



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS OF ARVIND FASHIONS LIMITED**

#### **Report on the audit of the Standalone Financial Results**

#### **Opinion**

1. We have audited the accompanying standalone annual financial results of Arvind Fashions Limited ("the Company") for the year ended March 31, 2020 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date ("standalone financial results"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:
  - i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
  - ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India of loss and other comprehensive income and other financial information for the year ended March 31, 2020 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter Paragraph**

4. We draw your attention to note 6 of the standalone financial results which explains the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.



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## **SORAB S. ENGINEER & CO. (Regd.)**

### **Management's Responsibilities for the Standalone Financial Results**

5. These standalone financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of standalone financial results that give a true and fair view of the loss and other comprehensive income and other financial information of the Company and the standalone statement of assets and liabilities and the standalone statement of cash flows in accordance with the recognition and measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process of the Company.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

8. Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.
9. 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 results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 the Board of Directors.

Conclude on the appropriateness of the Board of Directors' 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,



## **SORAB S. ENGINEER & CO. (Regd.)**

we are required to draw attention in our auditor's report to the related disclosures in the financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

10. 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.

### **Other Matters**

11. Due to COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, wherever carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" which includes inspection of supporting documentation relating to purchases, sales, results of cyclical count performed by the Management through the year and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these standalone financial results.

Our report on the Statement is not modified in respect of this matter.

12. The standalone financial results include the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

13. The standalone financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited standalone financial statement of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated July 09, 2020.

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

*Chokshi Shreyas B.*

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

UDIN: 20100892AAAA0N3950



Place: Ahmedabad

Date: July 09, 2020

# ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAI GROUP

Corporate Office: Du Pare Trinity, 8th Floor, 17, M.G. Road, Bengaluru - 560 001

Tel : 91-80-4155 0601, Fax : 91-80-4155 0651

Website : <http://www.arvind-fashions.com>

## Statement of Unaudited Standalone Financial Results for the Quarter and Year Ended March 31, 2020

₹ in Crores except per share data

Particulars	Quarter Ended			Year ended	
	31.03.20 (Refer Note 11)	31.12.19 Unaudited	31.03.19 (Refer Note 11)	31.03.20 Audited	31.03.19 Audited
<b>1 Income</b>					
(a) Revenue from operations	205.28	199.11	217.82	854.11	1,009.90
(b) Other Income	3.73	3.30	0.60	12.44	1.79
<b>Total Income</b>	<b>209.01</b>	<b>202.41</b>	<b>218.42</b>	<b>866.55</b>	<b>1,011.69</b>
<b>2 Expenses</b>					
(a) Cost of Trims and accessories consumed	3.86	0.05	1.13	4.52	2.72
(b) Purchases of stock-in-trade	119.24	113.90	142.70	527.52	781.64
(c) Changes in inventories of stock in trade	5.48	35.58	(7.65)	4.69	(141.55)
(d) Employee benefits expense	10.75	12.40	19.47	56.10	66.33
(e) Finance costs	9.69	11.44	5.32	37.32	17.98
(f) Depreciation and amortisation expense	5.41	2.02	4.98	13.04	15.30
(g) Other expenses	35.33	34.86	54.52	161.43	207.04
<b>Total Expenses</b>	<b>189.76</b>	<b>210.25</b>	<b>220.39</b>	<b>854.62</b>	<b>949.46</b>
<b>3 Profit/(Loss) before exceptional items and tax (1-2)</b>	<b>19.25</b>	<b>(7.84)</b>	<b>(1.97)</b>	<b>11.93</b>	<b>62.23</b>
<b>4 Exceptional items (Refer Note 6)</b>	<b>(19.26)</b>			<b>(19.26)</b>	
<b>5 Profit/(Loss) before tax (3-4)</b>	<b>(0.01)</b>	<b>(7.84)</b>	<b>(1.97)</b>	<b>(7.33)</b>	<b>62.23</b>
<b>6 Tax Expense</b>					
Current Tax	-	(0.18)	(11.69)	-	13.43
(Excess)/short provision related to earlier years	-	-	-	(0.17)	-
Deferred Tax Charge/ (Credit)	0.09	(3.39)	(10.90)	(2.27)	(12.71)
<b>Total Tax Expense/(Credit)</b>	<b>0.09</b>	<b>(3.57)</b>	<b>(22.59)</b>	<b>(2.44)</b>	<b>0.72</b>
<b>7 Profit/(Loss) for the period after tax (5-6)</b>	<b>(0.10)</b>	<b>(4.27)</b>	<b>20.62</b>	<b>(4.89)</b>	<b>61.51</b>
<b>8 Other Comprehensive Income/ (Loss) (Net of Tax)</b>					
<b>(a) Items that will not be classified to profit and loss</b>					
(i) Re-measurement gain/(loss) on defined benefit plans	0.22	(0.10)	(1.46)	(0.26)	(2.11)
(ii) Income Tax related to the item above	(0.08)	0.04	0.51	0.09	0.74
<b>(b) Items that will be classified to profit and loss</b>					
(i) Effective portion of gains / (loss) on cash flow hedges	-	(0.03)	0.09	-	(0.07)
(ii) Income Tax related to the item above	-	0.01	(0.03)	-	0.02
<b>Total other comprehensive income/(loss), net of tax</b>	<b>0.14</b>	<b>(0.08)</b>	<b>(0.89)</b>	<b>(0.17)</b>	<b>(1.42)</b>
<b>9 Total Comprehensive Income/ (Loss) for the Period (7+8)</b>	<b>0.04</b>	<b>(4.35)</b>	<b>19.73</b>	<b>(5.06)</b>	<b>60.09</b>
<b>10 Paid-up Equity Share Capital (Face Value ₹ 4/- per share)</b>	<b>23.47</b>	<b>23.47</b>	<b>23.20</b>	<b>23.47</b>	<b>23.20</b>
<b>11 Other Equity</b>				<b>1,325.79</b>	<b>1,326.65</b>
<b>12 Earning Per Share in ₹ (Annualised, except for quarters)</b>					
- Basic	(0.02)	(0.73)	3.57	(0.84)	10.64
- Diluted	(0.02)	(0.72)	3.49	(0.83)	10.40

