



**BE FASHIONABLE.
BE STYLISH.
BE YOU.**

Annual Report 2020

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Board of Directors

Mr. Sanjay Lalbhai	- Chairman & Non-Executive Director
Mr. Suresh Jayaraman	- Managing Director & CEO
Mr. Kulin Lalbhai	- Non-Executive Director
Mr. Punit Lalbhai	- Non-Executive Director
Mr. Jayesh Shah	- Non Executive Director
Ms. Nithya Easwaran	- Non-Executive Director
Mr. Nilesh Dhirajlal Shah	- Non-Executive Independent Director
Ms. Abanti Sankaranarayanan	- Non-Executive Independent Director
Mr. Nagesh Dinkar Pinge	- Non-Executive Independent Director
Mr. Achal Anil Bakeri	- Non-Executive Independent Director
Mr. Vallabh Roopchand Bhanshali	- Non-Executive Independent Director
Ms. Vani Kola	- Non-Executive Independent Director

Audit Committee

Mr. Nagesh Dinkar Pinge	- Chairman
Mr. Nilesh Dhirajlal Shah	- Member
Ms. Abanti Sankaranarayanan	- Member
Ms. Nithya Easwaran	- Member

Nomination and Remuneration Committee

Mr. Nilesh Dhirajlal Shah	- Chairman
Mr. Achal Anil Bakeri	- Member
Mr. Jayesh Shah	- Member
Ms. Nithya Easwaran	- Member

Corporate Social Responsibility Committee

Mr. Jayesh Shah	- Chairman
Mr. Kulin Lalbhai	- Member
Mr. Nilesh Dhirajlal Shah	- Member

Stakeholders Relationship Committee

Mr. Jayesh Shah	- Chairman
Ms. Nithya Easwaran	- Member
Mr. Nilesh Dhirajlal Shah	- Member

Risk Management Committee

Mr. Jayesh Shah	- Chairman
Mr. Nagesh Dinkar Pinge	- Member
Mr. Nilesh Dhirajlal Shah	- Member
Ms. Abanti Sankaranarayanan	- Member
Ms. Nithya Easwaran	- Member

Committee of Directors

Mr. Sanjay Lalbhai	- Member
Mr. Kulin Lalbhai	- Member
Mr. Jayesh Shah	- Member

Chief Financial Officer

Mr. Pramod Kumar Gupta

Company Secretary & Compliance Officer

Mr. Vijay Kumar B S

Auditors

M/s. Sorab S. Engineer & Co.
902, Raheja Centre, Free Press Journal Marg,
Nariman Point Mumbai 400-021
Phone: 022-22824811, 22040861
E-mail: sbchokshi@sseco.in

Bankers to our Company

ICICI Bank Limited	Yes Bank Limited
HDFC Bank Limited	State Bank of India
IDFC Bank Limited	IndusInd Bank
Kotak Mahindra Bank Limited	RBL Bank Limited
	Bank of Baroda

Registered Office

Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad – 380025 Gujarat, India.
Website: www.arvindfashions.com

Registrar And Transfer Agent

Link Intime India Pvt. Ltd
506 – 508, Fifth Floor, Opp. Municipal Market
Amarnath Business Centre – 1 (ABC-1),
Beside Gala Business Centre,
Near St. Xaviers College Corner,
Off. C. G. Road, Navrangpura,
Ahmedabad -380009.
Phone & Fax No : 079-26465179
Email :ahmedabad@linkintime.co.in
Website: www.linkintime.co.in



Message from the Chairman

FY20 was a strategically important year for your company Arvind Fashions Limited (AFL). Having grown revenues at 20%+ CAGR consistently over last several years, in FY20 the company faced headwinds of an economic slowdown and a consumption drop, specifically in discretionary categories. Anticipating the need to have a focused brand portfolio and to repurpose the business towards cash generation and the next wave of growth, the company took several steps. These actions included:

1. Exiting low potential brands – GANT, Nautica, Elle and Izod
2. De-risking the business models of Unlimited and Emerging brands by closing unviable stores and focusing on profitable channels like wholesale and online
3. Taking a one time trade channel correction
4. Exiting customers with long credit cycles

“ For the financial year ending March 2020, Arvind Fashions posted revenue of Rs 3,866 Crs and an EBITDA loss of Rs (117) Crs ”

These actions impacted company's performance both in terms of growth and profitability during the year.

As we were getting back to normalcy with power brands registering +7% LTL growth in Q3, Covid impacted the company's performance in Q4. While reset actions subdued the growth of power brands, GAP, Sephora and Calvin Klein registered double digit growth with improved profitability emerging as future growth engines. In addition, the focused category expansions into innerwear, kidswear and prestige beauty – all registered 20%+ growth pre-Covid and are well poised to contribute to the growth of the company.

The onset of Covid pandemic has brought a significant change in consumer behavior – some of which are bound to stay post Covid. There is an accelerated shift towards casualization and digital and e-commerce are emerging as a significant growth vehicle as never before.

Your company is well prepared and positioned to capitalize on these trends. AFL pioneered the casualization revolution with a portfolio of top-of-mind casualwear brands. Our portfolio includes U.S. Polo Assn. – the market leader among casual brands, Tommy Hilfiger – the leading super premium casual wear brand, Flying Machine – amongst the top three denim brands in the country, Calvin Klein – the

leading super premium denim brand, and GAP – the American standard for casual clothing. AFL has also entered into a strategic tie up with Flipkart group by selling a significant minority stake in Flying Machine. This will provide a significant boost to Flying Machine in its journey to become #1 youth brand in India.

AFL has many successful category expansions into fast growing adjacencies such as kidswear, innerwear and prestige beauty through its portfolio of well established brands. Our kidswear portfolio which comprises of U.S. Polo Assn. Kids, Tommy Hilfiger Kids along with Gap kids & The Children's Place is unmatched in the industry and has enabled your company to emerge as among the top 3 player in the premium kids wear category. This category grew 20%+ YoY even in the difficult market conditions.

Spotting the opportunity for branded innerwear, your company entered the innerwear market through Hanes in 2014. Over time, your company has built a strong portfolio of innerwear brands like U.S. Polo Assn., Tommy Hilfiger and Calvin Klein. This category continued to grow at 24% YoY in FY20. We are very excited with immense growth opportunity innerwear presents in future.

Your company is equally excited with opportunities that Sephora presents in Prestige Beauty. Prestige Beauty market in India is growing at a rapid pace (17%+ CAGR) and Sephora is well established as

“I am filled with optimism and very excited about what lies ahead for us and confident that we will scale newer heights in the coming years.”

India's leading prestige beauty retailer. With its unmatched portfolio of beauty brands and superior store experience and retail excellence the brand has been growing 35%+ YoY for the last few years. Online channel further presents a huge untapped growth opportunity for Sephora in the coming years.

Your company has been an early adopter of digital with a deep focus on omni-channel capabilities. Your company has been expanding its marketplace integrations connecting its warehouses and stores to the marketplaces enabling 'one view of the inventory'. This will enable better store productivity, higher inventory turns and better pricing control. Our direct to consumer digital business NNNow.com is rapidly scaling up with strong unit economics. We see this becoming a key differentiator for the company in the years to come. Your company has also strengthened its e-commerce fulfillment capabilities and is leveraging analytics to personalize communications to the customers.

Your company also started multiple initiatives in FY20 to reduce cost structurally. The cost reduction initiatives were deepened and accelerated in the Covid scenario and will help to improve profitability when sales get back to normal. By further adopting new ways of buying that allows buying much closer to the market, your company will release cash through inventory reduction. Your company has also improved its cash position with an inflow of Rs

660 Crs, in July 2020 through a combination of rights issue and strategic investment from Flipkart into Flying Machine.

For the financial year ending March 2020, Arvind Fashions posted revenue of Rs 3,866 Crs and an EBITDA loss of Rs (117) Crs.

In summary, with a focused portfolio of seven strong brands, a substantially lower cash burn in Unlimited and Emerging brands, a dominant position in categories which will see strong traction post covid like casualwear, kidswear, innerwear and beauty and the advantage of early investments behind technology, the company is well positioned to be a dominant player in the lifestyle space in the medium term despite the short term uncertainty due to Covid.

I am filled with optimism and very excited about what lies ahead for us and confident that we will scale newer heights in the coming years.

Warmest regards,



Sanjay Lalbhai
Chairman



About Arvind Fashions

We aspire to be India's leading lifestyle powerhouse, defining India's fashion quotient. With a powerful portfolio of leading brands - we have something for everyone. From CEOs to millennials to value conscious families, and from the experimental to the conventional dressers, our brands are for the India of the present and the future.

The Company has an unmatched portfolio of renowned brands, both international and indigenous, like U.S. Polo Assn., Tommy Hilfiger, Calvin Klein, Arrow, Flying Machine, GAP, Aeropostale, The Children's Place and Ed Hardy. With Sephora, AFL is the leading player in India in prestige beauty. AFL also plays in the value segment through its own retail chain 'Unlimited'.

Fueling India's booming fashion aspiration, we launched the first denim brand – Flying Machine, in India as early as 1980. With Arrow,



India's first premium international men's wear brand, we raised the bar of excellence. Today Arrow is the go-to work wear of choice for everyone from the corporate honchos to the bold and young professionals. U.S. Polo Assn., has defined casual dressing in India and is now the leading casualwear player in India in the relevant price segment. We also brought India's first designer brand – Tommy Hilfiger. AFL is also present in fast growing adjacencies such as premium innerwear, kidswear, footwear and accessories through extensions of many well established brands from its portfolio.

At Arvind Fashions, we are about the people. Our 'Will Do' culture and cutting-edge HR practices attracts and retains the top talent in the country. Our HR practices focus is on the holistic growth and wellness of our employees. Customers & consumers first is our philosophy and that is the reason why we are India's first choice in fashion and retail since our inception.



U.S. Polo Assn, the sport inspired lifestyle brand is the authentic and official brand of the United States Polo Association, the governing body for the sport of polo in the United States since 1890. The brand captures the authenticity of the sport, while embracing the genuine spirit known throughout the world as Classic American Style promoting its core value as "Live Authentically". U.S. Polo Assn. offers apparel for the whole family as well as bags, accessories and footwear.

163 | 394
Cities | Stores



Tommy Hilfiger is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool, featuring preppy designs with a twist. Founded in 1985, Tommy Hilfiger delivers premium styling, quality and value to consumers with a breadth of collections including men's, women's and children's sportswear, denim, accessories and footwear. The brand has had its presence in India since 2004.

TOMMY HILFIGER

38
Cities

93
Stores



138
Cities

252
Stores

Catering to the coolest millennials in the country, Flying Machine is Arvind's home-grown and India's first denim brand, now one of the top youth apparel brands in the country. Driven to innovate, Flying Machine has gained popularity with its attitude of pushing boundaries and innovating much like today's millennials. The brand is a trendsetter rather than a fad-follower and this attitude is reflected in each one of its products. Incredible prices, strong market presence across India and with stores in all major cities, Flying Machine is a star brand in the Arvind Fashions portfolio.



Arrow, India's first international premium menswear brand arrived in 1993 and has since delighted men, taking them to the world of fine craftsmanship, elegant dressing and fine grooming. With classy and sophisticated designs with a timeless appeal, Arrow understands the modern day professional's constant search for wardrobe excellence. Over the years, Arrow has been known as the expert shirt maker, pioneering some of the greatest innovations such as Autopress shirt, Autoflex trousers, 4-in-1 Shirt, Anti-UV Shirt etc. Arrow offers formals, semi formals, modern workwear, accessories and footwear across Arrow, New York and Sports.

A | 1851
ARROW

122 | 286
Cities | Stores



CALVIN KLEIN

CALVIN KLEIN is a global lifestyle brand that exemplifies bold, progressive ideals and a seductive and often minimal aesthetic. Founded in 1968 by Calvin Klein and his business partner Barry Schwartz, the brand is a leader in American fashion and seeks to thrill and inspire its audience while using provocative imagery and striking designs to ignite the senses.

32
Cities

71
Stores



Showcasing American optimism as attitude and casual style as their aesthetic, GAP embraces a youthful, infectious spirit and the freedom to express individual style. GAP is the largest specialty retailer in the United States. India's first GAP store was launched in New Delhi in 2015. A trailblazer in its field, GAP focuses on providing apparel that is a perfect blend of comfort and style. Effortless flair for accessible clothing that is both classic as well as modern is what sets GAP apart from the rest. The brand addresses sustainability, equality, and inclusiveness proactively with campaigns such as the smart denim wash program called Washwell, Be The Future for socially conscious young adults and United We Stand for equal rights.



10 | 18
Cities | Stores



SEPHORA
WHERE your beauty BEATS

12
Cities

24
Stores

Arvind launched its beauty portfolio with the launch of Sephora the world's largest beauty retailer, owned by LVMH.

Sephora is always at the forefront of latest trends in beauty. Its unique shopping experience offers its beauty customers in India an unparalleled choice of premium cosmetics, skincare, fragrances, haircare, bath and accessories. The much loved beauty chain with an amazing beauty collection is also known as the fun place to indulge & learn and a great place to experience Beauty.

Growing from strength to strength Sephora stands tall with 24 stores in India and a portfolio of more than 90 global brands in each store.



At UNLIMITED, fashion is unlimited! Unlimited is the retail chain from the trusted house of Arvind with a wide presence across multiple states. Its large well laid out stores offer the customer a unique and delightful shopping experience. With its own labels Unlimited brings to its customers a wide range of curated fashion across menswear, womenswear, kidswear, footwear and accessories. Carefully chosen fabrics, best in class manufacturing and strict adherence to testing standards ensure that the customers get only the best in quality, with the assurance of Arvind. At Unlimited you always get the freshest, latest styles – at prices that delight the value conscious shopper. Ask More & Get More – that’s Unlimited!



