training expenses	2.91	2.49
Share based payment to employees (Refer Note 33)	0.72	0.16
Total	**66.33**	**51.02**

Note 22 : Finance costs

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Interest expenses on		
Term Loans - Interest Expense	0.31	-
Cash Credit Facilities	3.03	0.57
Others - Interest expense	5.01	2.21
Other finance cost	9.63	7.00
Total	**17.98**	**9.78**

Note 23 : Depreciation and amortization expense

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Depreciation on Property, Plant & Equipment (Refer Note 5)	4.84	2.69
Amortization on Intangible assets (Refer Note 6)	10.46	8.80
Total	**15.30**	**11.49**

Arvind Fashions Limited
Notes to the Financial Statements

Note 24 : Other expenses

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Power and fuel	0.84	0.87
Insurance	0.81	0.58
Processing charges	2.76	1.63
Printing, stationery & communication	1.74	1.70
Rent Expenses (Note No. 34)	11.13	9.58
Commission & Brokerage	6.52	166.66
Rates and taxes	0.33	2.44
Repairs :		
To Building	0.31	0.16
To others	0.72	1.05
Royalty on Sales	63.08	64.20
Freight, insurance & clearing charge	13.65	11.14
Legal & Professional charges	1.89	1.04
Housekeeping Charges	0.53	0.76
Security Charges	0.87	0.96
Computer Expenses	0.05	0.06
Conveyance & Travelling expense	5.82	3.57
Advertisement and publicity	39.93	24.36
Sales Promotion	0.09	1.10
Charges for Credit Card Transactions	0.47	0.76
Packing Materials Expenses	4.81	3.79
Contract Labour Charges	37.17	8.41
Sampling and Testing Expenses	5.27	5.90
Director's sitting fees	0.06	0.07
Provision for Litigation/Disputes	0.64	-
Allowance for doubtful debts	0.95	-
Bad debt written off	1.29	-
Auditor's remuneration - refer note (i) below	0.48	0.41
Business Conducting Fees	0.02	0.02
Bank charges	0.17	0.16
Warehouse Charges	1.51	2.83
Corporate Social Responsibility Expenses (Note No. 35)	0.46	-
Exchange difference (net)	0.16	-
Loss on assets sold, demolished, discarded and scrapped	-	-
Miscellaneous expenses	2.51	1.77
Total	**207.04**	**315.98**

(i) Breakup of Auditor's remuneration

Rs. In Crores

Particulars	Year ended March 31,2019	Year ended March 31,2018
Payment to Auditors as		
Auditors	0.30	0.28
For taxation matters	0.08	0.03
For Other certification work	0.07	0.08
For reimbursement of expenses	0.03	0.02
Total	**0.48**	**0.41**

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Arvind Fashions Limited
Notes to the Financial Statements

Note 25 : Income tax
The major component of income tax expense for the years ended March 31,2019 and March 31, 2018 are :

Rs. In Crores

Particulars	March 31,2019	March 31,2018
Statement of Profit and Loss		
Current tax		
Current income tax	13.43	22.37
Deferred tax		
Deferred tax expense/(credit)	(12.71)	(1.76)
Income tax expense reported in the statement of profit and loss	0.72	20.61

OCI section

Rs. In Crores

Particulars	March 31,2019	March 31,2018
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(0.74)	(0.03)
Net loss / (gain) on hedging instruments in a cash flow hedge	(0.02)	-
Deferred tax charged to OCI	(0.76)	(0.03)

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

A) Current tax

Rs. In Crores

Particulars	March 31,2019	March 31,2018
Accounting profit before tax from continuing operations	62.23	74.00
Tax Rate	34.944%	28.84%
Current tax expneses on Profit before tax expenses at the enacted income tax rate in India	21.75	21.34
Adjustment		
Expenses u/s 35 DD	-	(0.42)
Lower Tax Rate benefit and others	-	(0.55)
Share based Payment expense	(18.12)	-
Guarantee Commission Income	(0.52)	(0.11)
Excess provision for earlier year	(0.06)	-
Other non deductible expense	0.69	0.35
Others	(3.02)	-
At the effective income tax rate of 1.16% (March 31, 2018 27.85%)	0.72	20.61