(See accompanying notes to the Standalone Financial Results)

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

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892



Ahmedabad  
July 09, 2020

For Arvind Fashions Limited

*Suresh J.*  
Suresh J.  
Managing Director

Bengaluru  
July 09, 2020

ARVIND

Regd Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380 025

CIN: L52399GJ2016PLC085595

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## Audited Standalone Statement of Assets and Liabilities

Particulars	₹ in Crores	
	Year Ended	
	31.03.20	31.03.19
	Audited	Audited
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
(a) Property, plant and equipment		29.62
(b) Capital work-in-progress	31.01	5.50
(c) Intangible assets		9.21
(d) Intangible assets under development	26.69	1.93
(e) Financial assets		
(i) Investments		
(ii) Loans	1,301.48	1,243.99
(iii) Other financial assets	0.03	0.14
(f) Deferred tax assets (net)	18.15	14.26
(g) Other non-current assets	19.81	17.39
	0.19	0.28
<b>Sub-Total-Non-current Assets</b>	<b>1,397.36</b>	<b>1,322.32</b>
<b>II. Current assets</b>		
(a) Inventories		249.14
(b) Financial assets	247.93	147.39
(i) Trade receivables		1.16
(ii) Cash and cash equivalents	185.97	0.03
(iii) Bank balance other than (iii) above	8.00	31.49
(iv) Loans	0.22	0.69
(v) Others financial assets	110.86	71.90
(c) Current tax assets (net)	0.47	13.07
(d) Other current assets	15.18	1.90
	67.83	
<b>Sub-Total-Current Assets</b>	<b>636.46</b>	<b>514.87</b>
<b>Total Assets</b>	<b>2,033.82</b>	<b>1,837.19</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	23.47	23.20
(b) Other equity	1,325.79	1,326.65
<b>Sub-Total -Equity</b>	<b>1,349.26</b>	<b>1,349.85</b>
<b>LIABILITIES</b>		
<b>I. Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings		18.94
(ii) Other financial liabilities	20.97	1.20
(b) Long-term provisions	4.14	5.09
	4.55	
<b>Sub-Total - Non-current Liabilities</b>	<b>29.66</b>	<b>25.23</b>
<b>II. Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings- short term		51.70
(ii) Trade payables	234.42	30.28
a) total outstanding dues of micro enterprises and small enterprises	57.97	343.70
b) total outstanding dues of creditors other than micro enterprises and small enterprises	338.42	18.49
(iii) Other financial liabilities	18.90	16.73
(b) Other current liabilities	3.57	1.21
(c) Short-term provisions	1.62	
<b>Sub-Total - Current Liabilities</b>	<b>654.90</b>	<b>462.11</b>
<b>Total Equity and Liabilities</b>	<b>2,033.82</b>	<b>1,837.19</b>

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

CA. Chokshi Shreyas B.

Partner  
Membership No. 100892

Ahmedabad  
July 09, 2020



For Arvind Fashions Limited

Suresh J.  
Managing Director

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## Standalone Statement of Cash Flows for the year ended March 31, 2020

(₹ in Crores)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
<b>A Operating activities</b>		
Profit/(Loss) Before taxation	(7.33)	62.23
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation /Amortization	13.04	15.30
Financial guarantee commission	(3.72)	(1.48)
Interest Income	(8.27)	(0.19)
Interest and Other Borrowing Cost	37.32	17.98
Gain on Reassessment of Lease	(0.05)	0.00
Bad Debts Written off	0.09	1.29
Allowance of doubtful debts/advances	0.98	0.95
Provision for Litigation/Disputes	0.45	0.64
Foreign Exchange difference	-	(0.58)
(Profit)/Loss on Sale of Property, Plant & Equipment /Intangible assets	0.33	(0.01)
Share based payment expense	0.40	0.72
	<b>40.70</b>	<b>34.62</b>
Operating Profit before Working Capital Changes	<b>33.37</b>	<b>96.85</b>
Working Capital Changes:		
(Increase) / Decrease in Inventories	1.21	(108.42)
(Increase) / Decrease in trade receivables	(39.34)	(77.23)
(Increase) / Decrease in other assets	3.79	102.55
(Increase) / Decrease in other financial assets	(3.67)	(2.50)
(Increase) / Decrease in other bank balances	(0.19)	-
Increase / (Decrease) in trade payables	22.41	157.76
Increase / (Decrease) in other liabilities	(13.16)	(20.36)
Increase / (Decrease) in other financial liabilities	(2.88)	2.42
Increase / (Decrease) in provisions	(0.84)	(0.18)
<b>Net Changes in Working Capital</b>	<b>(32.70)</b>	<b>54.04</b>
<b>Cash Generated from Operations</b>	<b>0.67</b>	<b>150.89</b>
Direct Taxes paid (Net of Income Tax refund)	(1.94)	(26.99)
<b>Net Cash from Operating Activities (A)</b>	<b>(1.27)</b>	<b>123.90</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment /Intangible assets (Net)	(25.67)	(26.21)
Proceeds from disposal of Property, Plant & Equipment	1.52	0.56
Changes in Capital Advances	0.09	1.25
Changes in Loans and advances	(79.26)	(29.99)
Purchase of Investments	(50.00)	(100.00)
Interest Received	8.22	0.19
<b>Net cash flow from Investing Activities (B)</b>	<b>(145.10)</b>	<b>(154.20)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	9.30	3.41
Share application money received	(8.51)	8.51
Changes in long term Borrowings	2.86	20.70
Changes in short term borrowings	182.72	(12.52)
Principal Repayment of Lease Liabilities	(0.78)	-
Interest and Other Borrowing Cost Paid	(32.38)	(14.79)
<b>Net Cash flow from Financing Activities (C)</b>	<b>153.21</b>	<b>5.31</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>6.84</b>	<b>(24.99)</b>
Cash & Cash equivalents at the beginning of the year	1.16	8.05
Add: Adjustment due to business combination	-	18.10
	1.16	26.15
Cash & Cash equivalents at the end of the year	8.00	1.16