36 | 82
Cities | Stores



AÉROPOSTALE



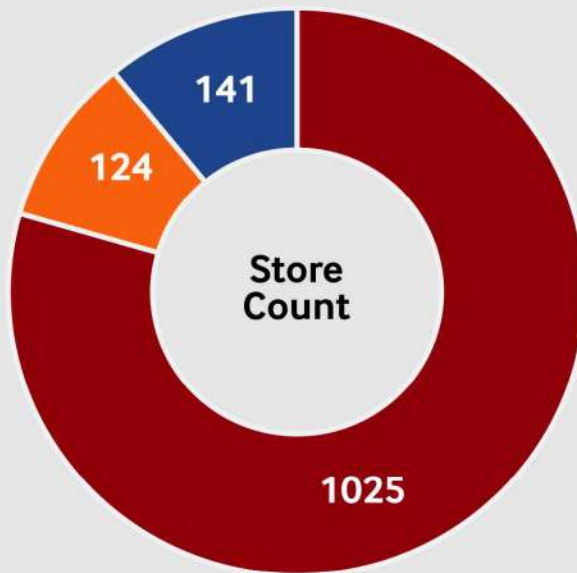
Ed Hardy
THE ART
OF CLOTH



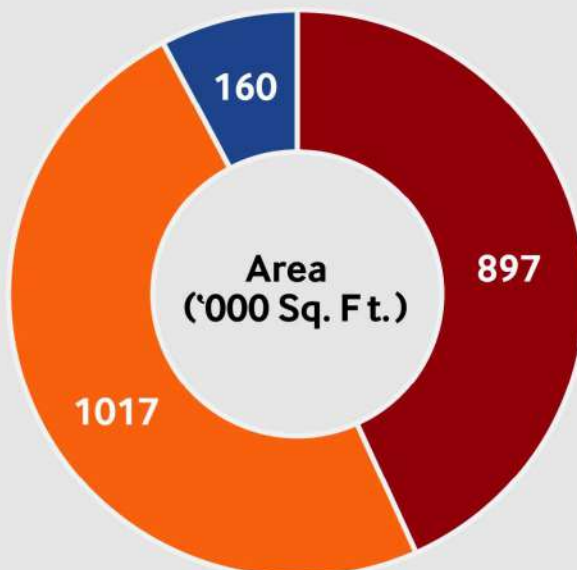
THE CHILDREN'S
PLACE

AMERICA'S #1 PLACE FOR KIDS' FASHION

Geographical Footprint



- Power Brands
- Speciality Retail
- Emerging Brands



- Power Brands
- Speciality Retail
- Emerging Brands

Notice

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Arvind Fashions Limited will be held on Monday, September 28, 2020 at 11.00 a.m. through Video Conference (“VC”)/ Other Audio Visual Means (“OAVM”) (“hereinafter referred to as “electronic mode”) to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements [including consolidated financial statements] of the Company for the financial year ended March 31, 2020 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kulin Lalbhai (holding DIN 05206878), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Ms. Nithya Easwaran (holding DIN 03605392), who retires by rotation and being eligible, offers herself for reappointment.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with Regulation 24 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations and applicable provisions of the Companies Act, 2013, the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and other applicable notifications, clarifications, circulars, rules and regulations issued by the Government of India or other governmental or statutory authorities and other necessary approvals, consents, as may be required, the Members of the Company hereby approve/ratify the creation of encumbrance by way of pledge or otherwise, on the shares/securities held by the Company in its wholly owned subsidiary Arvind Lifestyle Brands Limited (“ALBL”) in favour of any bank/lender/security trustee/investors etc., to secure the existing and/or any futuristic borrowings of the Company and/or of ALBL, on mutually agreeable terms and conditions as may be agreed by respective Boards of Directors, in their absolute discretion.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee of Directors constituted by the Board) be and is hereby authorised to do all such acts, deeds, matters and things, including without limitation, negotiation and execution of any document(s) that may be required to give effect to the above

authorisation, as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with Regulation 24 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations and applicable provisions of the Companies Act, 2013, the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and other applicable notifications, clarifications, circulars, rules and regulations issued by the Government of India or other governmental or statutory authorities and other necessary approvals, consents, as may be required, the Members of the Company hereby approve/ratify the creation of encumbrance by way of pledge or otherwise, on the shares/securities held by the Company in its step-down subsidiary Arvind Youth Brands Private Limited (“AYBPL”) in favour of any bank/lender/security trustee/investors etc., to secure the existing and/or any futuristic borrowings of the Company and/or of AYBPL, on mutually agreeable terms and conditions as may be agreed by respective Boards of Directors, in their absolute discretion.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee of Directors constituted by the Board) be and is hereby authorised to do all such acts, deeds, matters and things, including without limitation, negotiation and execution of any document(s) that may be required to give effect to the above authorisation, as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company.”

By Order of the Board

Date: July 09, 2020

Place: Bangalore

Vijay Kumar B S
Company Secretary

Registered Office:

Main Building,
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380025.

NOTES:

1. In view of the continuing COVID-19 Pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its Circular No. 20/2020 dated May 5, 2020 read with Circular No. 14/2020 dated April 8, 2020 and Circular No. 17/2020 dated April 13, 2020 (hereinafter collectively referred to as “MCA Circulars”) permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual General Meeting of the Members of the Company is being held through VC/OAVM. The deemed venue for the Annual General Meeting of the Company shall be the Registered Office of the Company. The detailed procedure for participating in the meeting through VC/OAVM is explained at Note No. 19 below.
2. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/ Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company’s website www.arvindfashions.com; websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at www.nseindia.com and www.bseindia.com respectively. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
4. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
6. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination cum Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.
7. **Registration of email ID and Bank Account details:**
In case the shareholder’s email ID is already registered with the Company/ its Registrar & Share Transfer Agent “RTA”/ Depositories, log in details for e-Voting are being sent on the registered email address.
In case the shareholder has not registered his/ her/ their email address with the Company/ its RTA/ Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:
(i) Kindly log into the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/ Bank detail Registration - fill in the details and upload the required documents and submit.
OR
(ii) **In the case of Shares held in Demat mode:**
The shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.
8. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 4 and 5 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director under Item Nos. 2 and 3 of the Notice, are also annexed.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 22, 2020 till Monday, September 28, 2020 (both days inclusive).
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company’s Registrars and Transfer Agents, Link Intime India Pvt. Ltd. in case the shares are held by them in physical form.
SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Pvt. Ltd.
11. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Link Intime India Pvt. Ltd. for assistance in this regard.

12. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime India Pvt. Ltd., the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
13. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the AGM.
14. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs/ Link Intime India Pvt. Ltd.
15. All documents referred to in the accompanying Notice of the AGM and explanatory statement shall be open for inspection without any fee at the registered office of the Company during normal business hours on any working day upto and including the date of the AGM of the Company.
16. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
17. Since the AGM will be held through VC/OAVM, the Route Map is not annexed with Notice.
18. **Instructions for voting through electronic means (e-Voting):**
 - I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
 - II. The Company has engaged the services of NSDL as the Agency to provide remote e-Voting facility and e-Voting during the AGM.
 - III. Mr. Hitesh Buch, Practicing Company Secretary (Membership No. FCS 3145, COP 8195) has been appointed as the Scrutinizer to scrutinize the e-Voting during the AGM and remote e-Voting in a fair and transparent manner.
 - IV. The Results of voting will be declared within 48 hours from the conclusion of the AGM. The declared Results, along with the Scrutinizer's Report will be submitted with the Stock Exchanges where the Company's equity shares are listed (BSE Limited & National Stock Exchange of India Limited) and shall also be displayed on the Company's website www.arvindfashions.com and NSDL's website www.evoting.nsdl.com.
 - V. Voting rights of the Members for voting through remote e-Voting and voting during the AGM shall be in proportion to shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Monday, September 21, 2020. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-Voting and voting during the AGM.
- VI. The remote e-Voting facility will be available during the following period:
 - a. Commencement of remote e-Voting: 09:00 A.M. (IST) on Friday, September 25, 2020.
 - b. End of remote e-Voting: 05:00 P.M. (IST) on Sunday, September 27, 2020.
 - c. The remote e-Voting will not be allowed beyond the aforesaid date and time and the remote e-Voting module shall be disabled by NSDL upon expiry of aforesaid period.
- VII. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.
- VIII. The Members who have cast their vote by remote e-Voting prior to the AGM may also attend/ participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
- IX. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holds shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in mentioning their demat account number/ folio number, PAN, name and registered address. However, if he/ she is already registered with NSDL for remote e-Voting then he/ she can use his/ her existing User ID and password for casting the vote.
- X. **Process and manner for Remote e-Voting:**
Members are requested to follow the below instructions to cast their vote through e-Voting:
The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:
Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>
Step 2: Cast your vote electronically on NSDL e-Voting system
Details on Step 1 are mentioned below:
How to Log-into NSDL e-Voting website?
 1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
 2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
 3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on **"Forgot User Details/ Password?"** (if

you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to pcs.buchassociates@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful

attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/ Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

19. Instructions for Members to attend the AGM through VC/OAVM:

- I. Members will be able to attend the AGM through VC/OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-Voting login credentials and selecting the EVEN for Company’s AGM.

Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.

- II. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. Further, an additional time of 15 minutes after the commencement of the meeting shall also be provided for joining the meeting.
- III. Members are encouraged to join the Meeting through Laptops for better experience.
- IV. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- V. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile

Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- VI. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990.
- VII. Members seeking any information with regard to the annual accounts for 2019-20 or any business to be dealt at the AGM, are requested to send an e-mail on investor.relations@arvindbrands.co.in on or before 22nd September 2020 along with their name, DP ID and Client ID/ folio number, PAN and mobile number. The same will be replied by the Company suitably.
- VIII. Further, members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/ Folio Number, PAN and mobile number at investor.relations@arvindbrands.co.in on or before September 25, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

By Order of the Board

Vijay Kumar B S

Company Secretary

Date: July 09, 2020

Place: Bangalore

Registered Office:

Main Building,
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380025.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 4**

Arvind Lifestyle Brands Limited (“ALBL”), a wholly owned and a material subsidiary of the Company, is engaged in Wholesale and Retail Business of Branded apparel and accessories and the Company and/or ALBL has raised / been raising funds through various sources, like bank borrowings/commercial papers/debentures etc, as deemed necessary from time to time for its business needs. At times, as a covenant of such borrowings of the Company or ALBL, the Company, being 100% stakeholder of ALBL’s share capital, is required to provide security for such borrowings, which may inter alia involve creation of pledge/encumbrance on its investment in ALBL in favour of lender/bank/security trustee/investors etc.

Consent of the members of the Company is therefore being sought, in compliance with the Regulation 24 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act 2013, read with Rules made thereunder, as an enabling authorization, to approve/confirm/ratify the pledge/encumbrance on shares/securities of ALBL, held by the Company, in favour of any bank/lender/security trustee/investors etc. to secure the existing and/or any futuristic borrowings of the Company and/or ALBL, on mutually agreeable terms and conditions as may be agreed by respective Boards of Directors in their absolute discretion, which pledge/encumbrance may be viewed and/or result into divestment, disposal, either in whole or in part of Company’s stake in ALBL, and/or ceasing the control over ALBL, in accordance/pursuance of such agreed terms of the borrowings.

The Board accordingly recommends, the Resolution as set out at Item No. 4 of this Notice for approval of the members of the Company by way of passing a special resolution.

None of the Directors or any Key Managerial Personnel of the Company or any of their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No.5

Arvind Youth Brands Private Limited (“AYBPL”), is a step-down subsidiary of the Company, is engaged in Wholesale and Retail Business of apparel & accessories under the brand name “Flying Machine” and the Company and/or AYBPL has raised / been raising funds through various sources, like bank borrowings/commercial papers/debentures etc, as deemed necessary from time to time for its business needs. At times, as a covenant of such borrowings of the Company or AYBPL, is required to provide security for such borrowings, which may inter alia involve creation of pledge/encumbrance on its investment either on its own or through another subsidiary in AYBPL in favour of lender/bank/security trustee/investors etc.

Consent of the members of the Company is therefore being sought, in compliance with the Regulation 24 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act 2013, read with Rules made thereunder, as

an enabling authorization, to approve/confirm/ratify the pledge/encumbrance on shares/securities of AYBPL, held by the Company, in favour of any bank/lender/security trustee/investors etc. to secure the existing and/or any futuristic borrowings of the Company and/or AYBPL, on mutually agreeable terms and conditions as may be agreed by respective Boards of Directors in their absolute discretion, which pledge/encumbrance may be viewed and/or result into divestment, disposal, either in whole or in part of Company’s stake in AYBPL, and/or ceasing the control over AYBPL, in accordance/pursuance of such agreed terms of the borrowings.

The Board accordingly recommends, the Resolution as set out at Item No. 5 of this Notice for approval of the members of the Company by way of passing a special resolution.

None of the Directors or any Key Managerial Personnel of the Company or any of their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

By Order of the Board

Date: July 09, 2020

Place: Bangalore

Vijay Kumar B S
Company Secretary**Registered Office:**Main Building,
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380025.

Details of Directors seeking Appointment / Re-appointment at the Fifth Annual General Meeting

[Pursuant to Regulations 26 and 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] and SS-2 – Secretarial Standards on General Meetings

Name of the Director	Mr. Kulin Lalbhai	Ms. Nithya Easwaran
DIN	05206878	03605392
Date of Birth	August 13, 1985	August 19, 1973
Age	35 Years	47 Years
Qualifications	B.Sc. (Electrical Engineering), Stanford University, USA MBA - Harvard Business School, USA	MBA from IIM Lucknow.
Expertise in specific functional areas	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Technology Expert	Financial Services, Asset Management, Capital Markets, Wealth Management, Private Equity.
Brief Profile	Mr. Kulin Lalbhai is the Non-Executive Director at Arvind Fashions and Executive Director at Arvind Limited. He is driving new initiatives in the consumer businesses of the group. He has been instrumental in setting up several new retail concepts and also spearheads the group's digital initiatives. He also plays an active role in the overall Corporate Strategy. Kulin holds an MBA from the Harvard Business School, and a BSc in Electrical Engineering from the Stanford University. Prior to his current role, he has also been a management consultant at McKinsey & Co.	Ms. Nithya Easwaran has over 20 years of rich experience in financial services. She is Managing Director of Multiples Alternate Asset Management, a private equity platform with over US\$1 billion of assets under management. Prior to joining Multiples Alternate Asset Management, she headed the Structured Finance Team of Citibank in India and before that she was a part of the structured finance business of ICICI Ltd.
Date of first appointment	February 07, 2017	February 07, 2017
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Arvind Limited 2. Arvind SmartSpaces Limited 3. Arvind Internet Limited 4. Zydus Wellness Limited 5. Arvind Goodhill Suit Manufacturing Private Limited	Nil
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholder Relationship Committee)	Member - Audit Committee (Zydus Wellness Limited)	Nil
Inter-se relationship with other Directors and Key Managerial Personnel	Mr. Kulin Lalbhai is son of Mr. Sanjay Lalbhai, Chairman and Non-Executive Director and brother of Mr. Punit Lalbhai, Non-Executive Director of the Company.	Nil
Number of shares held in the Company	Nil	3450
The number of Meetings of the Board attended during the year	7 out of 7	5 out of 7
Details of remuneration sought to be paid	Refer report on Corporate Governance	Refer report on Corporate Governance
Remuneration last drawn	Refer Annexure - E to the Directors' Report	Refer Annexure - E to the Directors' Report

DIRECTORS' REPORT

To, the Members, Arvind Fashions Limited

Your Directors are pleased to present the Directors Report of the Company together with the audited accounts for the financial year ended March 31, 2020.

1. Financial Highlights

The Company's financial performances for the year under review along with previous year's figures are given hereunder:

[₹ in Crores]

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations (Net)	854.11	1,009.90	3,866.30	4,643.86
Profit/(Loss) Before Interest, Depreciation, Tax & Exceptional Items	62.29	95.51	290.89	292.25
Less: Finance Cost	(37.32)	(17.98)	(289.11)	(126.21)
Profit/(Loss) Before Depreciation, Tax & Exceptional Items	24.97	77.53	1.78	166.04
Less: Depreciation/Amortization	(13.04)	(15.3)	(437.51)	(153.16)
Profit/(Loss) before exceptional items & tax	11.93	62.23	(435.73)	12.88
Less: Exceptional items	(19.26)	-	(60.69)	-
Profit/(Loss) before tax	(7.33)	62.23	(496.42)	12.88
Less: Current tax/Deferred tax	(2.44)	0.72	(97.06)	(8.6)
Profit/(Loss) after Tax	(4.89)	61.51	(399.36)	21.48
Add: Other Comprehensive Income	(0.17)	(1.42)	5.44	(6.68)
Profit/(Loss) after Tax and OCI	(5.06)	60.09	(393.92)	14.8
Profit/(Loss) after tax carried over to Balance Sheet	(5.06)	60.09	(393.92)	14.8
Proposed Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-

2. Review of Business Operations

Your Company has posted Revenue from operations (Net) for the current year Consolidated at Rs. 3,866.30 which was at Rs. 4,643.86 during the previous year. The Profit before interest, depreciation, tax and exceptional items for the current year Consolidated stands at Rs. 290.89 which was at Rs. 292.25 during the previous year.