B) Deferred tax

Rs. In Crores

Particulars	Balance Sheet		Statement of Profit and Loss and Other Comprehensive Income for the period ended	
	March 31,2019	March 31, 2018	March 31,2019	March 31, 2018
Accelerated depreciation for tax purposes	5.45	2.34	(3.11)	2.01
Expenditure allowable on payment basis(43 B)	1.97	1.49	(0.48)	1.26
Expenditure allowable over the period (Section 35D / 35DD)	-	-	-	0.44
Employee Stock Option	0.30	0.09	(0.21)	0.09
Provision for Doubtful Debt	1.92	-	(1.92)	-
Amortisation of Preliminary Exps	1.01	-	(1.01)	-
Unused losses available for offsetting against future taxable income	-	-	-	(2.01)
Unused tax credit available for offsetting against future taxable income (MAT Credit Entitlement)	6.68	-	(6.68)	-
Others	0.06	-	(0.06)	-
Deferred tax expense/(income)			(13.47)	1.79
Net deferred tax assets/(liabilities)	17.39	3.92		
Reflected in the balance sheet as follows				
Deferred tax assets	17.39	3.92		
Deferred tax liabilities	-	-		
Deferred tax liabilities (net)	17.39	3.92		

Rs. In Crores

Reconciliation of deferred tax assets / (liabilities), net	March 31,2019	March 31,2018
Opening balance as of April 1	3.92	2.13
Tax income/(expense) during the period recognised in profit or loss	12.71	1.76
Tax income/(expense) during the period recognised in OCI	0.76	0.03
Closing balance as at March 31	17.39	3.92

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

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Note 26 : Contingent liabilities

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities not provided for		
a. Bills discounted	36.75	7.86
b.Guarantee given by the company to the bank on behalf of Subsidiary	385.79	260.42

Note 27 : Capital commitment and other commitments

Rs. In Crores

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	0.58	0.71
Other commitments	-	-

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of instrument	Currency	As at March 31, 2019		As at March 31, 2018	
		In FC	Rs. In Crores	In FC	Rs. In Crores
Forward contracts					
Purchase	USD	50,49,925	34.97	-	-

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

B. Exposure Not Hedged

Nature of exposure	Currency	As at March 31, 2019		As at March 31, 2018	
		In FC	Rs. In Crores	In FC	Rs. In Crores
Receivables	USD	8,30,700	5.74	10,61,435	6.92
Payable towards borrowings	USD	25,79,889	17.84	32,35,873	21.09
Payable to creditors	USD	7,47,774	5.17	8,53,145	5.56

Arvind Fashions Limited
Notes to the Financial Statements
Note 29 : Segment

The Company's business activity falls within a single primary business segment of "Branded Apparels".Accordingly the Company is a single segment company in accordance with Ind AS 108 "Operating Segment".

Geographical segment

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

Rs. In Crores

Particulars	Year Ended/ As at March 31,2019	Year Ended/ As at March 31,2018
Segment Revenue*		
a) In India	995.15	980.57
b) Rest of the world	14.75	20.37
Total Sales	**1,009.90**	**1,000.94**
Carrying Cost of Segment Assets**		
a) In India	1,832.37	1,510.44
b) Rest of the world	4.82	6.75
Total	**1,837.19**	**1,517.19**
Carrying Cost of Segment Non Current Assets@**		
a) In India	44.62	20.91
b) Rest of the world	-	-
Total	**44.62**	**20.91**

* Based on location of Customers
** Based on location of Assets
@ Excluding Financial Assets.

Information about major customers:

Company has one Customer contributing Rs. 316.88 Crores (March 31, 2018 Rs. 224.87 Crores) to the 'revenue of the Company

Arvind Fashions Limited
Notes to the Financial Statements

Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 2.72 crores (March 31 , 2018 - 2.24 crores) is recognised as expenses and included in Note No. 22 "Employee benefit expense"

Rs. In Crores

Particulars	As at March 31,2019	As at March 31, 2018
Provident Fund (Including Pension Scheme)	1.66	1.22
Contributory Pension Scheme	1.05	0.99
Superannuation Fund	0.01	0.03
	2.72	2.24

B. Defined benefit plans:
The Company has following post employment benefits which are in the nature of defined benefit plans:
Gratuity
The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

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

Rs. In Crores

	As at April 1, 2018	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Increase (decrease)due to effect of business combination	Contributions by employer	March 31, 2019
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	2.83	0.65	0.20	0.85	(0.56)	-	0.04	0.86	0.60	1.50	0.54	-	5.16
Fair value of plan assets	(0.91)	-	(0.12)	(0.12)	0.56	(0.04)	-	-	-	(0.04)		(1.94)	(2.45)
Total benefit liability	1.92	0.65	0.08	0.73	-	(0.04)	0.04	0.86	0.60	1.46	0.54	(1.94)	2.71