### Reconciliation of Cash & Cash equivalents:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	-	0.02
Balances with Banks	8.00	1.14
<b>Cash and cash equivalents</b>	<b>8.00</b>	<b>1.16</b>

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

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892

Ahmedabad  
July 09, 2020



For Arvind Fashions Limited

*Suresh J.*  
Suresh J.  
Managing Director

Bengaluru  
July 09, 2020

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## Notes to the Standalone Financial Results:

- 1 The above standalone financial results have been prepared in accordance with Indian Accounting Standards, as prescribed under section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
- 2 The above standalone financial results for the quarter and year ended March 31, 2020 which have been subjected to audit by the Auditors of the Company, were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their meeting held on July 09, 2020 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. The Statutory Auditors have expressed an unqualified audit opinion.
- 3 The Company is primarily engaged in the business of Branded Apparels (Garments and Accessories) through retail and departmental store facilities, which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting segment.
- 4 Effective from April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach as per para C8 (C) (i) to its leases. Consequently, the Company has recorded lease liability of Rs. 2.47 Crores calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 2.31 Crores determined at net of the amount calculated by applying the standard since the date of the commencement of lease and the resulting depreciation up to the date of adoption. The net effect of Rs. 0.10 Crores (net of deferred tax asset of Rs. 0.06 Crores) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.

Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" of Rs. Nil (quarter ended December 31, 2019: Rs. 0.14 Crores and year ended March 31, 2020: Rs. 0.86 Crores) to "depreciation expense" of Rs. Nil (quarter ended December 31, 2019: Rs. 0.05 Crores and year ended March 31, 2020: Rs. 0.67 Crores) for the right to-use assets and "finance cost" of Rs. Nil (quarter ended December 31, 2019: Rs. 0.01 Crores and year ended March 31, 2020: Rs. 0.08 Crores) for interest accrued on lease liability. To this extent, performance for the quarter and year ended March 31, 2020 is not comparable with previous period results.

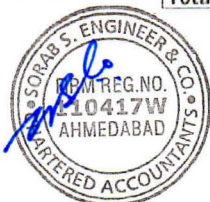
- 5 The National Company Law Tribunal, Ahmedabad Bench vide its order dated October 26, 2018 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to Arvind Fashions Limited with effect from November 30, 2018 (the appointed date). The Scheme became effective from November 30, 2018. 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. To this extent, current quarter and year ended on March 31, 2020 are not comparable with those of previous periods.
- 6 The Pandemic of COVID-19 is having an unprecedented impact globally on people and on the economy. It has caused severe effects on the economy, world over including India due to lockdowns, disruptions in transportation, supply chain, travel plans, quarantines, social distancing and other emergency measures. As a result of the lockdown imposed by the Government of India owing to spread of COVID-19 in the country, the Company closed its offices from March 23, 2020 and moved to the concept of Work from Home (WFH) for all employees. Post the recent relaxation in lockdown, the Company has gradually started opening its offices in certain geographies with limited workforce in-line with the Government's directives issued as on date.

The Company is engaged in the business of trading and retailing of readymade garments and accessories. It has a large retail and wholesale network. The operations of the Company has been severely affected by this disruption. Both retail and wholesale operations have remain under suspension for substantial part of Q1FY21. The effects such as lower than normal business, other disruptions are expected to have continuing effect at least for the next few quarters based on current assessment.

The Company has made detailed assessment of its liquidity position and of the recoverability and carrying value of its assets as at balance sheet date and has made appropriate adjustment along with adjustment to revenue recognition and actuarial assumptions. In assessing the recoverability of its assets including receivables and inventories, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. However, the overall environment continues to remain uncertain and our assumptions used for preparing the financial statements may undergo change depending on the evolving economic and health environment in the Country. The Company will continue to monitor the situation and constantly assess the financial impact to its retail as well wholesale operations.