3. Rights Issue of Equity Shares

The Board of Directors of the Company has approved to raise funds up to Rs. 299.64 Crores by the issue of equity shares of Rs. 4/- each of the Company on rights basis to eligible equity shareholders of the Company at an issue price of Rs. 150/- per equity share (including a premium of Rs. 146/- per equity share), in the ratio of 16 equity share for every 47 equity shares held by eligible equity shareholders as on a 'record date'. However Considering the countrywide lockdown imposed by the Government of India to combat the spreading of Novel Coronavirus ("COVID-19") and overall market conditions, the Rights Issue was deferred till such time as may be decided by the Board of Directors / Committee of Directors of the Company in the interest of shareholders of the Company.

4. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2020 is enclosed as an Annexure-A to this Report.

5. Board Meetings held during the year

The Company had held seven Board meetings during the financial year under review on 02/04/2019, 16/05/2019, 09/08/2019, 23/10/2019, 17/12/2019, 11/02/2020 and 21/02/2020.

6. Directors' Responsibility Statement

The Directors hereby make the following Responsibility Statement as required by Section 134(3)(c) of the Companies Act, 2013:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding

the assets of the company and for preventing and detecting fraud and other irregularities.

- d) The Directors have prepared the annual accounts on a going concern basis.
- e) They have laid down internal financial controls, which are adequate and are operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Auditors and the Practicing Company Secretary in their Reports

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors, however Secretarial Auditor in their report commented that the Company was non-compliance with Regulation 18(1) of The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements), Regulations, 2015, with respect to constitution of Audit Committee. However, subsequently the company has ensured the necessary compliance with requirements of regulation 18(1) of The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements), Regulations, 2015.

8. Particulars of Loans, guarantees or investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the financial statements.

9. Related Party Transactions under Section 188 of the Companies Act, 2013

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on Related Party Transactions as approved by the Board is available on Company's website at

<https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-RPT-Policy.pdf>

10. Dividend

On account of losses incurred for the year under review and

keeping in mind the need to conserve resources, your Directors do not recommend any dividend on Equity Shares for the year ended March 31, 2020.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Dividend Distribution Policy and the same is available on the Company's Website at <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Dividend-Distribution-Policy.pdf>

11. Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2020 and July 09, 2020 (date of the Report)

The Company has launched rights issue, which was deferred in the Month of March 2020 on account of COVID, with a revision in the Issue size, which has been increased up to 399.79 Crores from the earlier proposal of up to Rs. 299.64 Crores and the issue opened on June 29, 2020 and will close on July 17, 2020.

The Company has entered into a Strengthen Partnership with Flipkart Group on July 09, 2020, wherein Flipkart will purchase significant minority stake in Arvind Youth Brands Private Limited, a step-down subsidiary of the Company which will own Flying Machine Brand. This investment builds on long-standing engagement between the two organizations that have been working together for several years to address the demands and needs of the fashion-conscious youth in India.

12. Information Conservation of Energy, Absorption of technology and Foreign Exchange Earnings and Outgo.

i) Conservation of Energy

The Company is making efforts to achieve energy efficiency and increase the mix of renewable energy within the operations

a) Energy Efficiency

- The Company is replacing the conventional lighting fixtures at the end of their life with LEDs in entire operations thereby reducing the overall energy demand
- The company is evaluating the potential of Internet of Things (IOT) for energy management within its store operations. A small pilot was undertaken in FY 20 that indicated a reduction potential of 5%-8% in the energy demand
- The company is also working on SOPs to achieve behavioral based energy efficiency within the operations

b) Renewable energy

- Company has shifted ~80% of electricity consumption in the corporate office to solar power. The initiative has the potential to enable a reduction of ~1300 tons of carbon dioxide emissions per annum from our operations
- Company is exploring the potential of shifting its warehouses to renewable energy in the near future
- Company is also engaging with its vendor partners to enable their transition to renewable energy thereby reducing the overall carbon footprint of its products

ii) Absorption of technology

The Company has not absorbed any technology.

iii) Foreign Exchange Earnings and Outgo

₹in Crores

Particulars	2019-2020	2018-2019
Earning in Foreign Currency	13.53	14.75
Expenditure in Foreign Currency	29.10	31.67

13. Nomination & Remuneration Policy of the Company

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is available on the Company's website at

<https://www.arvindfashions.com/wp-content/uploads/2019/05/Nomination-and-Remuneration-Policy.pdf>

14. Statement concerning development and implementation of Risk Management policy of the company

The Board has, framed a policy to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Risk Management Policy is available on the Company's website at

<https://www.arvindfashions.com/wp-content/uploads/2019/03/Risk-Management-Policy.pdf>

15. Corporate Social Responsibility (CSR)

The Company's initiatives for social advancement would be undertaken through Strategic Help Alliance to Relief to Distressed Areas (SHARDA) Trust and Arvind Foundation. In addition, partnerships with like-minded individuals, civil society organisations and the skills of vast majority of Employee Talents that the company has will be utilised in accomplishment of its CSR vision.

We have supported and will continue to fund the ongoing projects mentioned below:

1. Supporting Municipal School Children
2. Providing Scholarships for higher education

In addition, in the year 2019-20, we had planned a large multi-year intervention near Arvind Fashions Limited's operations, especially near the new warehouse operations at Lakkondahalli village in Hosakote Tehsil in Rural Bangalore. Lakkondahalli is a small village in a cluster of around 10-11 villages. A systematic need assessment and baseline study is underway. Though we wish to work around the theme Education, Skill Development and Health, we will wait for the final outcome of the need assessment. The identified projects shall be implemented over next 3-5 years.

In line, we have strategically decided to carry forward the CSR fund of FY 20 to FY21 thus accumulating and investing in a larger multi-year project in and around our new warehouse.

The Annual Report on CSR Activities in prescribed format including details of Corporate Social Responsibility Initiatives is enclosed as an Annexure-B.

16. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors ("Board") has carried out an annual evaluation of its own performance and

that of its Committees and individual Directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

17. Change in the nature of the Business

There was no change in the nature of the business during the year under review

18. Directors & Key Managerial Personnel

The Board of Directors consists of 12 (Twelve) members, comprising of 1 Managing Director, 5 Non-Executive Directors and 6 Non-Executive Independent Directors.

As per the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Kulin Lalbhai (DIN 05206878), and Ms. Nithya Easwaran (DIN: 03605392) will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered them self for re-appointment as the Directors of the Company.

The Independent Directors have submitted a declaration that each of them meet the criteria for independence as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

As per the provisions of Section 203 of the Companies Act, 2013, Mr. Suresh Jayaraman- Managing Director & CEO, Mr. Pramod Kumar Gupta, Chief Financial Officer and Mr. Vijay Kumar B S, Company Secretary are the Key Managerial Personnel of the Company.

19. Disclosure under Section 67(3)(c) of the Companies Act, 2013

No disclosure is required under section 67(3)(c) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

20. Auditors**Statutory Auditors**

M/s. Sorab S. Engineer & Co, Chartered Accountants (ICAI Firm Registration No. 110417W) were appointed as statutory auditors of your Company at the Annual General Meeting ("AGM") held on August 04, 2017, for a period of five consecutive years. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of M/s. N. V. Kathiria & Associates, Company Secretary in Practice, Ahmedabad to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report (in Form MR-3) of the Company and its material Subsidiary Company is enclosed as an Annexure-C to this Report.

21. Subsidiaries /Joint Ventures / Associates

As on March 31, 2020, the Company has 4 subsidiary companies and 2 Joint Venture Companies.

During the year under review, the following companies were incorporated as step-down subsidiaries of the Company:

1. Arvind Youth Brands Private Limited
2. Value Fashion Retail Limited

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Financial Statements. The separate audited financial statements in respect of each of the subsidiary shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary are also available on the website of the Company at www.arvindfashions.com

The Company has framed a policy for determining material subsidiaries, which has been uploaded on company's website at <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Policy-on-Material-Subsidiaries.pdf>

22. Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and form part of this Annual Report.

23. Deposits

During the year under review, your Company has neither accepted nor renewed any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

24. Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company

25. Internal financial Controls

The Company has in place adequate internal financial controls with reference to financial statements and dedicated Internal Audit team to ensure its adequacy. The scope and authority of the Internal Audit function is well defined in the organisation. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Audit function, process owners undertake corrective action in

their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

The Statutory Auditor of the Company has also given an opinion that the Internal Financial Controls over Financial Reporting are adequate and are operating effectively at the end of the financial year.

26. Disclosure of composition of Audit Committee

The Audit Committee consists of the following Members;

- i) Mr. Nagesh Pinge –Independent Director
- ii) Mr. Nilesh Shah –Independent Director
- iii) Ms. Abanti Sankaranarayanan –Independent Director
- iv) Ms. Nithya Easwaran –Non-Executive Director

27. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The Provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid since incorporation of the Company.

28. Share Capital

During the year under review, the Company has increased its paid up capital from Rs. 23,19,78,692/- to Rs 23,47,17,456 by allotting 6,84,691 shares on exercise of Employee Stock Options by the employees.

- A. Issue of Equity Shares with differential rights – No such issue and accordingly no compliance
- B. Issue of Sweat Equity Shares - No such issue and accordingly no compliance

29. Employee Stock Option Schemes (ESOS)

The Company has instituted the Employees Stock Option Scheme (ESOS) 2016 and 2018, to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary and holding companies. During the year under review, the Company has granted stock options to eligible employees. Disclosures in compliance with Section 62 of the Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 are set out in Annexure -D to this report.

30. Vigil Mechanism

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company at

<https://www.arvindfashions.com/wp-content/uploads/2019/04/Whistleblower-Policy.pdf>

31. Familiarization programme for the independent directors

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent

Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report are also available on the Company's website at

<https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Familiarisation-Programs-of-Independent-Directors.pdf>

32. Corporate Governance Report and Management Discussion & Analysis

The Corporate Governance Report and Management Discussion & Analysis, which form part of this Report, together with the Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

33. Business Responsibility Report

The Business Responsibility Report for the year ended March 31, 2020 as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed which forms part of this Annual Report.

34. Particulars of Employees

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Annual Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any

Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-E to this report.

35. Disclosure as per sexual harassment of women at Workplace (prevention, prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2019-20, the Company has not received any complaints on sexual harassment.

36. Acknowledgement

The Directors wish to express their appreciation for the continued support of bankers, financial institutions, customers, and various Government agencies. The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

For and on behalf of the Board of Arvind Fashions Limited

Mr. Sanjay S. Lalbhai

Chairman & Director
(DIN :00008329)

Place: Ahmedabad

Date: 09/07/2020

Mr. Suresh Jayaraman

Managing Director & CEO
(DIN :03033110)

Place: Bangalore

Date: 09/07/2020

Annexure – A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2020

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

i	CIN	L52399GJ2016PLCo85595
ii	Registration Date	January 05, 2016
iii	Name of the Company	Arvind Fashions Limited
iv	Category/ Sub-category of the Company	Company Limited by shares/ Indian- non Government Company
v	Address of the Registered office & contact details	Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat. investor.relations@arvindbrands.co.in , Phone: 079-30138000 Fax: 079-30138668
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited 506 – 508, Fifth Floor, Opp. Municipal Market, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Near St. Xaviers College Corner, Off. C. G. Road, Navrangpura, Ahmedabad -380009. Phone & Fax No : 079-26465179 Email :ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name & Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Wholesale of textiles, clothing and footwear	4641	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Arvind Lifestyle Brands Limited Arvind Mills Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U64201GJ1995PLCo24598	Subsidiary Company	100%	Section 2(87)
2	Arvind Beauty Brands Retail Private Limited Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U52100GJ2015PTCo82996	Subsidiary Company	100%	Section 2(87)
3	Arvind Youth Brands Private Limited Main Building, Arvind Limited Premises, Near Chamunda Bridge, Naroda Road, Ahmedabad 380025	U52100GJ2020PTC112995	Subsidiary Company	100%	Section 2(87)
4	Value Fashion Retail Limited Building No 8, Community Centre, Saket, Near Park, New Delhi 110017	U52609DL2020PLC362661	Subsidiary Company	100%	Section 2(87)
5	Calvin Klein Arvind Fashion Private Limited Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U52190GJ2011PTCo84513	Associate (Joint Venture)	50%	Section 2(6)
6	Tommy Hilfiger Arvind Fashion Private Limited Arvind Mills Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U18101GJ2003PTCo46421	Associate (Joint Venture)	50%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Shareholding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[1]	Indian									
(A)	Shareholding of Promoter and Promoter Group									
(a)	Individuals / Hindu Undivided Family	15312	0	15312	0.03	16850	0	16850	0.03	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify) Bodies Corporate	20863426	0	20863426	35.97	20863426	0	20863426	35.55	-0.42
	Sub Total (A)(1)	20878738	0	20878738	36.00	20880276	0	20880276	35.58	-0.42
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	20878738	0	20878738	36.00	20880276	0	20880276	35.58	-0.42
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	6128196	2300	6130496	10.57	10363333	2300	10365633	17.66	7.09
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	570531	0	570531	0.98	625267	0	625267	1.07	0.09
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	10437716	4390	10442106	18.01	9127421	4390	9131811	15.56	-2.44
(f)	Financial Institutions / Banks	888858	1329	890187	1.54	902250	1299	903549	1.54	0.00
(g)	Insurance Companies	0	0	0	0.00	402856	0	402856	0.69	0.69
(h)	Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify) Foreign Bank	172	0	172	0.00	172	0	172	0.00	0.00
	Sub Total (B)(1)	18025473	8019	18033492	31.10	21421299	7989	21429288	36.52	5.42
[2]	Central Government / State Government(s) / President of India									
	Central Government / State Government(s)	40	0	40	0.00	46	0	46	0.00	0.00
	Sub Total (B)(2)	40	0	40	0.00	46	0	46	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	6621356	530254	7151610	12.33	5693102	487736	6180838	10.53	-1.80
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1229419	47391	1276810	2.20	1675576	0	1675576	2.86	0.66
(b)	NBFCs registered with RBI	2867	0	2867	0.00	1409	0	1409	0.00	0.00
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Trusts	331621	0	331621	0.58	5330	0	5330	0.01	-0.57
	Foreign Nationals	0	0	0	0.00	200	0	200	0.00	0.00
	Hindu Undivided Family	387515	0	387515	0.67	252684	0	252684	0.43	-0.24
	Foreign Companies	5554424	0	5554424	9.58	5554424	0	5554424	9.47	-0.11
	Non Resident Indians (Non Repat)	169568	511	170079	0.29	128858	461	129319	0.22	-0.07
	Non Resident Indians (Repat)	133964	31837	165801	0.29	112001	31530	143531	0.24	-0.05
	Overseas Bodies Corporates	580	0	580	0.00	580	0	580	0.00	0.00
	Clearing Member	280419	0	280419	0.48	37059	0	37059	0.06	-0.42
	Bodies Corporate	3760677	0	3760677	6.48	2388804	0	2388804	4.07	-2.41
	Sub Total (B)(3)	18472410	609993	19082403	32.90	15850027	519727	16369754	27.89	-5.01
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	36497923	618012	37115935	64	37271372	527716	37799088	64.41	0.41
	Total (A)+(B)	57376661	618012	57994673	100.00	58151648	527716	58679364	100.00	
(C)	Non Promoter - Non Public									
	(C1) Shares Underlying DRs									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
	(C2) Shares Held By Employee Trust									
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	57376661	618012	57994673	100.00	58151648	527716	58679364	100.00	

Note: During the year under review the Company had allotted 6,39,985 shares on April 19, 2019, as a result the total no. of shares was increased to 58634658 from 57994673 and 44,706 shares were on September 17, 2019 as a result the total no. of shares was increased to 58679364 from 58634658. To the extent of aforesaid increase in no. of shares, the Percentage to total Shares of the Company varies.

B. Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year - 2020			% change in shareholding during the year
		No. of Shares held	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares held	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Aura Securities Private Limited	19112362	32.96	1.47	19112362	32.57	0.00	-0.39
2	Atul Limited	825494	1.42	0.00	825494	1.41	0.00	-0.01
3	Aagam Holdings Private Limited	375251	0.65	0.00	375251	0.64	0.00	-0.01
4	Arvind Farms Pvt Ltd	298023	0.52	0.00	298023	0.51	0.00	-0.01
5	Aura Business Ventures Llp	162000	0.28	0.00	162000	0.28	0.00	-0.00
6	Adore Investments Private Limited	26459	0.05	0.00	26459	0.05	0.00	-0.00
7	Anusandhan Investments Limited	23000	0.04	0.00	23000	0.04	0.00	-0.00
8	Amardeep Holdings Private Limited	18850	0.03	0.00	18850	0.03	0.00	-0.00
9	Aayojan Resources Private Ltd	18200	0.03	0.00	18200	0.03	0.00	-0.00
10	Saumya Samvegghai Lalbhai	5331	0.01	0.00	5331	0.01	0.00	-0.00
11	Adhinami Investments Private Limited	3700	0.01	0.00	3700	0.01	0.00	-0.00
12	Hansa Niranjanbhai	2279	0.00	0.00	2279	0.00	0.00	0.00
13	Swati S Lalbhai	1942	0.00	0.00	1942	0.00	0.00	0.00
14	Badlani Manini Rajiv	1430	0.00	0.00	1430	0.00	0.00	-0.00
15	Sunil Siddharth Lalbhai	1087	0.00	0.00	1087	0.00	0.00	0.00
16	Vimla S Lalbhai	918	0.00	0.00	918	0.00	0.00	0.00
17	Taral S Lalbhai	814	0.00	0.00	814	0.00	0.00	0.00
18	Punit Sanjaybhai	742	0.00	0.00	742	0.00	0.00	0.00
19	Astha Lalbhai	385	0.00	0.00	385	0.00	0.00	0.00
20	Sanjaybhai Shrenikbhai Lalbhai	311	0.00	0.00	311	0.00	0.00	0.00
21	Vandana Gupta	157	0.00	0.00	157	0.00	0.00	0.00
22	Jayshreeben Sanjaybhai Lalbhai	68	0.00	0.00	68	0.00	0.00	0.00
23	Utkarsh Bhikoobhai Shah	50	0.00	0.00	50	0.00	0.00	0.00
24	Radhika Utkarsh Shah	50	0.00	0.00	50	0.00	0.00	0.00
25	Aadarsh Utkarsh Shah	50	0.00	0.00	50	0.00	0.00	0.00
26	Aadarsh Utkarsh Shah (As a partner of Samkeet Enterprises)	50	0.00	0.00	50	0.00	0.00	0.00
27	Akshita Holdings Private Limited	27	0.00	0.00	27	0.00	0.00	0.00
28	Aura Business Enterprise Pvt Ltd	20	0.00	0.00	20	0.00	0.00	0.00
29	Aura Merchandise Pvt. Ltd.	20	0.00	0.00	20	0.00	0.00	0.00
30	Aura Securities Pvt Ltd	20	0.00	0.00	20	0.00	0.00	0.00
31	Sunil Siddharth	3	0.00	0.00	3	0.00	0.00	0.00
32	Kalpna Shripal Morakhia	2	0.00	0.00	2	0.00	0.00	0.00
33	Amit Gupta	0	0.00	0.00	70	0.00	0.00	0.00
	Total	20878938	36.00	0.00	20880476	35.58	0.00	-0.42

Note: During the year under review the Company had allotted 6,39,985 shares on April 19, 2019, as a result the total no. of shares was increased to 58634658 from 57994673 and 44,706 shares were on September 17, 2019 as a result the total no. of shares was increased to 58679364 from 58634658. To the extent of aforesaid increase in no. of shares, the Percentage to total Shares of the Company varies.

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
1	Aura Securities Private Limited					
	At the beginning of the year	19112362	32.57	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	19112362	32.57	-	-	-
2	Atul Limited					
	At the beginning of the year	825494	1.41	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	825494	1.41	-	-	-
3	Aagam Holdings Private Limited					
	At the beginning of the year	375251	0.64	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	375251	0.64	-	-	-
4	Arvind Farms Pvt Ltd					
	At the beginning of the year	298023	0.51	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	298023	0.51	-	-	-
5	Aura Business Ventures Llp					
	At the beginning of the year	162000	0.28	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	162000	0.28	-	-	-
6	Adore Investments Private Limited					
	At the beginning of the year	26459	0.05	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	26459	0.05	-	-	-
7	Anusandhan Investments Limited					
	At the beginning of the year	23000	0.04	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	23000	0.04	-	-	-
8	Amardeep Holdings Private Limited					
	At the beginning of the year	18850	0.03	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	18850	0.03	-	-	-
9	Aayojan Resources Private Ltd					
	At the beginning of the year	18200	0.03	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	18200	0.03	-	-	-
10	Saumya Samvegbhai Lalbhai					
	At the beginning of the year	5331	0.01	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	5331	0.01	-	-	-

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
11	Adhinami Investments Private Limited					
	At the beginning of the year	3700	0.01	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	3700	0.01	-	-	-
12	Hansa Niranjanbhai					
	At the beginning of the year	2279	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	2279	0.00	-	-	-
13	Swati S Lalbhai					
	At the beginning of the year	1942	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	1942	0.00	-	-	-
14	Badlani Manini Rajiv					
	At the beginning of the year	1430	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	1430	0.00	-	-	-
15	Sunil Siddharth Lalbhai					
	At the beginning of the year	1087	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	1087	0.00	-	-	-
16	Vimla S Lalbhai					
	At the beginning of the year	918	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	918	0.00	-	-	-
17	Taral S Lalbhai					
	At the beginning of the year	814	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	814	0.00	-	-	-
18	Punit Sanjaybhai					
	At the beginning of the year	742	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	742	0.00	-	-	-
19	Astha Lalbhai					
	At the beginning of the year	385	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	385	0.00	-	-	-
20	Sanjaybhai Shrenikbhai Lalbhai					
	At the beginning of the year	311	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	311	0.00	-	-	-

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
21	Vandana Gupta					
	At the beginning of the year	157	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	157	0.00	-	-	-
22	Amit Gupta					
	At the beginning of the year	0	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	10 Jan 2020	70	0.00	Purchase	70	0.00
At the end of the Year	70	0.00	-	-	-	
23	Jayshreeben Sanjaybhai Lalbhai					
	At the beginning of the year	68	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	68	0.00	-	-	-	
24	Utkarsh Bhikoobhai Shah					
	At the beginning of the year	50	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	50	0.00	-	-	-	
25	Radhika Utkarsh Shah					
	At the beginning of the year	50	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	50	0.00	-	-	-	
26	Aadarsh Utkarsh Shah					
	At the beginning of the year	50	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	50	0.00	-	-	-	
27	Aadarsh Utkarsh Shah (As a partner of Samkeet Enterprises)					
	At the beginning of the year	50	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	50	0.00	-	-	-
28	Akshita Holdings Private Limited					
	At the beginning of the year	27	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	27	0.00	-	-	-	
29	Aura Business Enterprise Pvt Ltd					
	At the beginning of the year	20	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
At the end of the Year	20	0.00	-	-	-	

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year		
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company	
30	Aura Merchandise Pvt. Ltd.						
	At the beginning of the year	20	0.00	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-	
	At the end of the Year	20	0.00	-	-	-	
31	Aura Securities Pvt Ltd						
	At the beginning of the year	20	0.00	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-	
	At the end of the Year	20	0.00	-	-	-	
32	Sunil Siddharth						
	At the beginning of the year	3	0.00	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-	
	At the end of the Year	3	0.00	-	-	-	
33	Kalpana Shripal Morakhia						
	At the beginning of the year	2	0.00	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-	
	At the end of the Year	2	0.00	-	-	-	

Notes:

1. Paid up Share Capital of the Company (Face Value Rs.4) at the end of the year is 58679364 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year
4. During the year under review the Company had allotted 6,39,985 shares on April 19, 2019, as a result the total no. of shares was increased to 58634658 from 57994673 and 44,706 shares were on September 17, 2019 as a result the total no. of shares was increased to 58679364 from 58634658. To the extent of aforesaid increase in no. of shares, the Percentage to total Shares of the Company varies.

D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year		
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company	
1	Plenty Private Equity Fund I Limited						
	At the beginning of the year	3935458	6.71	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-	
	At the end of the Year	3935458	6.71	-	-	-	
2	ICICI Prudential Long Term Equity Fund Tax Savings						
	At the beginning of the year	-	-	-	-	-	
	Date wise increase/ decrease in Shareholding during the year;						
	21 Jun 2019	95000	0.16	Purchase	95000	0.16	
	29 Jun 2019	63880	0.11	Purchase	158880	0.27	
	12 Jul 2019	4962	0.01	Purchase	163842	0.28	
	19 Jul 2019	55054	0.09	Purchase	218896	0.37	
	26 Jul 2019	158162	0.27	Purchase	377058	0.64	
02 Aug 2019	147381	0.25	Purchase	524439	0.89		

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
	09 Aug 2019	867069	1.48	Purchase	1391508	2.37
	16 Aug 2019	715481	1.22	Purchase	2106989	3.59
	23 Aug 2019	77169	0.13	Purchase	2184158	3.72
	06 Sep 2019	210320	0.36	Purchase	2394478	4.08
	13 Sep 2019	7024	0.01	Purchase	2401502	4.09
	20 Sep 2019	6886	0.01	Purchase	2408388	4.10
	27 Sep 2019	5	0.00	Purchase	2408393	4.10
	04 Oct 2019	15486	0.03	Purchase	2423879	4.13
	11 Oct 2019	19574	0.03	Purchase	2443453	4.16
	18 Oct 2019	9714	0.02	Purchase	2453167	4.18
	25 Oct 2019	20712	0.04	Purchase	2473879	4.22
	15 Nov 2019	2353	0.00	Purchase	2476232	4.22
	22 Nov 2019	46662	0.08	Purchase	2522894	4.30
	29 Nov 2019	5000	0.01	Purchase	2527894	4.31
	06 Dec 2019	7800	0.01	Purchase	2535694	4.32
	13 Dec 2019	41329	0.07	Purchase	2577023	4.39
	27 Dec 2019	249	0.00	Purchase	2577272	4.39
	10 Jan 2020	37399	0.06	Purchase	2614671	4.46
	17 Jan 2020	31355	0.05	Purchase	2646026	4.51
	24 Jan 2020	15994	0.03	Purchase	2662020	4.54
	31 Jan 2020	14	0.00	Purchase	2662034	4.54
	07 Feb 2020	251088	0.43	Purchase	2913122	4.96
	14 Feb 2020	7	0.00	Purchase	2913129	4.96
	06 Mar 2020	3523	0.01	Purchase	2916652	4.97
	13 Mar 2020	7185	0.01	Purchase	2923837	4.98
	20 Mar 2020	24	0.00	Purchase	2923861	4.98
	27 Mar 2020	40	0.00	Purchase	2923901	4.98
	31 Mar 2020	20	0.00	Purchase	2923921	4.98
	At the end of the Year	2923921	4.98	-	2923921	4.98
3	HDFC Trustee Company Ltd - A/C HDFC Mid - Cap opportunities Fund					
	At the beginning of the year	2409075	4.15		-	-
	Date wise increase/ decrease in Shareholding during the year;					
	10 May 2019	38031	0.06	Purchase	2447106	4.17
	17 May 2019	166205	0.28	Purchase	2613311	4.45
	24 May 2019	196237	0.33	Purchase	2809548	4.79
	31 May 2019	34146	0.06	Purchase	2843694	4.85
	12 Jul 2019	5600	0.01	Purchase	2849294	4.86
	At the end of the Year	2849294	4.86	-	2849294	4.86
4	Franklin India Equity Fund					
	At the beginning of the year	1467354	2.53		-	-
	Date wise increase/ decrease in Shareholding during the year;					
	12 Apr 2019	57260	0.10	Purchase	1524614	2.63
	19 Apr 2019	12740	0.02	Purchase	1537354	2.62
	03 May 2019	5558	0.01	Purchase	1542912	2.63

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
	10 May 2019	180756	0.31	Purchase	1723668	2.94
	24 May 2019	50000	0.09	Purchase	1773668	3.02
	31 May 2019	28896	0.05	Purchase	1802564	3.07
	14 Jun 2019	27712	0.05	Purchase	1830276	3.12
	21 Jun 2019	12288	0.02	Purchase	1842564	3.14
	29 Jun 2019	302	0.00	Purchase	1842866	3.14
	05 Jul 2019	205	0.00	Purchase	1843071	3.14
	12 Jul 2019	8632	0.01	Purchase	1851703	3.16
	16 Aug 2019	17001	0.03	Purchase	1868704	3.18
	23 Aug 2019	28256	0.05	Purchase	1896960	3.23
	30 Aug 2019	5128	0.01	Purchase	1902088	3.24
	06 Sep 2019	9615	0.02	Purchase	1911703	3.26
	13 Sep 2019	497	0.00	Purchase	1912200	3.26
	04 Oct 2019	9413	0.02	Purchase	1921613	3.27
	11 Oct 2019	10090	0.02	Purchase	1931703	3.29
	22 Nov 2019	80000	0.14	Purchase	2011703	3.43
	28 Feb 2020	50000	0.09	Purchase	2061703	3.51
	At the end of the Year	2061703	3.51	-	2061703	3.51
5	Plenty CI Fund I Limited					
	At the beginning of the year	1618966	2.79	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	1618966	2.76	-	-	-
6	AML Employee Welfare Trust					
	At the beginning of the year	1265462	2.18	-	-	-
	Date wise increase/ decrease in Shareholding during the year;	-	-	-	-	-
	At the end of the Year	1265462	2.16	-	-	-
7	Sundaram Mutual Fund A/C Sundaram Diversified Equity					
	At the beginning of the year	256676	0.44	-	-	-
	05 Apr 2019	129318	0.22	Purchase	385994	0.66
	12 Apr 2019	35000	0.06	Purchase	420994	0.72
	26 Apr 2019	83093	0.14	Purchase	504087	0.86
	03 May 2019	116315	0.20	Purchase	620402	1.06
	10 May 2019	81542	0.14	Purchase	701944	1.20
	24 May 2019	118000	0.20	Purchase	819944	1.40
	07 Jun 2019	48105	0.08	Purchase	868049	1.48
	14 Jun 2019	21697	0.04	Purchase	889746	1.52
	29 Jun 2019	40527	0.07	Purchase	930273	1.59
	05 Jul 2019	73049	0.12	Purchase	1003322	1.71
	12 Jul 2019	18388	0.03	Purchase	1021710	1.74
	30 Aug 2019	10000	0.02	Purchase	1031710	1.76
	20 Sep 2019	33906	0.06	Purchase	1065616	1.82
	27 Sep 2019	77889	0.13	Purchase	1143505	1.95
	18 Oct 2019	10000	0.02	Purchase	1153505	1.97