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

Rs. In Crores

	As at April 1, 2017	Cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Increase (decrease)due to effect of any business	Contributions by employer	March 31, 2018
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	1.75	0.80	0.12	0.92	(0.16)	-	-	(0.12)	0.44	0.32	-	-	2.83
Fair value of plan assets	(0.02)	-	(0.01)	(0.01)	0.16	(0.54)	-	-	-	(0.54)		(0.50)	(0.91)
Total benefit liability	1.73	0.80	0.11	0.91	-	(0.54)	-	(0.12)	0.44	(0.22)	-	(0.50)	1.92

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

Particulars	Year ended March 31, 2019 (%) of total plan assets	Year ended March 31, 2018 (%) of total plan assets
Others (Insurance company Products)	100%	100%
(%) of total plan assets	**100%**	**100%**

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.30%	7.50%
Future salary increase	7.9% for Front End Employees 8.5% for others	5.00%
Expected rate of return on plan assets	7.30%	7.50%
Attrition rate	27.3% for Front End Employees 10.4% for Others	18% for Front End Employees 7% for Others
Morality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

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

Gratuity **Rs. In Crores**

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact) Year ended March 31, 2019	Year ended March 31, 2018
Gratuity			
Discount rate	50 basis points increase	(0.15)	(0.22)
	50 basis points decrease	0.16	0.00
Salary increase	50 basis points increase	0.15	0.12
	50 basis points decrease	(0.14)	(0.11)
Attrition rate	50 basis points increase	(0.02)	0.02
	50 basis points decrease	0.02	(0.02)

The followings are the expected future benefit payments for the defined benefit plan : **Rs. In Crores**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	0.56	0.21
Between 2 and 5 years	3.65	1.57
Beyond 5 years	5.03	3.49
Total expected payments	9.24	5.27

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

Particulars	Year ended March 31, 2019 Years	Year ended March 31, 2018 Years
Gratuity	6 Years	8 Years

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 1.02 Crores (Previous Year Rs. 0.59 Crores) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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Arvind Fashions Limited
Notes to the Financial Statements

Note 31 : Disclosure pursuant to Related Party

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

a Name of Related Parties and Nature of Relationship :

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Holding Company Enterprise having significant influence by Non-Executive Director	Upto 29/11/2018 From 30/11/2018
Arvind Lifestyle Brand Limited	Subsidiary Company	
Arvind Beauty Brands Retail Private Limited	Subsidiary Company	
Tommy Hilfiger Arvind Fashion Private Limited	Controlled Joint Venture	
Calvin Klein Arvind Fashion Pvt Ltd	Controlled Joint Venture	
Arvind Ruf & Tuf Pvt.Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind True Blue Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind Premium Retail Limited	Fellow Subsidiary Company Enterprise having significant influence by Key Managerial Personnel	Upto 29/11/2018 From 30/11/2018
Arvind Goodhill Suit Manufacturing Private Limited	Fellow Subsidiary Company Enterprise having significant influence by Non-Executive Director	Upto 29/11/2018 From 30/11/2018
Arvind Fashions Limited Employee Group Gratuity Trust	Trust	
Suresh Jayaraman, Managing Director	Key Managerial Personnel	W.e.f. 01/08/2018
Kannan S., Chief Financial Officer	Key Managerial Personnel	
Vijay Kumar BS , Company Secretary	Key Managerial Personnel	
Sanjaybhai Srenikbhai Lalbhai	Non Executive Director	
Jayesh Kantilal Shah	Non Executive Director	
Renuka Ramnath	Non Executive Director	
Nithya Easwaran	Non Executive Director	
Kulin Lalbhai	Non Executive Director	
Nilesh Shah	Non Executive Director	
Kamal Singal	Non Executive Director	
Abanti Sankaranarayanan	Non Executive Director	
Vallabh Bhanshali	Non Executive Director	
Nagesh Pinge	Non Executive Director	
Achal Bakeri	Non Executive Director	

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

Arvind Fashions Limited
Notes to the Financial Statements
b Transactions and Balances :