The Group has taken additional provisions arising out of Covid, the impact of which are disclosed under Exceptional Items and the details are as under:

Particulars	Quarter Ended			Year ended	
	31.03.20	31.12.19	31.03.19	31.03.20	31.03.19
(a) Margin on Sales Return Provision	12.52	-	-	12.52	-
(b) Inventory Dormancy Provision	4.89	-	-	4.89	-
(c) Allowance for Doubtful Debtors	1.85	-	-	1.85	-
<b>Total</b>	<b>19.26</b>	<b>-</b>	<b>-</b>	<b>19.26</b>	<b>-</b>



ARVIND

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CIN: L52399GJ2016PLC085595

# ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAI GROUP

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- 7 The Board of Directors of the Company in its meeting held on February 21, 2020, has recommended and subsequently approved by the members of the Company, the proposal to transfer the "Flying Machine" ("FM") wholesale trading business of the Company as a going concern to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company by way of slump sale at a lump sum consideration which will not be less than book value of FM division as appearing on the date of closure of the transaction.
- 8 The Company has initiated discussion for lease rent waiver on account of pandemic and have received confirmations from some of the landlord. The Company has accounted for revised rentals on account of modification only where it has received signed confirmation from landlord.
- 9 During the quarter, the Company has allotted Nil equity shares (quarter ended December 31, 2019: Nil, quarter ended March 31, 2019: Nil, year ended March 31, 2020: 6,84,691, year ended March 31, 2019: 2,98,911) pursuant to exercise of stock options by employees.
- 10 Considering the countrywide lockdown imposed by the Government of India to combat the spreading of Novel Coronavirus ("COVID-19") and overall market conditions, the Committee of Directors of the Company has, at its meeting held on March 26, 2020, decided to defer the Rights Issue of the Company which was to open on March 30, 2020. Subsequently, considering the dynamic nature of the pandemic situation, Board of Directors at its meeting held on June 21, 2020, has revised the Issue size up to Rs. 399.79 Crores from Rs. 299.64 Crores and approved to issue equity shares on rights basis in the ratio of 62:91, i.e. 62 Equity Shares for every 91 Equity Shares held at an Issue Price of Rs. 100/- per Equity Share (including premium of Rs. 96/- per Equity Share). The rights issue is open for subscription from June 29, 2020.
- 11 The standalone figures of the last quarter are the balancing figure between the audited figures in respect of the full financial year upto March 31, 2020 and March 31, 2019 and the unaudited year-to-date figures upto December 31, 2019 and December 31, 2018 being the date of the end of the third quarter of the financial year which were subjected to limited review by the auditor.
- 12 Previous period's figures have been regrouped/ rearranged wherever necessary, to conform to current period presentation.

For **Sorab S. Engineer & Co.**  
Chartered Accountants

Firm Registration No. 110417W

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Ahmedabad  
July 09, 2020



For **Arvind Fashions Limited**

*Suresh J.*  
Suresh J.  
Managing Director

Bengaluru  
July 09, 2020

**ARVIND**

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE BOARD OF DIRECTORS OF ARVIND FASHIONS LIMITED**

**Report on the Audit of Consolidated Financial Results**

**Opinion**

1. We have audited the accompanying consolidated annual financial results of Arvind Fashions Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") for the year ended March 31, 2020 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date ("consolidated financial results"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the subsidiary, the aforesaid consolidated financial results:

- (i) include the annual financial results of the following entities:

**Parent Company**

Arvind Fashions Limited

**Subsidiary Companies**

Arvind Lifestyle Brands Limited  
Arvind Beauty Brands Retail Private Limited  
Calvin Klein Arvind Fashion Private Limited  
Tommy Hilfiger Arvind Fashion Private Limited  
Arvind Youth Brands Private Limited  
Value Fashion Retail Limited

- (ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (iii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India of the net loss and other comprehensive income and other financial information for the year ended March 31, 2020 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the



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**Bengaluru Branch** : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bengaluru-560020.

**Telephone** : +91 9925879234 • **Email** : sseblr@sseco.in

## **SORAB S. ENGINEER & CO. (Regd.)**

ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter Paragraph**

4. We draw your attention to note 6 of the consolidated financial results which explains the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### **Board of Directors' Responsibilities for the Consolidated Financial Results**

5. These Consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net loss and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.
6. In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 consolidated financial results.

*mlb*

## **SORAB S. ENGINEER & CO. (Regd.)**

9. 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 consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the Board of Directors.
  - Conclude on the appropriateness of the Board of Directors 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 ability of the Group and its associates and jointly controlled entities 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 consolidated financial results 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entity included in the consolidated financial results, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors 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.
11. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.



**Other Matters**

12. The consolidated financial results include the audited financial results of two subsidiaries, whose financial statements reflect total assets of Rs. 3,264.90 Crores and net assets of Rs. 467.41 Crores as at March 31, 2020, total revenue of Rs. 2854.94 Crores, total comprehensive loss of Rs. 340.12 Crores and cash outflow (net) of Rs. 2.30 Crores for the year ended March 31, 2020, as considered in the consolidated financial results, which have been audited by other auditors. The independent auditors' reports on financial statements of these entities have been furnished to us and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us as are as stated in paragraph above.

Our opinion on the consolidated financial results is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

13. The consolidated financial results includes the financial results of two subsidiaries, whose financial statements reflect total assets of Rs. 0.02 Crores and net assets of Rs. 0.02 Crores as at March 31, 2020, total revenue of Rs. Nil, total comprehensive income of Rs. Nil and cash flow (net) of Rs. 0.02 Crores for the year ended March 31, 2020, as considered in the consolidated financial results. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

Our report on the Statement is not modified in respect of the above matter with respect to our reliance on the financial statements certified by the Board of the Directors. Our conclusion on the Statement is not modified in respect of the above matters.