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company		No. of Shares Held	% of Total Shares of the Company
	15 Nov 2019	29444	0.05	Purchase	1182949	2.02
	29 Nov 2019	(449)	0.00	Sale	1182500	2.02
	13 Dec 2019	(528)	0.00	Sale	1181972	2.01
	10 Jan 2020	23291	0.04	Purchase	1205263	2.05
	17 Jan 2020	294	0.00	Purchase	1205557	2.05
	06 Mar 2020	(389)	0.00	Sale	1205168	2.05
	At the end of the Year	1205168	2.05	-	1205168	2.05
8	Kotak Standard Multicap Fund					
	At the beginning of the year	1203733	2.08	-	-	-
	22 Nov 2019	(25000)	-0.04	Sale	1178733	2.01
	29 Nov 2019	(58733)	-0.10	Sale	1120000	1.91
	21 Feb 2020	(1458)	0.00	Sale	1118542	1.91
	28 Feb 2020	(3021)	-0.01	Sale	1115521	1.90
	At the end of the Year	1115521	1.90	-	1115521	1.90
9	Kotak Funds - India Midcap Fund					
	At the beginning of the year	1059773	1.83	-	-	-
	Date wise increase/ decrease in Shareholding during the year					
	29 Jun 2019	(85432)	-0.15	Sale	974341	1.66
	14 Feb 2020	(26299)	-0.04	Sale	948042	1.62
	At the end of the Year	948042	1.62	-	948042	1.62
10	Multiples Private Equity FII I					
	At the beginning of the year	914133	1.58	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	914133	1.56	-	-	-
11	Life Insurance Corporation Of India					
	At the beginning of the year	807804	1.39	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	807804	1.38	-	-	-
12	India Capital Fund Limited					
	At the beginning of the year	600105	1.03	-	-	-
	Date wise increase/ decrease in Shareholding during the year					
	17 May 2019	(20000)	-0.03	Sale	580105	0.99
	14 Jun 2019	(16329)	-0.03	Sale	563776	0.96
	21 Jun 2019	(24958)	-0.04	Sale	538818	0.92
	09 Aug 2019	(538818)	-0.92	Sale	0	0.00
	At the end of the Year	0	0.00		0	0.00

Note:

1. Paid up Share Capital of the Company (Face Value Rs. 4) at the end of the year is 58679364 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.
4. During the year under review the Company had allotted 6,39,985 shares on April 19, 2019, as a result the total no. of shares was increased to 58634658 from 57994673 and 44,706 shares were on September 17, 2019 as a result the total no. of shares was increased to 58679364 from 58634658. To the extent of aforesaid increase in no. of shares, the Percentage to total Shares of the Company varies.

E. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Top 10 Shareholders For Each of the Directors & KMP	Shareholding at the beginning of the year		Reasons for change in shareholding	Cumulative Shareholding during the year	
		No. of Shares Held	% of Total Shares of the Company*		No. of Shares Held	% of Total Shares of the Company**
1	Mr. Suresh Jayaraman – Managing Director & CEO					
	At the beginning of the year	174000	0.30		-	-
	Date wise increase/ decrease in Shareholding during the year;					
	April 17, 2019	208319	0.35	Purchase	382319	0.65
	At the end of the Year	3,82319	0.65		382319	0.65
2	Mr. Sanjaybhai Shrenikbhai Lalbhai – Chairman & Non-Executive Director					
	At the beginning of the year	311	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	311	0.00	-	-	-
3	Ms. Nithya Easwaran - Non-Executive Director					
	At the beginning of the year	3450	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	3450	0.00	-	-	-
4	Mr. Nilesh Dhirajjal Shah - Non-Executive Independent Director					
	At the beginning of the year	42	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	42	0.00	-	-	-
5	Mr. Jayesh Shah - Non-Executive Director					
	At the beginning of the year	0	0	-	-	-
	Date wise increase/ decrease in Shareholding during the year					
	April 17, 2019	158725	0.27	Purchase	158725	0.27
	At the end of the Year	158725	0.27	-	-	-
6	Ms. Vani Kola - Non-Executive Independent Director					
	At the beginning of the year	40	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	40	0.00	-	-	-
7	Mr. Punit Lalbhai - Non-Executive Director					
	At the beginning of the year	742	0.00	-	-	-
	Date wise increase/ decrease in Shareholding during the year	-	-	-	-	-
	At the end of the Year	-	-	-	-	-
8	Mr. Vijay Kumar B S – Company Secretary					
	At the beginning of the year	47391*	0.08	-	-	-
	Date wise increase/ decrease in Shareholding during the year					
	Aug 28, 2019	(12,240)	(0.02)	Sale	35151	0.05
	Aug 29, 2019	(20,015)	(0.04)	Sale	15136	0.02
	Aug-30, 2019	(6,022)	(0.01)	Sale	9114	0.01
	Sep 03, 2019	(9114)	(0.02)	Sale	0	0.00
	At the end of the Year	0	0	-	-	-

The following Directors did not hold any shares of the Company during the year

- Mr. Kulin Sanjay Lalbhai - Non-Executive Director
- Ms. Abanti Sankaranarayanan - Non-Executive Independent Director
- Mr. Nagesh Dinkar Pinge - Non-Executive Independent Director
- Mr. Achal Anil Bakeri - Non-Executive Independent Director
- Mr. Vallabh Roopchand Bhanshali - Non-Executive Independent Director

Notes:

* Fraction shares arised pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors were consolidated into whole shares and the said shares was allotted to Mr. Vijay Kumar BS, Company Secretary, as a trustee acting on behalf of the Board, who sold such shares in the market during the year under review and the net proceeds (after deduction of applicable taxes and other expenses incurred), were distributed to the concerned shareholders in proportion to their respective fractional entitlements.

** During the year under review the Company had allotted 6,39,985 shares on April 19, 2019, as a result the total no. of shares was increased to 58634658 from 57994673 and 44,706 shares were on September 17, 2019 as a result the total no. of shares was increased to 58679364 from 58634658. To the extent of aforesaid increase in no. of shares, the Percentage to total Shares of the Company varies.

V. INDEBTEDNESS

Indebtedness of the Company including interest Outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	45,62,86,950	27,07,70,522	-	72,70,57,472
ii) Interest due but not paid	-	3,29,66,050	-	3,29,66,050
iii) Interest accrued but not due	-	2,22,77,678	-	2,22,77,678
Total (i+ii+iii)	45,62,86,950	32,60,14,250	-	78,23,01,200
Change in Indebtedness during the financial year				
Additions	92,32,10,35,882	1,66,52,83,262	-	93,98,63,19,144
Reduction	90,97,69,42,520	1,15,36,95,331	-	92,13,06,37,851
Net Change	1,34,40,93,362	51,15,87,931	-	1,85,56,81,293
Indebtedness at the end of the financial year				
i) Principal Amount	1,80,03,80,312	78,23,58,453	-	2,58,27,38,766
ii) Interest due but not paid	-	7,61,35,613	-	7,61,35,613
iii) Interest accrued but not due	-	2,86,56,517	-	2,86,56,517
Total (i+ii+iii)	1,80,03,80,312	88,71,50,583	-	2,68,75,30,895

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Wholetime Directors and/ or Manager**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Mr. Suresh Jayaraman, MD & CEO*	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	3,51,21,388 28,800 NIL	3,51,21,388 28,800 NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL NIL	NIL NIL
5.	Others Please Specify Company's Contribution to Provident Fund Company's Contribution to Gratuity Professional development Attire Sodexo	13,96,800 5,59,884 60,000 57,548 30,000	13,96,800 5,59,884 60,000 57,548 30,000
6.	Total (A)	3,72,54,420	3,72,54,420
7.	Ceiling as per Act	10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013	10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013

* Mr. Suresh Jayaraman, was appointed as Managing Director & CEO, with effect from August 01, 2018.

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Mr. Nilesh Dhirajlal Shah	Mr. Nagesh Dinkar Pinge	Ms. Abanti Sankaranarayanan	Mr. Achal Anil Bakeri	Mr. Vallabh Roopchand Bhanshali	Ms. Vani Kola*	
1	Independent Directors							
	(a) Fee for attending board/ committee meetings	1,10,000	1,40,000	60,000	60,000	60,000	60,000	4,30,000
	(b) Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	1,10,000	1,40,000	60,000	60,000	60,000	60,000	4,30,000
2	Non-Executive Directors	Mr. Sanjaybhai Lalbhai	Mr. Kulin Lalbhai	Mr. Punit Lalbhai	Mr. Jayesh Shah	Ms. Nithya Easwaran		
	(a) Fee for attending board/ committee meetings	70,000	80,000	70,000	1,10,000	1,00,000		4,30,000
	(b) Commission	NIL	NIL	NIL	NIL	NIL		NIL
	(c) Others, please specify	NIL	NIL	NIL	NIL	NIL		NIL
	Total (2)	70,000	80,000	70,000	1,10,000	1,00,000		4,30,000
	Total (B) = (1 + 2)							8,60,000
	Ceiling as per the Act	1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013. During the year under review the Non-Executive Directors of the Company are paid only Sitting Fees.						
	Total Managerial remuneration							3,81,14,420
	Overall ceiling as per the Act	11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013						

*Ms. Vani Kola has opted not to receive any remuneration from the Company for her services.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Pramod Gupta, CFO*	Mr. Vijay Kumar B S Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,64,58,432	14,26,297**	1,78,84,729
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	48,285	NIL	48,285
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NIL	NIL	NIL
2	Stock Option	50,000 options*	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission as % of profit others, specify	NIL NIL	NIL NIL	NIL NIL
5	Others, please specify			
	Company's Contribution to Provident Fund	7,40,256	38,099	7,78,355
	Company's Contribution to Gratuity	2,96,712	15,276	3,11,988
	Attire	60,000	15,000	75,000
	Sodexo	30,000	15,000	45,000
	Car Fuel & Maintenance	28,800	-	28,800
	Car Fuel & Maintenance	10,800	-	10,800
6	Total	1,76,73,285	15,09,672	1,91,82,957

Note:

*Mr. Pramod Gupta was granted with 50,000 Employee Stock Options at an exercise price of Rs. 468.80/-, during the year under review

**Remuneration paid to Mr. Vijay Kumar B S, includes one-time payout of special bonus of Rs. 5 Lakh as per the terms of the Reward Policy of the Company for the year under review.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties /punishment /compounding of offences for the year ended on March 31, 2020

Annexure – B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES 2019-20

SECTION 1

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Brief outline of the Company's CSR policy

The Arvind Fashions Limited Policy on Corporate Social Responsibility (**AFLPCSR**) is an attempt to provide a structured guideline for the Company and all its Subsidiaries and Joint Ventures to undertake CSR initiatives. This policy envisages to guide CSR initiatives for all its Subsidiaries and Joint Ventures and help them maintain a common CSR thought thread. For doing so, the top Management of the Arvind Fashions Limited and its Subsidiaries and Joint Ventures would define an annual budget, select CSR focus areas, select geography, work with either the Arvind Fashions CSR team to undertake CSR initiatives or will partner with like-minded individuals and organisations and last but not the least, utilise the skills of vast majority of Employee Talents that the company has in accomplishment of its CSR vision.

The key points of the policy are presented below and the policy can be reached at our website through the given link: <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-CSR-Policy.pdf>

Overview of projects or programs undertaken

At Arvind Fashions Limited (AFL), the initiatives for social advancement would be undertaken through Strategic Help Alliance to Relief to Distressed Areas (SHARDA) Trust and Arvind Foundation. In addition, partnerships with like-minded individuals, civil society organisations and the skills of vast majority of Employee Talents that the company has will be utilised in accomplishment of its CSR vision.

We have supported and will continue to fund the ongoing projects mentioned below:

1. Supporting Municipal School Children
2. Providing Scholarships for higher education

In addition, in the year 2019-20, we had planned a large multi-year intervention near Arvind Fashions Limited's operations, especially near the new warehouse operations at Lakkondahalli village in Hosakote Tehsil in Rural Bangalore. Lakkondahalli is a small village in a cluster of around 10-11 villages. A systematic need assessment and baseline study is underway. Though we wish to work around the theme Education, Skill Development and Health, we will wait for the final outcome of the need assessment. The identified projects shall be implemented over next 3-5 years.

Section 2

Composition of the CSR Committee

The Arvind Fashions Limited has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act. The members of the CSR Committee are:

- (i) Mr. Kulin Lalbhai (Non-Executive Director)
- (ii) Mr. Jayesh Shah (Non-Executive Director)
- (iii) Mr. Nilesh Shah (Independent Director)

Section 3

Average net profit of the Company for last three financial years

The average net profit of the Company is ₹ **44.38 Crores**.

Section 4

Prescribed CSR Expenditure (two per cent of the amount as in Section 3 above)

The prescribed CSR Spend for Arvind Fashions Limited for the year 2019-20 is ₹ ~89 Lacs.

Section 5**Details of CSR Spend during the financial year**

- (a) Total amount to be spent for the financial year: ₹~89 Lacs
- (b) Amount Unspent, if any: INR ~89 Lacs (Being Carried forward as mentioned in Section 1)
- (c) Manner in which the amount was spent during the financial year is detailed below:

Arvind Fashions Limited – Manner in which the amount spent during the financial year 2019-20								
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes	Amount outlay (budget) project or program wise (Lacs)	Amount spent on the projects or programmes (Lacs)	Cumulative expenditure upto to the reporting period (Lacs)	Amount spent: Direct or through implementing agency	Remark
1	Providing Scholarships for higher education	Promoting Education	Providing scholarship to students in Karnataka	o	o	o	Through SHARDA Trust (Implementing agency)	Ongoing project: Continuing with previous year's grant
2	Supporting Municipal School Children	Promoting Education	Municipal schools in Ahmedabad	o	o	o	Through SHARDA Trust (Implementing agency)	Ongoing project: Continuing with previous year's grant
3	Projects around our new warehouse	Need assessment underway	Projects within Karnataka	o	o	o	INR ~89 Lacs carried forward to next year for setting up a larger project	INR ~89 carried forward to FY 21
	Total 2% CSR budget				89			
	Total amount spent				o			
	Total amount carried forward				89			

Projects and Programmes	Theme	Implementing Agency	Registration No.
Providing Scholarships for higher education	Promoting Education	Strategic Help Alliance for Relief to Distressed Area (SHARDA) Trust	E/10699/ Ahmedabad Dated: 13th December, 1995 under Bombay Public Trust Act 1950
Supporting Municipal School Children	Promoting Education	Strategic Help Alliance for Relief to Distressed Area (SHARDA) Trust	E/10699/ Ahmedabad Dated: 13th December, 1995 under Bombay Public Trust Act 1950

Section 6

In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

As mentioned in section 1, AFL intends to undertake project and programs to enable a positive impact in the quality of life of people around our new warehouse at Lokkondahalli village in Rural Bangalore. In line, we have strategically decided to carry forward the CSR fund of FY 20 to FY21 thus accumulating and investing in a larger multi-year project in and around our new warehouse.