Rs. In Crores

Particulars	Holding Company		Subsidiaries		Fellow Subsidies		Enterprise having significant influence by Key Management Personnel and Non Executive Directors		Trusts		Key Managerial Personnel and Non Executive Directors	
	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018
Transactions during the year												
Purchase of Goods and Materials	3.23	9.32	-	0.70	6.81	9.81	15.42	-	-	-	-	-
Purchase of Fixed Assets	0.03	-	3.97	0.65	-	-	-	-	-	-	-	-
Sales of Goods and Materials	3.79	5.39	316.88	224.87	-	0.01	0.06	-	-	-	-	-
Sales Return of Goods and Materials	2.77	-	-	-	-	-	7.83	-	-	-	-	-
Shared Services Expenses	-	0.08	4.35	7.75	-	-	2.09	-	-	-	-	-
Commission Expenses	-	-	0.02	0.01	-	-	-	-	-	-	-	-
Royalty Expenses	-	-	42.53	33.39	-	-	-	-	-	-	-	-
Contribution Given for Employee Benefit Plans	-	-	-	-	-	-	-	-	1.94	2.47	-	-
Shared Services Income	1.88	2.22	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	0.04	-	-	-	-	-	-	-	-	-
Interest Expense	-	0.29	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-	-	-	-	-	4.43	1.50
Sitting Fees	-	-	-	-	-	-	-	-	-	-	0.05	0.03
Transfer of Assets under scheme of Arrangements	462.22	-	-	-	-	-	-	-	-	-	-	-
Guarantee commission	-	-	1.48	0.39	-	-	-	-	-	-	-	-
Loan Given	-	-	31.00	-	-	-	-	-	-	-	-	-
Investments Made	-	-	102.78	292.95	-	-	-	-	-	-	-	-
Issue of Equity shares under scheme of Arrangements (Note No. 40)	-	-	-	-	-	-	7.64	-	-	-	-	-
Share Capital Cancelled under scheme of Arrangements (Note No. 40)	20.78	-	-	-	-	-	-	-	-	-	-	-

Rs. In Crores

Particulars	Holding Company		Subsidiary		Fellow Subsidiary Joint Venture Subsidiary of Holding Company		Enterprise having significant influence by Key Management Personnel		Trusts		Key Managerial Personnel	
	Year ended March-31,2019	Period ended March 31 ,2018	Year ended March-31,2019	Year ended March 31 ,2018	Year ended March-31,2019	Year ended March 31 ,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March-31,2018	Year ended March-31,2019	Year ended March 31 ,2018
Balances as at year end												
Guarantees	-	-	385.79	260.42	-	-	-	-	-	-	-	-
Trade and Other Receivable	-	3.79	154.32	15.33	-	-	0.15	-	-	-	-	-
Loan Given	-	-	31.03	-	-	-	-	-	-	-	-	1.00
Investment	-	-	1,243.99	1,141.20	-	-	-	-	-	-	-	-
Trade and Other Payable	-	10.13	-	-	-	2.93	4.88	-	-	-	-	-

c Disclosure pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing oblidgations and disclosure requirements) Regulations, 2015 read with section 186 (4) of the Companies Act, 2013

Loans and Advances in the nature of loans

Rs. In Crores

List of Related Parties	Purpose	Balance as at March 31, 2019	Balance as at March 31, 2018	Maximum Outstanding during March 31, 2019	Maximum Outstanding during March 31, 2018
Loans and Advances					
Arvind Beauty Brands Retail Private Limited	Genaral Business Purpose	31.03	-	31.03	-
Corporate Guarantee given on behalf of Arvind Lifestyle Brands Limited	Facilitate Trade Finance	385.79	260.42	-	-

d **Terms and conditions of transactions with related parties**

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.
2) Loans given to related party carries interest rate of 8.5% (March 31, 2018 : NA)
3) Financial guarantee given to Bank on behalf of subsidiaries carries no charge and are unsecured.
4) No repayment schedule has been fixed in case of above mentioned Loans in the nature of loan gien to Subsidiary Company and are repayable on demand.

e **Commitments with related parties**
The Company has not provided any commitment to the related party as at March 31, 2019 (March 31, 2018: Rs.Nil)

g **Transactions with key managerial personnel**

Compensation of key managerial personnel of the Company

Rs. In Crores

Particulars	Year Ended March 31 ,2019	Year Ended March 31 ,2018
Short-term employee benefits	3.86	1.42
Termination benefits	0.38	0.04
Share based payments	0.19	0.04
Total compensation paid to key managerial personnel	**4.43**	**1.50**