14. Due to COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, wherever carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" which includes inspection of supporting documentation relating to purchases, sales, results of cyclical count performed by the Management through the year and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these consolidated financial results. Our report on the Statement is not modified in respect of this matter.

15. The consolidated financial results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.



**SORAB S. ENGINEER & CO. (Regd.)**

16. The consolidated financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited consolidated financial statement of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated July 09, 2020.

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



**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892  
UDIN: 20100892AAAA007186

Place: Ahmedabad  
Date: July 09, 2020

# ARVIND FASHIONS LIMITED

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## Statement of Consolidated Financial Results for the Quarter and Year Ended March 31, 2020

Particulars	Quarter Ended		Year Ended		
	31.03.20	31.12.19	31.03.19	31.03.20	31.03.19
	(Refer Note 12)	Unaudited	(Refer Note 12)	Audited	Audited
<b>1 Income</b>					
(a) Revenue from operations	710.46	1,135.45	1,168.96	3,866.30	4,643.86
(b) Other Income	41.77	18.67	8.02	59.78	4.13
<b>Total Income</b>	<b>752.23</b>	<b>1,146.12</b>	<b>1,168.98</b>	<b>3,926.08</b>	<b>4,647.99</b>
<b>2 Expenses</b>					
(a) Cost of trims and accessories consumed	3.55	0.26	1.54	5.15	5.85
(b) Purchases of stock-in-trade	438.91	409.10	651.95	2,211.17	2,739.07
(c) Changes in inventories	39.87	166.60	(107.00)	(84.83)	(456.20)
(d) Employee benefits expense	76.61	85.80	95.72	349.24	407.76
(e) Finance costs	72.04	77.95	35.01	289.11	126.21
(f) Depreciation and amortisation expense	103.27	122.93	44.11	432.51	153.16
(g) Other expenses	261.22	310.30	441.56	1,154.47	1,659.26
<b>Total Expenses</b>	<b>895.58</b>	<b>1,227.02</b>	<b>1,162.89</b>	<b>4,361.81</b>	<b>4,635.11</b>
<b>3 Profit/(Loss) before exceptional items and tax (1-2)</b>	<b>(143.35)</b>	<b>(80.90)</b>	<b>6.09</b>	<b>(435.73)</b>	<b>12.88</b>
<b>4 Exceptional items (Refer Note 6)</b>	<b>(60.69)</b>	<b>-</b>	<b>-</b>	<b>(60.69)</b>	<b>-</b>
<b>5 Profit/(Loss) Before Tax (3-4)</b>	<b>(204.04)</b>	<b>(80.90)</b>	<b>6.09</b>	<b>(496.42)</b>	<b>12.88</b>
<b>6 Tax Expense</b>					
Current Tax	(0.36)	0.63	(7.36)	3.19	21.16
(Excess)/short provision related to earlier years				(0.17)	-
Deferred Tax Charge/(Credit)	4.49	(31.00)	(2.85)	(108.08)	(29.76)
<b>Total Tax Expense/(Credit)</b>	<b>4.08</b>	<b>(30.37)</b>	<b>(15.21)</b>	<b>(97.06)</b>	<b>(8.60)</b>
<b>7 Net Profit/(Loss) for the period (5-6)</b>	<b>(208.12)</b>	<b>(50.53)</b>	<b>21.30</b>	<b>(399.36)</b>	<b>21.48</b>
<b>Attributable to:</b>					
<b>Equity Holders of the Parent(i)</b>	<b>(204.33)</b>	<b>(52.00)</b>	<b>19.56</b>	<b>(400.82)</b>	<b>16.61</b>
Non-controlling interest (ii)	(3.79)	1.47	1.74	1.46	4.87
	<b>(208.12)</b>	<b>(50.53)</b>	<b>21.30</b>	<b>(399.36)</b>	<b>21.48</b>
<b>8 Other Comprehensive Income/ (Loss) (Net of Tax)</b>					
<b>(a) Items that will not be classified to profit and loss</b>					
(i) Re-measurement gain/(loss) on defined benefit plans	2.59	(0.33)	(4.67)	1.04	(6.58)
(ii) Income Tax related to the item above	(0.84)	0.08	1.79	(0.33)	2.45
<b>(b) Items that will be classified to profit and loss</b>					
(i) Effective portion of gains / (loss) on cash flow hedges	2.67	2.99	(2.95)	5.77	(3.32)
(ii) Income Tax related to the item above	(0.30)	(0.70)	0.71	(1.04)	0.77
<b>Other Comprehensive Income/ (Loss) (Net of Tax)</b>	<b>4.07</b>	<b>2.04</b>	<b>(5.12)</b>	<b>5.44</b>	<b>(6.68)</b>
<b>Attributable to:</b>					
<b>Equity holders of the Parent(ii)</b>	<b>2.65</b>	<b>0.94</b>	<b>(4.11)</b>	<b>2.87</b>	<b>(5.67)</b>
Non-controlling interest(iii)	1.42	1.10	(1.01)	2.57	(1.01)
	<b>4.07</b>	<b>2.04</b>	<b>(5.12)</b>	<b>5.44</b>	<b>(6.68)</b>
<b>9 Total Comprehensive Income/ (Loss) for the Period (7+8)</b>	<b>(204.05)</b>	<b>(48.49)</b>	<b>16.18</b>	<b>(393.92)</b>	<b>14.80</b>
<b>Attributable to:</b>					
<b>Equity holders of the Parent</b>	<b>(201.68)</b>	<b>(51.06)</b>	<b>15.45</b>	<b>(397.95)</b>	<b>10.94</b>
Non-controlling interest	(2.37)	2.57	0.73	4.03	3.86
	<b>(204.05)</b>	<b>(48.49)</b>	<b>16.18</b>	<b>(393.92)</b>	<b>14.80</b>
<b>10 Paid-up Equity Share Capital (Face Value ₹ 4/- per Share)</b>	<b>23.47</b>	<b>23.47</b>	<b>23.20</b>	<b>23.47</b>	<b>23.20</b>
<b>11 Other Equity</b>				<b>575.03</b>	<b>1,106.21</b>
<b>12 Earning Per Share in ₹ (Annualised, except for quarters)</b>					
-Basic	(34.84)	(8.86)	3.88	(68.37)	2.87
-Diluted	(34.67)	(8.77)	3.31	(67.89)	2.81