A need assessment study of the village cluster is underway. The projects shall be identified based on the report of this need assessment.

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

Mr. Jayesh Shah

Non-Executive Director &
Chairman of CSR Committee

Mr. Kulin Lalbhai

Non-Executive Director

Place : Ahmedabad

Date : 09/07/2020

Annexure – C

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Arvind Fashions Limited

Main Building, Arvind Limited Premises,

Naroda Road, Ahmedabad – 380025.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARVIND FASHIONS LIMITED** (hereinafter “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives in electronic form due to lockdown on account of COVID 19 pandemic during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 (Audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
 - (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - (v) The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015;
 - (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable as the Company has not issue any such securities during the financial year)**
 - (vii) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable as the Company is not registered as Registrar and Transfer Agents with SEBI)**
 - (viii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable as the Company has not delisted any of its equity shares during the financial year);**
 - (ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable as the Company has not bought back any of the securities during the financial year).**
3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company however due to lockdown on account of COVID 19 across the nation, physical verification was not possible.
4. The Company has complied with following specific laws to the extent applicable to the Company:
 - a) The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952.
 - b) The Employees’ State Insurance Act, 1948.
 - c) The Contract Labour (Regulation & Abolition) Act, 1970.

- d) The Minimum Wages Act, 1948.
 - e) The Payment of Bonus Act, 1965.
 - f) The Payment of Gratuity Act, 1972.
 - g) The Payment of Wages Act, 1936.
 - h) The Workmen Compensation Act, 1923.
 - i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.
 - j) Shops and Establishment Act of respective states.
 - k) The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.
 - l) Tax on Profession of respective States.
 - m) Labour Welfare Fund.
 - n) The Legal Metrology Act, 2009.
 - o) The Consumer Protection Act, 1986.
 - p) Trademarks Act, 1999.
 - q) The Information Technology Act, 2000.
 - r) Income Tax Act, 1961 and its Rules.
 - s) The Goods And Services Tax Act, 2017.
 - t) Customs Act, 1962.
5. We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India and The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except with the provisions of regulation 18(1) of The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements), Regulations, 2015 pertaining to constitution of Audit Committee. However, subsequently the company has ensured the necessary compliance with requirements of regulation 18(1) of The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements), Regulations, 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions having a major bearing on the company's affairs except the following:

1. The Company has allotted 6,39,985 equity shares on April 19, 2019, pursuant exercise of stock options to eligible applicants/Grantee under Employee Stock Option scheme 2016 (ESOS 2016) of the Company.
2. The Company has allotted 44,706 equity shares on September 17, 2019, pursuant exercise of stock options to eligible applicants/Grantee under Employee Stock Option scheme 2016 (ESOS 2016) of the Company.

For N. V. Kathiria & Associates

Sd/-

N. V. Kathiria

Proprietor

FCS 4573 COP 3278

(UDIN: Foo4573Boo0348576)

Date: 17/06/2020

Place: Ahmedabad

To,
The Members,
Arvind Fashions Limited
Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad- 380025.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For N. V. Kathiria & Associates

Sd/-

N. V. Kathiria

Proprietor

FCS 4573 COP 3278

(UDIN: Foo4573Booo348576)

Date: 17/06/2020

Place: Ahmedabad

Secretarial Audit Report of the Material Subsidiary

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

ARVIND LIFESTYLE BRANDS LIMITED

Arvind Mills Premises,
Naroda Road, Ahmedabad – 380025.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arvind Lifestyle Brands Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives in electronic form due to lockdown on account of COVID 19 pandemic during the conduct of the Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
 - (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - (v) The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015;
 - (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (vii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (viii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

It has been found that there were no instances requiring compliance with the provision of the laws indicated at point No. 2 mentioned hereinabove during the period under review.
3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company however due to lockdown on account of COVID 19 across the nation, physical verification was not possible.
4. The Company has complied with following specific laws to the extent applicable to the Company:
 - a. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
 - b. The Employees' State Insurance Act, 1948.
 - c. The Contract Labour (Regulation & Abolition) Act, 1970.

- d. The Maternity Benefit Act, 1961.
 - e. The Minimum Wages Act, 1948.
 - f. The Payment of Bonus Act, 1965.
 - g. The Payment of Gratuity Act, 1972.
 - h. The Payment of Wages Act, 1936.
 - i. The Workmen Compensation Act, 1923.
 - j. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.
 - k. Shops and Establishment Act of respective states.
 - l. The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.
 - m. Tax on Profession of respective States.
 - n. Labour Welfare Fund.
 - o. The Legal Metrology Act, 2009.
 - p. The Consumer Protection Act, 1986.
 - q. Trademarks Act, 1999.
 - r. The Information Technology Act, 2000.
 - s. Income Tax Act, 1961 and its Rules.
 - t. The Goods And Services Tax Act, 2017.
 - u. Customs Act, 1962.
5. We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

The Listing Agreements entered into by the Company with Stock Exchange pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. **(the securities of the company are not listed on any recognized stock exchange, clauses of listed agreement were not applicable)**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that

During the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. except the following:

1. The Company has allotted 50,00,000 equity shares on 24.03.2020, pursuant to Rights Issue to the existing shareholder of the Company.

For N. V. Kathiria & Associates

Sd/-

N. V. Kathiria

Proprietor

FCS 4573 COP 3278

(UDIN: Foo4573Boo0348587)

Date: 17/06/2020

Place: Ahmedabad

To,
The Members
ARVIND LIFESTYLE BRANDS LIMITED
Arvind Mills Premises, Naroda Road,
Ahmedabad- 380025.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For N. V. Kathiria & Associates

Sd/-

N. V. Kathiria

Proprietor

FCS 4573 COP 3278

(UDIN: Foo4573Boo0348587)

Date: 17/06/2020

Place: Ahmedabad

Annexure – D

Disclosures required in the Directors' Report pursuant to Regulation 14 of the SEBI (Share based Employee Benefit) Regulations, 2014:

1	Description of ESOS Scheme:	ESOS 2016	ESOS 2018
(a)	Date of shareholders approval	15-Oct-2016	12-May-2018 Date of approval to the Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and creditors (“ the Scheme ”)
	Date of shareholder’s approval on amendment	16-Jul-2018	
(b)	Total number of shares approved	75,00,000	19,09,800
(c)	Vesting requirements	Options vest over a period of 1 to 5 years based on continued service and certain performance parameters.	
(d)	Exercise price or pricing formula	The Exercise Price shall be as decided by the Board/Committee at its own discretion. Provided that after listing of the equity shares of the Company on any recognized stock exchange in India, the exercise price shall be the Market Price of the share. However, it can be such other price as may be decided by the Board/Committee for grant of options not exceeding 0.5% of the paid-up equity shares as on 31st March 2018 i.e. not exceeding 5,79,257 shares or such other price as may be required to be arrived in accordance with the applicable laws. Further, Board/Committee shall grant such options not exceeding 0.5% of paid up capital as mentioned above to employees in lieu of cash compensation based on achievement of key performance indicators and such options shall not exceed 0.15% of the paid-up capital i.e. not exceeding 1,73,777 shares to any one employee.	Market price of the equity shares being latest available closing price on the Stock Exchange. However, Options granted to the Employees of the Demerged Company, i.e., Arvind Limited, will be at the Exercise Price as mentioned under Part II, clause 7.4.4 of the Scheme of Arrangement which states that the Board of the Resulting Company 1, i.e., AFL shall determine the exercise price of the stock options issued by it in lieu of stock options granted under Arvind Limited’s ESOS and outstanding before the demerger.
(e)	Maximum term of options granted	5 years from the date of grant	
(f)	Source of shares	Primary	
(g)	Variation of terms of options	None	
2	Method used to account for ESOS	Fair Value Method	

3	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on the profits and EPS of the Company shall also be disclosed.	Not applicable	
	(i) Difference between Intrinsic value and Fair value compensation cost		
	(ii) Impact on the Profits of the Company (₹)		
	(iii) Impact on Basic Earnings Per Share of the Company (₹)		
	(vi) Impact on Diluted Earnings Per Share of the Company (₹)		
4	Option movement during the year:		
(a)	Options Outstanding at the beginning of the year	16,87,193	3,15,200
(b)	Options issued during the year	3,35,000	0
(c)	Options forfeited/lapsed during the year	1,80,057	0
(d)	Options vested during the year	1,23,473	1,35,200
(e)	Options exercised during the year	6,84,691	0
(f)	Number of shares arising as a result of exercise of option	6,84,691	0
(g)	Money realised by exercise of options (₹)	9,30,25,300	0
(h)	Loan repaid by the Trust during the year from exercise price received	NA	NA
(i)	Options Outstanding at the end of the year	11,57,445	3,15,200
(j)	Options Exercisable at the end of the year	1,24,178	3,15,200
5A	Weighted average exercise prices of Outstanding options whose		
	Exercise price equals market price of stock	₹468.80	₹890.86
	Exercise price exceeds market price of stock	₹1,381.08	0
	Exercise price is less than market price of stock	₹175.22	0
5B	Weighted average fair value of options whose		
	Exercise price equals market price of stock	₹181.37	₹220.73
	Exercise price exceeds market price of stock	₹49.05	0
	Exercise price is less than market price of stock	₹66.34	0
6	Grantee wise details of options granted to:		
	(i) Key managerial personnel	Mr. Pramod Kumar Gupta, Chief Financial Officer – 50,000 options	None
	(ii) any other grantee who receives a grant in any one year of options amounting to five per cent or more of options granted during that year;	Mr. Shailesh Chaturvedi – 2,10,000 options Mr. Alok Dubey – 50,000 options Mr. Anindya Ray – 25,000 options	None
	(iii) identified employees who were granted options, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the issuer at the time of grant.	None	None

7	A description of the method and significant assumptions used during the year to estimate the fair values of options, including following weighted average information:		No grants made during the period
(i)	Share price (₹)	460.45	
(ii)	Exercise price (₹)	369.72	
(iii)	Expected volatility	42.42%	
(iv)	Expected dividends	0.00%	
(v)	Risk-free interest rate	5.97%	
(vi)	Any other inputs to the model	None	
(vii)	Method used and the assumptions made to incorporate effects of expected early exercise	Binomial Option Pricing Model	
(viii)	How expected volatility was determined, including an explanation of the extent of to which expected volatility was based on historical volatility	The daily volatility of the Company's stock price and comparable companies' stock prices on NSE over the expected life of the options has been considered.	
(ix)	Whether any or how any other features of option grant were incorporated into the measurement of fair value, such as market condition.	None	

Annexure – E

Information pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the percentage of increase in the remuneration of each Directors, Chief Financial officer, Chief Executive officer, Company Secretary or Manager if any in the financial year 2019-20:

Name	Designation	Annual Remuneration on for FY 2019-20 (in lacs)	% increase/ decrease in remuneration in FY 2019-20	Ratio of Remuneration to Median remuneration of employees
Non-Executive/ Independent Directors*				
Mr. Sanjay Lalbhai	Non-Executive Director	0.7	133.33	0.2
Mr. Kulin Lalbhai	Non-Executive Director	0.8	100	0.2
Mr. Punit Lalbhai**	Non-Executive Director	0.7	NA	0.2
Mr. Jayesh Shah	Non-Executive Director	1.1	0.00	0.3
Ms. Nithya Easwaran	Non-Executive Director	1.0	25	0.3
Mr. Nagesh Dinkar Pinge	Independent Director	1.4	180	0.4
Mr. Nilesh Dhirajlal Shah	Independent Director	1.1	57.14	0.3
Ms. Abanti Sankaranarayanan	Independent Director	0.6	20	0.2
Mr. Achal Anil Bakeri	Independent Director	0.6	100	0.2
Mr. Vallabh Roopchand Bhansali	Independent Director	0.6	100	0.2
Ms. Vani Kola***	Independent Director	0.0	NA	0.0
Executive Director				
Mr. Suresh Jayaraman	Managing Director & CEO	372.5	0	110.7
Key Managerial Personnel				
Mr. Pramod Kumar Gupta****	Chief Financial Officer	176.7	NA	52.5
Mr. Vijay Kumar BS*****	Company Secretary	15.1	0.08	4.5

Notes:

* Non-Executive/Independent Directors of the Company were paid only sitting fees for Financial Year 2018-19 and 2019-20, as per the statutory provisions.

**Mr. Punit Sanjay Lalbhai was appointed as Director of the Company with effect from April 2, 2019. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.

***Ms. Vani Kola, was appointed as Director of the Company with effect from April 2, 2019 and she has opted not to take any remuneration from the Company for her services. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.

****Mr. Pramod Kumar Gupta was appointed as the Chief Financial Officer of the Company with effect from April 2, 2019. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.

*****Remuneration paid to Mr. Vijay Kumar B S, includes one-time payout of special bonus of Rs. 5 Lakh as per the terms of the Reward Policy of the Company for the year under review.

2. The percentage increase in median remuneration of employees for the Financial Year was 5.1%.
3. The Company has 498 permanent Employees on the rolls of Company as on March 31, 2020.
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
Average increase for Key Managerial Personnel is 0.1% and for other employees was about 4.9%. There is no exceptional increase in remuneration of Key Managerial Personnel. However, such increase is not comparable for the reasons as mentioned in notes to point no. 1.
5. It is hereby affirmed that the remuneration paid during the year is as per the applicable Remuneration Policy of the Company.

CORPORATE GOVERNANCE REPORT

Your Directors present the Company's Report on Corporate Governance for the year ended on 31st March 2020.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance at Arvind Fashions Limited ("Arvind") is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- The Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The majority of our Board, 6 out of 12, are independent members. Given below is the report on Corporate Governance at Arvind.

2. BOARD OF DIRECTORS

2.1 Composition of the Board:

The Board has 12 Directors, comprising of 1 Managing Director, 5 Non-Executive Directors and 6 Non-Executive Independent Directors. The Non-Executive Independent Directors are leading professionals from varied fields who bring in independent judgment to the Board's discussions and deliberations.

The following is the Composition of the Board as at 31st March 2020:

Sr. No.	Name of Director	Executive/Non-executive /Independent Director	No. of Directorships held (Including Arvind Fashions Ltd.)*	Committee(s) position (Including Arvind Fashions Ltd.)**	
				Member	Chairman
1	Mr. Sanjay Lalbhai	Chairman & Non-Executive Director	5	1	1
2	Mr. Suresh Jayaraman	Managing Director & CEO	9	0	0
3	Mr. Kulin Lalbhai	Non-Executive Director	6	1	0
4	Mr. Punit Lalbhai	Non-Executive Director	10	0	1
5	Mr. Jayesh Shah	Non-Executive Director	12	2	1
6	Ms. Nithya Easwaran	Non-Executive Director	3	2	0
7	Mr. Nilesh Shah	Independent Director	4	4	0
8	Ms. Abanti Sankaranarayanan	Independent Director	3	1	0
9	Mr. Nagesh Dinkar Pinge	Independent Director	6	5	3
10	Mr. Vallabh Bhanshali	Independent Director	7	0	0
11	Mr. Achal Anil Bakeri	Independent Director	5	0	0
12	Ms. Vani Kola	Independent Director	6	0	0

*All the Companies have been considered excluding Companies incorporated under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and Companies incorporated outside India.