Note 32 : Earning per share

Particulars		Year ended/ As at March 31,2019	Year ended/ As at March 31,2018
Earning per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	Rs. Crores	61.51	53.39
Total no. of equity shares at the end of the year	Nos.	5,79,94,673	5,79,25,727
Weighted average number of equity shares			
For basic EPS		5,77,96,491	5,68,19,060
For diluted EPS		5,91,38,299	5,83,02,984
Nominal value of equity shares	Rs.	4	4
Basic earning per share	Rs.	10.64	9.40
Diluted earning per share	Rs.	10.40	9.16
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS		5,77,96,491	5,68,19,060
Effect of dilution: Share options		13,41,808	14,83,924
Weighted average number of equity shares adjusted for the effect of dilution		5,91,38,299	5,83,02,984

Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOS 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. The following table sets forth the particulars of the options issued during the Financial Year 2018-19 under ESOP 2016 and ESOP 2018

Scheme	ESOP 2016		ESOP 2018	
Date of grant	3-May-18	12-Nov-18	12-Feb-19	12-Feb-19
Number of options granted	83,886	5,00,000	1,80,000	1,35,200
Exercise price per option	Rs. 106	Rs. 690.54	Rs. 669.51	Rs. 1,057.11
Vesting period	Over a period of 4 years		Vested	Vesting on 30-Apr-19
Vesting requirements	Performance based vesting	Time based vesting	Time based vesting	
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.		5 years from the date of vesting	3 years from the date of vesting
Method of settlement	Equity		Equity	

The following table sets forth a summary of the activity of options:

Particulars	ESOP 2016 2018-19	ESOP 2016 2017-18	ESOP 2018 2018-19	ESOP 2018 2017-18
Options				
Outstanding at the beginning of the period	34,72,179	33,94,114	-	-
Issued during the year	5,83,886	78,065	3,15,200	-
Forfeited during the period	(83,886)	-	-	-
Exercised during the period	(5,97,822)	-	-	-
Reduction in options due to consolidation of shares	(16,87,164)	-	-	-
Outstanding at the end of the period	16,87,193	34,72,179	3,15,200	-
Exercisable at the end of the period	6,85,396	16,24,706	1,80,000	-
Weighted average exercise price per option (Rs.)	**343.41**	**76.96**	**890.86**	-

Share Options Exercised during the year

Option Series	No. of Options	Exercise Date	Weighted Average Share
ESOS 2016	5,97,822	9-Nov-18	486.00

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 4.3 years (as at March 31, 2018: 4.5 years). The range of exericse price is from Rs. 105.58 to Rs. 1381.08

The share options outstanding at the end of the year under ESOP 2018 have a weighted average remaining contractual life of 3.26 years (as at March 31, 2018: NIL). The range of exericse price is from Rs. 669.51 to Rs. 1057.11

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date (INR per share)	Rs. 431.41	Rs. 1017.40
Expected volatility	18.47%	18.77%
Expected life (years)	4 years	1 year
Dividend yield	0%	0%
Risk-free interest rate (%)	7.58%	6.93%

Expense arising from share- based payment transactions
Total expenses arising from share- based payment transactions recognised in profit or loss as part of employee benefit expense were as follows :

Rs. In Crores

Particulars	Year Ended March 31,2019	Year Ended March 31,2018
Share based payment to Employees	0.72	0.16
Total employee share based payment expense	**0.72**	**0.16**

Note 34 : Lease Rent

Operating Lease

Showrooms and other facilities are taken on lease period of 1 to 9 years with option of renewal.

The particulars of these leases are as follows:

Particulars	March 31,2019	March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	11.13	9.58

Note 35 : Corporate Social Responsibility (CSR) Activities

(a) The Company is required to spend Rs. 0.46 crores (March 31, 2018 - Rs Nil) on CSR Activities under section 135 of the Act

(b) Amount spent during the year on :

Rs. In Crores

Particulars	Year ended					
	March, 31, 2019			March, 31, 2018		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	0.46	-	0.46	-	-	-

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Note 36 : Fair value disclosures for financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. In Crores

Particulars	Carrying amount		Fair value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets				
Investments measured at fair value through OCI	(Rs. 13,090)	(Rs. 18,375)	(Rs. 13,090)	(Rs. 18,375)
Total	**(Rs. 13,090)**	**(Rs. 18,375)**	**(Rs. 13,090)**	**(Rs. 18,375)**
Financial liabilities				
Borrowings	72.70	46.39	72.70	46.39
Total	**72.70**	**46.39**	**72.70**	**46.39**

The management assessed that the fair values of cash and cash equivalents, other bank balances, loans trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of borrowings is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.
For financial assets and financial liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 37 : Fair value hierarchy
The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Rs. In Crores

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2019					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	**March 31, 2019**	(Rs. 13,090	(Rs. 13,090)		
As at March 31, 2018					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	**March 31, 2018**	(Rs. 18,375	(Rs. 18,375)		

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31,3019 and March 31 ,2018.