(See accompanying notes to the Consolidated Financial Results)

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

CA. Chokshi Shreevas B.  
Partner  
Membership No. 100892

Ahmedabad  
July 09, 2020



For Arvind Fashions Limited

Suresh J.  
Managing Director

Bengaluru  
July 09, 2020

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## Audited Consolidated Statement of Assets and Liabilities

₹ in Crores

Particulars	Year Ended	
	31.03.20	31.03.19
	Audited	Audited
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
(a) Property, plant and equipment	298.87	373.10
(b) Capital work-in-progress	1.44	5.74
(c) Right-of-use asset	733.69	-
(d) Goodwill on consolidation	111.23	111.23
(e) Intangible assets	90.37	53.13
(f) Intangible assets under development	-	5.70
(g) Financial assets	-	-
(i) Investments	-	0.02
(ii) Loans	0.07	0.31
(iii) Other financial assets	206.65	235.97
(h) Deferred tax assets (net)	440.06	269.18
(i) Other non-current assets	7.75	11.04
<b>Sub-Total-Non-current Assets</b>	<b>1,890.13</b>	<b>1,065.42</b>
<b>II. Current assets</b>		
(a) Inventories	1,305.83	1,184.16
(b) Financial assets		
(i) Trade receivables	781.35	878.72
(ii) Cash and cash equivalents	10.09	7.72
(iii) Bank balance other than (ii) above	1.54	4.35
(iv) Loans	4.17	3.65
(v) Others financial assets	47.13	27.82
(c) Current tax assets (net)	38.38	30.23
(d) Other current assets	372.62	322.27
<b>Sub-Total-Current Assets</b>	<b>2,561.11</b>	<b>2,458.92</b>
<b>Total Assets</b>	<b>4,451.24</b>	<b>3,524.34</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	23.47	23.20
Other equity	575.03	1,106.21
<b>Sub-Total -Equity</b>	<b>598.50</b>	<b>1,129.41</b>
<b>Non Controlling Interest</b>	88.86	91.17
<b>LIABILITIES</b>		
<b>I. Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	162.78	86.30
(ii) Lease liabilities	830.62	-
(iii) Other financial liabilities	79.00	66.94
(b) Long-term provisions	19.65	21.36
(c) Other non-current liabilities	0.23	-
<b>Sub-Total - Non-current Liabilities</b>	<b>1,092.28</b>	<b>174.60</b>
<b>II. Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings- short term	1,047.61	704.50
(ii) Lease liabilities	87.70	-
(iii) Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	177.32	135.41
b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,147.98	1,103.55
(iv) Other financial liabilities	141.05	104.47
(b) Other current liabilities	47.70	59.94
(c) Short-term provisions	22.24	21.29
<b>Sub-Total - Current Liabilities</b>	<b>2,671.60</b>	<b>2,129.16</b>
<b>Total Equity and Liabilities</b>	<b>4,451.24</b>	<b>3,524.34</b>

For Sorab S. Engineer & Co.

Chartered Accountants

Firm Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.  
Partner

Ahmedabad  
July 09, 2020



For Arvind Fashions Limited

Suresh J.

Managing Director

Bengaluru

July 09, 2020

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## Consolidated Statement of Cash Flows for the year ended March 31, 2020

(₹ in Crores)