**Only Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

Names of the other Listed Entities where the person is a Director and the category of Directorship:

Sr. No.	Name of the Director	Name of Listed Company	Category of Directorship
1	Mr. Sanjay Lalbhai	Arvind Limited	Chairman & Managing Director
		Arvind SmartSpaces Limited	Chairman & Non-Executive Director
		The Anup Engineering Limited	Chairman & Non-Executive Director
2	Mr. Suresh Jayaraman	-	-
3	Mr. Kulin Lalbhai	Arvind SmartSpaces Limited	Non-Executive Director
		Arvind Limited	Executive Director
		Zydus Wellness Limited	Non-Executive Independent Director
4	Mr. Punit Lalbha	Arvind Limited	Executive Director
		The Anup Engineering Limited	Non-Executive Director
5	Mr. Jayesh Shah	Arvind Limited	Whole time Executive Director & CFO
6	Ms. Nithya Easwaran	-	-
7	Mr. Nilesh Shah	Arvind Limited	Non-Executive Independent Director
8	Ms. Abanti Sankaranarayanan	-	-
9	Mr. Nagesh Dinkar Pinge	Goa Carbon Limited	Non-Executive Independent Director
10	Mr. Vallabh Bhanshali	-	-
11	Mr. Achal Anil Bakeri	Symphony Limited	Chairman & Managing Director
12	Ms. Vani Kola	-	-

2.2 The Board has identified the following skills/expertise/competencies with reference to its Business for the effective functioning of the Company and which are currently available with the Board:

Name of the Director	Skills/Expertise/Competencies
Mr. Sanjay Lalbhai	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Board Service & Governance
Mr. Suresh Jayaraman	Apparel & Textile Industry domain, FMCG Industry domain, Marketing, Business Strategy & Corporate Planning
Mr. Kulin Lalbhai	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Technology Expert
Mr. Punit Lalbhai	Expertise in new materials and sustainable technologies, Sales and marketing, International business operations and Innovation management
Mr. Jayesh Shah	Finance, Foreign Exchange Markets, Business Strategy & Corporate Planning, Corporate Restructuring
Ms. Nithya Easwaran	Financial Services, Asset Management, Capital Markets, Wealth Management, Private Equity.
Mr. Nilesh Shah	Finance, Banking, Asset Management, Capital Markets, Wealth Management
Ms. Abanti Sankaranarayanan	General management, marketing public policy, corporate reputation and sustainability.
Mr. Nagesh Dinkar Pinge	Ethics, Corporate Governance, Risk Management, Internal Audit, Finance, Accounts and corporate laws.
Mr. Vallabh Bhanshali	Finance, Investment Banker, Asset Management, Capital Markets, Wealth Management
Mr. Achal Anil Bakeri	Industrialist, Entrepreneur, corporate strategy and people development
Ms. Vani Kola	Venture Capitalist, Financial Services, Asset Management, Capital Markets, Wealth Management, General Management.

2.3 Board Agenda:

The annual calendar of Board and Committee Meetings are agreed upon at the beginning of each year. Meetings are governed by a structured Agenda and a Board Member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board Members at least 7 working days in advance. In addition, for any business exigencies the resolutions are passed by circulation and later places at the subsequent Board or Committee Meeting for ratification/approval. Detailed presentations are made at the meetings on all major issues to enable the Board to take informed decisions.

Invitees & Proceedings:

Apart from the Board Members, the Company Secretary, the Heads of Brands are invited to attend the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the matters being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Managing Director and other senior executives make presentations on capex proposals & progress, operational health & safety and other business issues.

Support and Role of Company Secretary:

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of agenda and other documents and recording of the minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance to the Board and the Management.

2.4 Meetings and Attendance:

During the year, the Board of Directors met 7 times on April 02, 2019, May 16, 2019, August 09, 2019, October 23, 2019, December 17, 2019, February 11, 2020 and February 21, 2020. The gap between two Board Meetings was within the maximum time gap prescribed in SEBI (LODR) Regulations, 2015. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Director	Number of Board Meetings held during the period when the Director was on the Board	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Sanjay Lalbhai	7	7	Yes
2	Mr. Suresh Jayaraman	7	7	Yes
3	Mr. Kulin Lalbhai	7	7	Yes
4	Mr. Punit Lalbhai	7	7	Yes
5	Mr. Jayesh Shah	7	7	Yes
6	Ms. Nithya Easwaran	7	5	No
7	Mr. Nilesh Shah	7	3	No
8	Ms. Abanti Sankaranarayanan	7	3	No
9	Mr. Nagesh Dinkar Pinge	7	7	Yes
10	Mr. Vallabh Bhanshali	7	5	No
11	Mr. Achal Anil Bakeri	7	4	Yes
12	Ms. Vani Kola	7	4	No

2.5 Independent Directors:

Independent Directors play an important role in the governance processes of the Board. They bring to bear their expertise and experience on the deliberations of the Board. This enriches the decision making process at the Board with different points of view and experiences and prevents conflict of interest in the decision making process.

None of the Independent Directors serves as “Independent Directors” in more than seven listed companies. No person has been appointed or continuing as an Alternate Director for an Independent Director of the Company.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

During the year under review, the Independent Directors met on February 11, 2020, inter alia:

- To review the performance of the Non-Independent Directors (Executive Directors);
- To review the performance of the Board of the Company as a whole;
- To review the performance of Chairman of the Company taking into account the views of Executive Directors on the same;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

They expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express views on the business transacted at the Meetings and the openness with which the Management discussed various subject matters on the agenda of meetings.

2.6 Disclosure of relationships between the Directors inter-se:

Except between Mr. Sanjay Lalbhai (Chairman & Managing Director) and his two sons viz. Mr. Punit Lalbhai (Non-Executive Director) and Mr. Kulin Lalbhai (Non-Executive Director), there is no relationship between the Directors inter-se.

2.7 Number of shares and convertible instruments held by Non-Executive Directors:

Name	Category	No. of equity shares held
Suresh Jayaraman	Managing Director and CEO	3,82,319
Jayesh Kantilal Shah	Non-Executive Director	1,58,725
Nithya Easwaran	Non-Executive Director	3,450
Punit Sanjay Lalbhai	Non-Executive Director	742
Sanjaybhai Shrenikbhai Lalbhai	Chairman and Non-Executive Director	311
Nilesh Dhirajlal Shah	Independent Director	42
Vani Kola	Independent Director	40

During the year under review, the Company has not issued any Convertible Instruments.

2.8 Familiarisation Programme for Independent Director:

On appointment of an individual as Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation program including the presentation from the Chairman, Managing Director & CEO providing information relating to the Company, Brands, Industry, business model of the Company, geographies in which Company operates, etc. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme also provides information relating to the financial performance of the Company and budget and control process of the Company.

The details of familiarisation program imparted to Independent Directors is also posted on the Company's Website at <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Familiarisation-Programs-of-Independent-Directors.pdf>.

2.9 Code of Conduct for Directors and Senior Management Personnel:

In terms of provisions of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

2.10 Prohibition of Insider Trading Code:

The codes viz. "Code of Conduct for Prohibition of Insider Trading" and the "Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information" allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Designated Persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

2.11 Committees of the Board:

The Board of Directors has constituted 6 Committees of the Board viz.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee
- Committee of Directors

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

3. AUDIT COMMITTEE

The Audit Committee of the Company comprises of 4 members out of which 3 members are Non-Executive Independent Directors. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management. Mr. Nagesh Dinkar Pinge, Non-Executive Independent Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

3.1 Terms of reference of the committee inter alia, include the following:

- a. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors of Company;

- c. Approval of payment to Auditors for any other services rendered by the Auditors of Company;
- d. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons thereto;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- h. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- i. Approval or any subsequent modification of transactions of Company with related parties;
- j. Scrutiny of inter-corporate loans and investments;
- k. Valuation of undertakings or assets of Company, wherever it is necessary;
- l. Evaluation of internal financial controls and risk management systems;
- m. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o. Discussion with internal auditors of any significant findings and follow up there on;
- p. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- q. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s. To review the functioning of the whistle blower mechanism;
- t. Approval of the appointment of the CFO of Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- u. To review the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
- v. To review the compliance with the provisions of Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and to verify that the systems for internal control are adequate and are operating effectively; and
- w. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of Company;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors of Company;
- d. Internal audit reports relating to internal control weaknesses;

- e. The appointment, removal and terms of remuneration of the chief internal auditor;
- f. Statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-regulation (1) of Regulation 32 of the SEBI Listing Regulations; and
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of sub-Regulation (7) of Regulation 32 of the SEBI Listing Regulations.

3.2 The Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 5 Audit Committee Meetings were held on May 16, 2019, August 09, 2019, October 23, 2019, December 17, 2019 and February 11, 2020. The Attendance of Members at meetings was as under::

Sr. No.	Name of Member	Position	Number of Meetings held during the period when the Member was on the Board	Number of Meetings attended
1	Mr. Nagesh Dinkar Pinge	Chairman	5	5
2	Mr. Nilesh Shah	Member	5	4
3	Ms. Abanti Sankaranarayanan	Member	5	2
4	Ms. Nithya Easwaran	Member	5	3

The representatives of Internal and Statutory Auditors are invitees to Audit Committee meetings and the Company Secretary acts as the Secretary of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the company comprises of 4 Directors viz. Mr. Jayesh Kantilal Shah, Ms. Nithya Easwaran, Mr. Achal Anil Bakeri and Mr. Nilesh Dhirajlal Shah, 2 of them are Non-Executive Directors and other 2 are Non-Executive Independent Directors. 2 committee meeting were held during the year on April 02, 2019 and May 16, 2019. Mr. Nilesh Shah, Non-Executive Independent Director acts as a Chairman of the Committee.

4.1 The terms of reference of the Committee inter alia, include the following:

Nomination of Directors / Key Managerial Personnel / Senior Management*

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of independent directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- e. Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- f. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- g. Recommend to the board, all remuneration, in whatever form, payable to senior management.

4.2 The Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 2 Nomination and Remuneration Committee Meeting was held on 02nd April, 2019 and 16th May, 2019. The Attendance of Members at meeting was as under:

Sr. No.	Name of Member	Position	Number of Meetings held during the period when the Member was on the Board	Number of Meetings attended
1	Mr. Nilesh Shah	Chairman	2	2
2	Mr. Achal Anil Bakeri	Member	2	2
3	Mr. Jayesh Shah	Member	2	1
4	Ms. Nithya Easwaran	Member	2	1

4.3 Evaluation of the Board's Performance:

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

4.4 Remuneration of Directors:

Remuneration of Managing Director is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and the Shareholders of the Company.

The remuneration of Non-Executive Directors is determined by the Board and is also approved by the Shareholders in General Meeting. Non-Executive Directors are paid Sitting Fees of Rs.10,000/- for every meeting of Board of Directors or Committee attended by them. Apart from this, Non-Executive Directors (other than Managing Director and Whole Time Director(s)) are entitled for commission within the limit of 1% of the net profits of the Company per annum or such other amount approved by the Board.

Details of remuneration to all Directors for the Financial Year 2019-20 are as under:

Sr. No.	Name of Director	Salary (₹)	Perquisites & Allowances (₹)	Retirement & Leave Benefits (₹)	Sitting Fees (₹)	Commission/ Bonus (₹)	Stock Option
1	Mr. Sanjay Lalbhai	-	-	-	70,000	-	-
2	Mr. Suresh Jayaraman	3,51,21,388	1,76,348	19,56,684	-	-	-
3	Mr. Kulin Lalbhai	-	-	-	80,000	-	-
4	Mr. Punit Lalbhai	-	-	-	70,000	-	-
5	Mr. Jayesh Shah	-	-	-	1,10,000	-	-
6	Ms. Nithya Easwaran	-	-	-	1,00,000	-	-
7	Mr. Nilesh Shah	-	-	-	1,10,000	-	-
8	Ms. Abanti Sankaranarayanan	-	-	-	60,000	-	-
9	Mr. Nagesh Dinkar Pinge	-	-	-	1,40,000	-	-
10	Mr. Vallabh Bhanshali	-	-	-	60,000	-	-
11	Mr. Achal Anil Bakeri	-	-	-	60,000	-	-
12	Ms. Vani Kola	-	-	-	-	-	-

None of the Directors of the company / Key managerial Personnel had any pecuniary relationship with the Company during the year.

Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:

The details of stock options granted to the eligible employees and directors under Arvind Fashions Limited – Employee Stock Option Scheme 2016 (ESOP-2016) and Arvind Fashions Limited – Employee Stock Option Scheme 2018 (ESOP-2018) are provided in the Directors' Report of the Company.

Please refer point no. 34 of Directors' Report for Employee Stock Option Scheme.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has 3 Members comprising of 1 Non-Executive Independent Director and 2 Non-Executive Directors. Mr. Jayesh Shah, Non-Executive Director acts as a Chairman of the Committee.

5.1 Terms of reference of the Committee inter alia, include the following:

- a. Resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- b. Review of measures taken for effective exercise of voting rights by shareholders;
- c. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

5.2 The Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 1 Stakeholders' Relationship Committee Meetings was held on 16th May 2019. The Attendance of Members at meetings was under:

Sr. No.	Name of Member	Position	Number of Meetings held during the year	Number of Meetings attended
1	Jayesh Shah	Chairman	1	1
2	Ms. Nithya Easwaran	Member	1	0
3	Mr. Nilesh Shah	Member	1	1

5.3 Name and Designation of Compliance Officer:

Mr. Vijay Kumar B S, Company Secretary

5.4 Details of Complaints / Queries received and redressed during 1st April 2019 to 31st March 2020 are as follows:

Number of shareholders' complaints pending at the beginning of the year	Number of shareholders' complaints received during the year	Number of shareholders' complaints redressed during the year	Number of shareholders' complaints pending at the end of the year
Nil	9	9	Nil

All the complaints/ queries have been redressed to the satisfaction of the complainants and no shareholders' complaint/ query was pending at the end of the year.

6. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has 5 Members comprising of 2 Non-Executive Director and 3 Non-Executive Independent Directors. Mr. Jayesh Shah, Non-Executive Director acts as a Chairman of the Committee.

6.1 Terms of reference of the Committee inter alia, include the following:

- a. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
- b. To frame and devise risk management plan and policy of the Company and review the progress made in putting in place a progressive risk management system;
- c. To review and recommend potential risk involved in any new business plans and processes;
- d. To ensure that the Company is in conformity with corporate governance standards pertaining to the composition, role and function of various committees formed by the Board; and
- e. Any other similar or other functions as may be laid down by Board from time to time.

6.2 The Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 1 Risk Management Committee Meeting was held on 23rd October 2019. The Attendance of Members at meeting was under:

Sr. No.	Name of Member	Position	Number of Meetings held during the year	Number of Meetings attended
1	Mr. Jayesh Shah	Chairman	1	1
2	Ms. Nithya Easwaran	Member	1	1
3	Mr. Nilesh Shah	Member	1	0
4	Ms. Abanti Sankaranarayanan	Member	1	0
5	Mr. Nagesh Dinkar Pinge	Member	1	1

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has 3 Members comprising of 1 Non-Executive Independent Director and 2 Non-Executive Directors. Mr. Jayesh Shah, Non-Executive Director acts as a Chairman of the Committee.