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		In Rs. Crores	In Rs. Crores	In Rs. Crores	In Rs. Crores
As at March 31,2019					
Liabilities disclosed at fair value					
Borrowings	**March 31, 2019**	72.70		72.70	
As at March 31, 2018					
Liabilities disclosed at fair value					
Borrowings	**March 31, 2018**	46.39		46.39	

Note 38 : Financial instruments risk management objectives and policies

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

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%
- 10% increase / decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31,2019 and March 31 ,2018 including the effect of hedge accounting.

Interest rate risk

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

Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

As at March 31,2019, after taking into account the effect of interest rate swaps, approximately 39% of the Company's Borrowings are at fixed rate of interest (March 31, 2018 : 46%)

Interest rate sensitivity

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

Rs. In Crores

	Effect on profit before tax
March 31, 2019	
Increase in 50 basis points	(0.22)
Decrease in 50 basis points	0.22
March 31, 2018	
Increase in 50 basis points	(0.13)
Decrease in 50 basis points	0.13

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

Foreign currency risk

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

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

Foreign currency sensitivity

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

Rs. In Crores

	Change in USD rate	Effect on profit before tax
March 31, 2019	+2%	(0.35)
	-2%	0.35
March 31, 2018	+2%	(0.39)
	-2%	0.39

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 45 days to 90 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31,2019 and March 31,2018 is the carrying amount as disclosed in Note 36.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

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

Rs. In Crores

Particulars	Less than one year	More than one year
Year ended March 31, 2019		
Interest bearing borrowings*	53.76	18.94
Trade payables	373.98	-
Other financial liabilities#	18.49	1.20
	446.23	20.14
Year ended March 31, 2018		
Interest bearing borrowings*	46.14	0.25
Trade payables	216.22	-
Other financial liabilities#	9.39	2.07
	271.75	2.32

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.
# Other financial liabilities includes interest accrued but not due of Rs.2.23 Crores (March 31, 2018 : Rs.1.57 Crores).

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Note 39 : Capital management

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

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

Rs. In Crores

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest-bearing loans and borrowings (Note 13)	72.70	46.39
Less: cash and cash equivalent (including other bank balance and book overdraft)	(1.19)	(8.08)
Net debt	71.51	38.31
Equity share capital (Note 11)	23.20	23.17
Other equity (Note 12)	1,326.65	1,207.88
Total capital	1,349.85	1,231.05
Capital and net debt	1,421.36	1,269.36
Gearing ratio	5.03%	3.02%

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

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

Loan covenants

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

Note 40 : Business Combination

The National Company Law Tribunal, Ahmedabad Bench vide its order dated October 26, 2018 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to the Company with effect from November 30,2018 (the appointed date). Pursuant to the Scheme, all the assets, liabilities, income and expenses of the Branded Apparel undertaking has been transferred to the Company from the appointed date. Investments held by Branded Apparel Undertaking in the Company stand cancelled and adjusted against Capital Reserve. The Company's exisiting shares issued to Arvind were cancelled and fresh shares were issued to shareholders of Arvind Limited in the ratio of 1:5 as on the appointed date.

Details of Net Asset acquired :

Particulars	Rs. In Crores
Assets:	
Property Plant and Equipments	16.52
Current Assets	76.67
Investment	416.92
Total Assets acquired (A)	**510.11**
Liabilities:	
Current Liabilities	29.19
Borrowing	18.71
Total Liabilities assument (B)	**47.90**
Net Identifiable Assets Acquired (A-B)	**462.21**

Total Identifiable assets acquired	462.21
Investment adjusted as per the Scheme	(416.92)
Cancellation of Shares as per the Scheme	20.78
Allotement of Shares pursuent to the Scheme	(20.69)
Capital Reserve	**45.38**

Note 41 : Standards Issued but not effective

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.
Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.
As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

Note 42 : Regrouped, Recast, Reclassified

Previous period's figures in the financial statements, including the notes thereon, have been regrouped or reclassified wherever required to conform to the current period's presentation/classification.