Particulars	Year ended		Year ended	
	March 31, 2020		March 31, 2019	
<b>A Operating activities</b>				
Profit/(Loss) Before taxation		(496.42)		12.88
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation /Amortization	437.51		153.16	
Interest Income	(2.61)		(2.21)	
Interest and Other Borrowing Cost	289.11		126.21	
Advances written off	2.32		0.19	
Bad Debt written off	0.25		-	
Allowance of doubtful debts	1.88		2.41	
Provision for Litigation/Disputes	2.01		4.30	
Gain on reassessment of lease	(52.61)		-	
Investment written off	0.02		-	
Foreign Exchange difference	-		(1.19)	
Property, Plant & Equipment written off	0.59		0.50	
(Profit)/Loss on Sale of Property, Plant & Equipment /Intangible assets	(1.79)		(0.07)	
Share based payment expense	3.74		1.48	
		<b>680.42</b>		<b>284.78</b>
<b>Operating Profit before Working Capital Changes</b>		<b>184.00</b>		<b>297.66</b>
Working Capital Changes:				
(Increase) / Decrease in Inventories	(121.67)		(250.92)	
(Increase) / Decrease in trade receivables	95.24		(61.98)	
(Increase) / Decrease in other assets	(55.86)		86.68	
(Increase) / Decrease in other financial assets	14.38		(19.17)	
(Increase) / Decrease in Other Bank Balances	2.81		11.78	
Increase / (Decrease) in trade payables	86.34		170.99	
Increase / (Decrease) in other liabilities	(12.01)		(9.11)	
Increase / (Decrease) in other financial liabilities	25.40		(10.52)	
Increase / (Decrease) in provisions	(1.73)		(3.44)	
<b>Net Changes in Working Capital</b>		<b>32.90</b>		<b>(85.69)</b>
<b>Cash Generated from Operations</b>		<b>216.90</b>		<b>211.97</b>
Direct Taxes paid (Net of Income Tax refund)		(11.17)		(36.88)
<b>Net Cash from Operating Activities (A)</b>		<b>205.73</b>		<b>175.09</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Property, Plant & Equipment /Intangible assets (Net)	(126.56)		(153.38)	
Changes in Capital Advances	6.48		(0.06)	
Changes in Loans given	(0.28)		1.10	
Interest Received	2.70		2.41	
<b>Net cash flow from Investing Activities (B)</b>		<b>(117.66)</b>		<b>(149.93)</b>
<b>C Cash Flow from Financing Activities</b>				
Proceeds from issue of share capital	9.30		3.41	
Share application money received	(8.51)		8.51	
Changes in long term borrowings	76.61		(34.84)	
Changes in short term borrowings	343.11		96.76	
Principal repayment of lease liabilities	(240.21)		-	
Interest and Other Borrowing Cost Paid	(265.67)		(119.78)	
<b>Net Cash flow from Financing Activities (C)</b>		<b>(85.37)</b>		<b>(45.94)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A) +(B)+(C)</b>		<b>2.70</b>		<b>(20.78)</b>
Cash & Cash equivalent at the beginning of the year		7.24		9.92
Add: Adjustment due to business combination				18.10
		7.24		28.02
Cash & Cash equivalent at the end of the year		9.94		7.24

### Reconciliation of Cash & Cash equivalents:

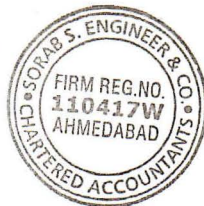
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	0.01	0.04
Balances with Banks	10.08	7.68
Less: Bank Overdraft	10.09	7.72
<b>Cash and cash equivalents</b>	<b>9.94</b>	<b>7.24</b>

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

*Chokshi Shreyas B.*

CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892

Ahmedabad  
July 09, 2020



For Arvind Fashions Limited

*Suresh J.*  
Managing Director

Bengaluru  
July 09, 2020

ARVIND

Regd Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380 025  
CIN: L52399GJ2016PLC085595



# ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAI GROUP

Corporate Office: Du Parc Trinity, 8th Floor, 17, M.G. Road, Bengaluru - 560 001

Tel : 91-80-4155 0601, Fax : 91-80-4155 0651

Website : <http://www.arvind-fashions.com>

## Notes to the Consolidated Financial Results:

1 The above consolidated financial results have been prepared in accordance with Indian Accounting Standards as prescribed under section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2 The above consolidated financial results for the quarter and year ended March 31, 2020 which have been subjected to audit by the Auditors of the Company, were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their meeting held on July 29, 2020. The consolidated financial results are in accordance with the provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulation 2015. The Statutory Auditor's certificate is available at [www.arvind-fashions.com](http://www.arvind-fashions.com).

3 The Group is primarily engaged in the business of branded apparels, garments and accessories for men, women and children. The statement of stock facts, given in the form of Tables T-1 to T-4 showing significant changes in the equity capital is available at [www.arvind-fashions.com](http://www.arvind-fashions.com).

4 Effective from April 1, 2019, the Group has adopted Ind AS 116. Leases. Leases were classified into lease liability and right-of-use assets. In respect of its leases, the Group has recorded lease liability of Rs. 128.35 Crores (classified as the lease liability of Rs. 127.78 Crores determined as per the amount calculated by applying the standard rate to the date of commencement of lease) including restructured lease liability of Rs. 2.95 Crores and the resulting depreciation up to the date of effect on the net effect of Rs. 117.50 Crores (net of (a) deferred tax asset of Rs. 72.17 Crores and (b) charge of non-current interest of Rs. 6.38 Crores) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.

Due to transition, the nature of expenses in respect of operating leases has changed from lease rent of Rs. 82.46 Crores (quarter ended December 31, 2019: Rs. 83.90 Crores and year ended March 31, 2020: Rs. 145.19 Crores) to depreciation expense of Rs. 50.20 Crores (quarter ended December 31, 2019: Rs. 69.01 Crores and year ended March 31, 2020: Rs. 262.76 Crores) for the right-of-use assets and "finance cost" of Rs. 24.50 Crores (quarter ended December 31, 2019: Rs. 27.60 Crores and year ended March 31, 2020: Rs. 109.67 Crores) for interest accrued on lease liability. To this extent, performance for the quarter and year ended March 31, 2020 is not comparable with previous period results.

The life of intangible fixed assets have been aligned with the lease term (if lower) for Ind AS 116. Accordingly, the assets have been depreciated considering the lease term or useful life whichever is lower. Depreciation includes accelerated amounts on account of this alignment as well as change in estimate of useful lives of property, plant and equipment resulting from stock transfers of Rs. 1.01 Crores (quarter ended December 31, 2019: Rs. 2.68 Crores and year ended March 31, 2020: Rs. 22.47 Crores).

5 The National Company Law Tribunal, Ahmedabad (NCLT) vide its order dated October 26, 2019 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to Arvind Apparel Limited with effect from November 30, 2019 (the appointed date). The scheme became effective from November 30, 2019 pursuant to the approval of the courts, tribunals, income and expenses of the Branded Apparel undertaking has been transferred to the Company from the appointed date. To this extent, current quarter and year ended on March 31, 2020 are not comparable with those of previous periods.

6 The Pandemic of COVID-19 is having an unprecedented impact globally on people and on the economy. It has caused severe effects on the economy, world over including India due to lockdowns, disruptions in transportation, supply chain, travel plans, quarantines, social distancing and other emergency measures. As a result of the lockdown imposed by the Government of India owing to spread of COVID-19 in the country, the Group closed its offices from March 23, 2020 and moved to the concept of Work from Home (WFH) for all employees. Post the recent relaxation in lockdown, the Group has gradually started opening its offices in certain geographies with limited workforce in line with the Government's directives issued as on date.

The Group is engaged in the business of trading and retailing of ready-made garments and accessories. It has a large retail and wholesale network. The operations of the Group has been severely affected by the disruption in retail and wholesale operations have remain under suspension for substantial part of Q3 2020. The effect of such has been that sales, other indicators are expected to have continuing effect at least for the next few quarters based on current assessment.

The Group has a more detailed assessment of its liquidity position and of the recoverability of its receivables and its ability to meet all its current liabilities and has made appropriate adjustment along with provisions for receivables and other assets. In assessing the recoverability of its assets including receivables and inventories, the Group has considered internal and external information up to the date of approval of these financial statements including economic forecasts. However, the internal environment continues to remain uncertain and our assumptions used for preparing the financial statements may undergo change depending on the recovery economic and health environment in the Country. The Group will continue to monitor the situation and constantly assess the financial impact to its retail as well as corporate operations.

The Group has taken additional provisions arising out of Covid, the impact of which are disclosed under Exceptional Items and the details are as under:

Particulars	Rs. in Crores			
	Quarter Ended		Year ended	
	31.03.20	31.03.19	31.03.20	31.03.19
(a) Margin on Sales Return Provision	35.15	39.19		
(b) Inventory Dismancy Provision	13.29	14.19		
(c) Allowance for Doubtful Debtors	10.01	10.01		
(d) Provision for Schemes and Discounts	6.34	2.34		
<b>Total</b>	<b>60.69</b>	<b>60.69</b>		

7 The Board of Directors of the holding company and Arvind Lifestyle Brands Limited, a wholly owned subsidiary, Company, in their meeting held on February 21, 2020, have recommended and subsequently approved by the members of the respective companies the proposal to transfer the "Klayo Machine" (TM) wholesale and retail trading business of the respective companies as a going concern to Arvind Lifestyle Brands Private Limited, a wholly owned subsidiary of the Company, vide a special resolution of the board of directors which will not be less than three-fourths of the total voting power of the respective companies.

8 The Group has initiated discussions for lease rent waiver on account of pandemic and have received confirmation from some of the landlord. The Group has accounted for revised rentals on account of modification only where it has received signed confirmation from landlord.

9 During the quarter, the Company has allotted 791 equity shares (quarter ended December 31, 2019: Nil, quarter ended March 31, 2019: Nil, year ended March 31, 2020: 6,84,694, year ended March 31, 2019: 2,98,911) pursuant to exercise of stock options by employees.

10 In the board meetings held on November 4, 2019, the respective Board of Directors of (a) Cayen Klein Arvind Fashion Private Limited ("CK") and (b) Tommy Hilfner Arvind Fashion Private Limited ("TH") (Sister Company) have approved the scheme of amalgamation between TH and CK pursuant to provisions of Section 230 to 232 of the Companies Act, 2013 whereby it is proposed to amalgamate TH into CK. The Scheme is subject to approval of relevant regulatory authorities. Pending such approvals, the Company has not given effect of the scheme in the financial results for the quarter and year ended March 31, 2020.

11 Considering the countrywide lockdown imposed by the government of India to contain the spreading of novel Coronavirus (COVID-19) and overall market conditions, the Committee of Directors of the holding Company in its meeting held on March 26, 2020, decided to defer the Rights Issue of the holding Company which was to open on March 30, 2020. Subsequently, considering the dynamic nature of the pandemic situation, Board of Directors at its meeting held on June 21, 2020, has revised the issue size to Rs. 399.79 Crores from Rs. 299.84 Crores and approved to issue equity shares or rights basis in the ratio of 02:01 (0.62 Equity Shares for every 01 Equity Shares held at an Issue Price of Rs. 100/- per Equity Share, including premium of Rs. 10/- per Equity Share). The rights issue is open for subscription from June 29, 2020.

12 The consolidated figures of the last quarter are the balancing figure between the audited figures in respect of the full financial year upto March 31, 2020 and March 31, 2019 and the unaudited year-to-date figures upto December 31, 2019 and December 31, 2018 being the date of the end of the third quarter of the financial year which were subjected to limited review by the auditor.

13 Previous period's figures have been regrouped/ rearranged wherever necessary, to conform to current period presentation.

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

*Chokshi Shreyas B.*

C.A. Chokshi Shreyas B.  
Partner  
Membership No. 103892

Ahmedabad,  
July 09, 2020



For Arvind Fashions Limited

Suresh J.  
Managing Director

Bengaluru  
July 09, 2020

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