7.1 Terms of reference of the Committee inter alia, include the following:

- Formulate and Recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by Company as specified in Schedule VII of the Companies Act, 2013;
- To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically including the modalities for their execution / implementation schedules and to review the same from time to time in accordance with requirements of section 135 of the Companies Act 2013;
- To review and recommend the amount of expenditure to be undertaken by Company;
- To monitor the Corporate Social Responsibility Policy of Company from time to time;
- Review the CSR Report and other disclosures on CSR matters for the approval of the Board for their inclusion in the Board Report; and
- Any other matter as the CSR Committee may deem appropriate after approval of Board or as may be directed by Board from time to time pursuant to the provisions of Section 135 of the Companies Act and rules in relation thereto, as amended from time to time.

7.2 Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 1 Meeting was held on August 09, 2019.

Sr. No.	Name of Member	Position	Number of Meetings held during the year when the members was on the board	Number of Meetings attended
1.	Mr. Jayesh Shah	Chairman	1	1
2.	Mr. Kulin Lalbhai	Member	1	1
3.	Mr. Nilesh Shah	Member	1	0

8. COMMITTEE OF DIRECTORS

The Committee of Directors consists of 3 Directors, all of them are Non-Executive Directors.

8.1 Role:

The Committee of Directors primary role is to look after the day-to-day business activities of the Company within Board approved direction/ framework. The Committee meets frequently, as and when need arises, to transact matters within the purview of its terms of reference.

8.2 The Composition of the Committee as at 31st March 2020 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 14 Committee of Directors Meetings were held on various dates. The Attendance of Members at meetings was as under:

Sr. No.	Name of Member	Position	Number of Meetings held during the year	Number of Meetings attended
1.	Mr. Sanjay Lalbhai	Member	14	14
2.	Mr. Kulin Lalbhai	Member	14	13
3.	Mr. Jayesh Shah	Member	14	14

9 INFORMATION ON GENERAL BODY MEETINGS

9.1 The last 3 Annual General Meetings of the Company were held as under:

Date	Time	Venue
August 09, 2019	10.00. a.m.	H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
July 16, 2018	11:00 a.m.	Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025
August 04, 2017	03:30 p.m.	Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025

9.2 Special Resolutions passed in the last 3 Annual General Meetings:

2018-19

1. To ratify the Arvind Fashions Limited - Employee Stock Option Scheme – 2016 (“ESOS – 2016” or “The Scheme”)

2017-18

1. To adopt new set of Articles of Association
2. To Appoint Mr. Suresh Jayaraman, as Managing Director & CEO of the Company
3. To enhance the aggregate limit for foreign portfolio investors to 30% of paid up capital
4. To approve the amended AFL - Employees Stock Option Scheme 2016
5. To approve availing of the Financial Assistance having an option available to the Lenders for conversion of such Financial Assistance into Equity Shares of the Company upon occurrence of certain events
6. To Increase Borrowing Limits up to Rs. 2000 crores
7. To authorise the Board to mortgage and/or create charge on the assets of the Company
8. To increase the limits of Investments, Loans, Guarantees and Securities under section 186 of the Companies Act,

2016-17

Nil

9.3 Extraordinary General Meeting (EGM):

During the last 3 years, there was 1 Extra Ordinary General Meetings held.

9.4 Details of Resolution Passed through Postal Ballot, the person who conducted the Postal Ballot Exercise and details of the voting pattern:

The Company sought the approval of shareholders through notice of postal ballot dated 21st February, 2020 for approval for Sale /transfer of wholesale trading business in “Flying Machine” brand, as a going concern, on a slump sale basis to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company, by way of Special resolution. The aforesaid resolutions were duly passed and the results of postal ballot/e-voting were announced on March 28, 2020. Mr. Hitesh Buch, Proprietor of M/s. Hitesh Buch & Associates, Practicing Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Resolution	No. of Votes Polled	No. of Votes Cast in Favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
Approval for sale/ transfer of wholesale trading business in "Flying Machine" brand, as a going concern, on a slump sale basis to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company	4,38,61,001	4,38,59,000	2,001	99.9954	0.0046

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders in electronic form to the email addresses, where available, or in physical form through permitted mode where email addresses are not available. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013. Shareholders holding equity shares as on the cut-off date may cast their votes through e-voting or through postal ballot during the voting period fixed for this purpose. After completion of scrutiny of votes, the scrutinizer submits his report to the Chairman and the results of voting by postal ballot are announced within 48 hours of conclusion of the voting period. The results are displayed on the website of the Company (www.arvindfashions.com), and communicated to the Stock Exchanges, Depositories, and Registrar and Share Transfer Agents. The resolutions, if passed by the requisite majority, are deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting.

10. MEANS OF COMMUNICATION

- 10.1** The Quarterly, half-yearly and yearly financial Results are published in the Financial Express - All India Editions and Financial Express - Gujarati Edition of Ahmedabad and are also posted on the Company's website at www.arvindfashions.com.
- 10.2** Information released to the press at the time of declaration of results are also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors. Moreover, the Company's website hosts a special page giving information which investors usually seek.
- 10.3** Presentations made to institutional investors/analysts are posted on the Company's web site at www.arvindfashions.com.

11. GENERAL SHAREHOLDER INFORMATION

11.1 Annual General Meeting:

Date	September 28, 2020
Time	11:00 a.m.
Mode	Video conferencing or through Other Audio Visual Means

11.2 Financial Calendar (Tentative):

The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.

First quarter results	:	First week of September, 2020
Second quarter results	:	Second week of November, 2020
Third quarter results	:	Second week of February, 2021
Fourth quarter results/ Year end results	:	Second week of May, 2021

11.3 Book Closure: Tuesday, September 22, 2020 to Monday, September 28, 2020 (both days inclusive)

11.4 Dividend Payment Date : Not Applicable as the Board did not recommend any dividend for the financial year

11.5 Listing on Stock Exchanges:

- Equity Shares**

Sr. No.	Name of the Stock Exchange	Code	Address
1	BSE Ltd.	542484	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
2	National Stock Exchange of India Ltd.	ARVINDFASN	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

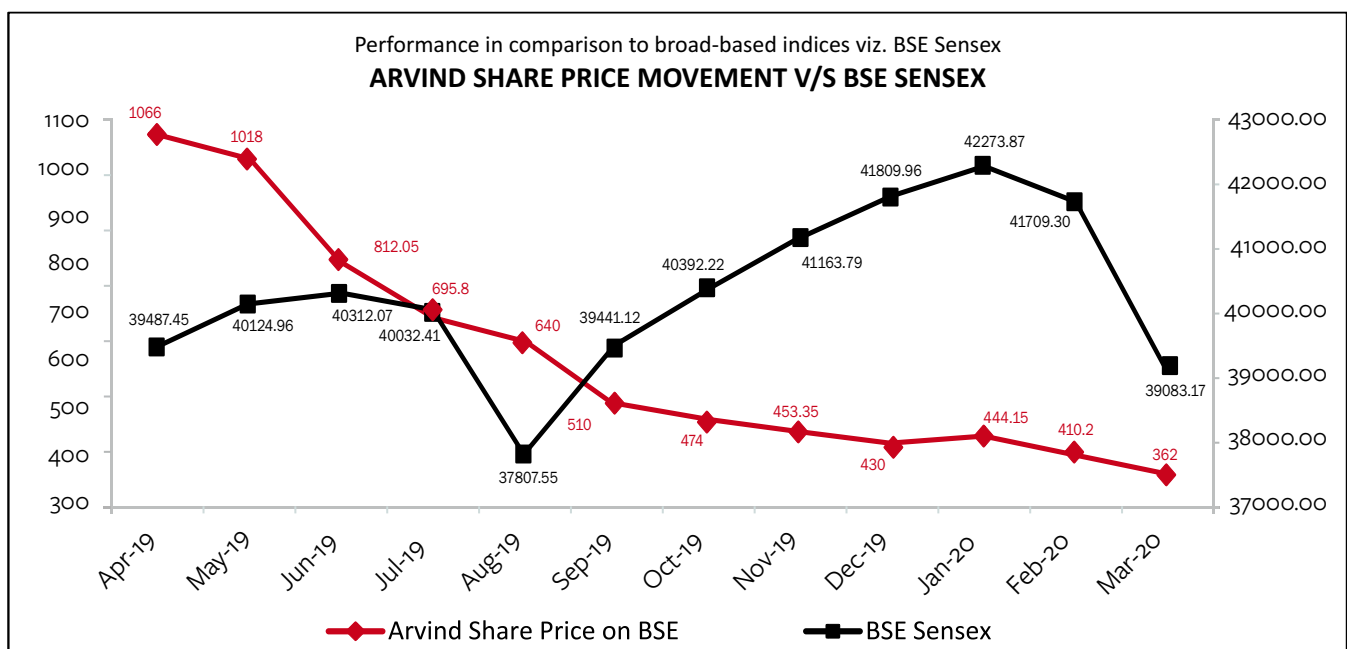
The Company has paid Annual Listing Fees for the year 2019-2020 to the above Stock Exchanges.

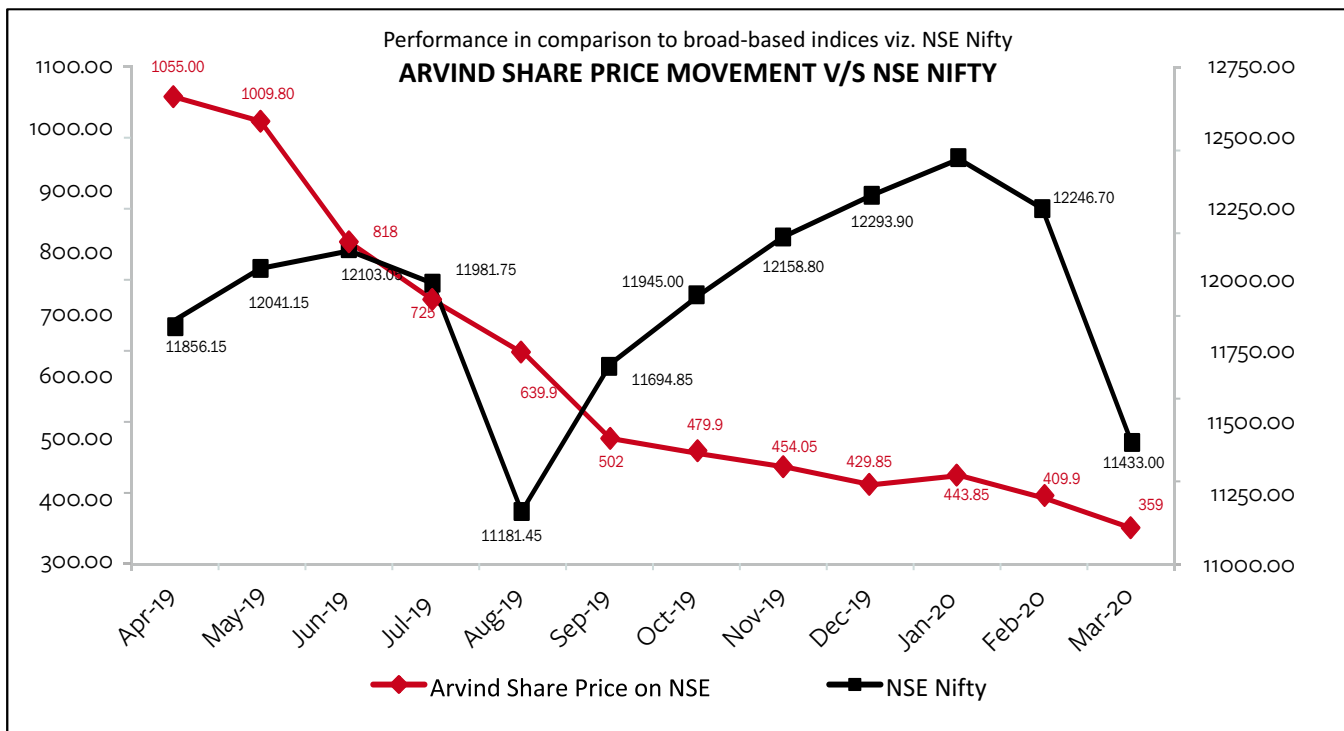
- Non-Convertible Debentures - NA**

11.6 Market Price Data:

The market price data and volume of the company's share traded in the BSE Limited and the National Stock Exchange of India Limited during the Financial Year 2019-20 were as under:

Month	Share price on BSE		BSE Sensex		Volumes No. of Shares traded in the month	Share price on NSE		NSE (NIFTY)		Volumes No. of Shares traded in the month
	High (₹)	Low (₹)	High	Low		High (₹)	Low (₹)	High	Low	
Apr-2019	1066	900.95	39487.45	38460.25	93236	1,055.00	939.65	11856.15	11549.10	1751792
May-2019	1018	755.6	40124.96	36956.10	205565	1,009.80	755.55	12041.15	11108.30	2593558
Jun-2019	812.05	650	40312.07	38870.96	47455	818.00	649.95	12103.05	11625.10	829747
Jul-2019	695.8	595	40032.41	37128.26	29683	725.00	590.90	11981.75	10999.40	754485
Aug-2019	640	465	37807.55	36102.35	300962	639.90	465.00	11181.45	10637.15	2278430
Sep-2019	510	432.65	39441.12	35987.80	42547	502.00	405.00	11694.85	10670.25	632983
Oct-2019	474	410	40392.22	37415.83	37938	479.90	412.15	11945.00	11090.15	667569
Nov-2019	453.35	334.95	41163.79	40014.23	87696	454.05	333.05	12158.80	11802.65	1225044
Dec-2019	430	304	41809.96	40135.37	180474	429.85	302.60	12293.90	11832.30	1352732
Jan-2020	444.15	380	42273.87	40476.55	51507	443.85	381.05	12430.50	11929.60	650601
Feb-2020	410.2	336	41709.30	38219.97	168444	409.90	335.00	12246.70	11175.05	1879072
Mar-2020	362	132	39083.17	25638.90	88050	359.00	126.90	11433.00	7511.10	802591





11.7 Registrar And Transfer Agent:

Link Intime India Private Limited
 5th Floor, 506 to 508, Amarnath Business Centre-1 (abc-1),
 Beside Gala Business Centre (GBC), Near St. Xavier's College Corner,
 Off. C. G. Road, Ellisbridge, Ahmedabad-380006.
 Phone Nos. 079-26465179/86/87
 Fax No. 079-26465179
 E-mail: ahmedabad@linkintime.co.in

11.8 Share Transfer System:

(I) Delegation of Share Transfer Formalities:

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form. However, shares in the physical form are processed by the Registrar and Share Transfer Agent. However, to expedite the transfers, the Board has delegated share transfer formalities to certain officers of the Company and Registrar and Share Transfer Agent, who attend to them at least 3 times in a month. Physical transfers are affected within the statutory period of one month. The Board has designated the Company Secretary as the Compliance Officer.

(II) Share Transfer Details for the period from 1st April 2019 to 31st March 2020:

Transactions	Physical
Number of Transfers	172
Average Number of Transfers per month	14.33
Number of Shares Transferred	3965
Average Number of shares Transferred per month	330.42
No. of Pending Share Transfers	Nil

(III) Investors' Grievances:

The Registrar and Transfer Agent under the supervision of the Secretarial Department of the Company look after investors' grievances. Link Intime India Private Limited is responsible for redressal of Investors' Grievances. The Company Secretary of the Company has been appointed as the Compliance Officer for this purpose. At each Meeting of the Stakeholders' Relationship Committee, all matters pertaining to investors including their grievances and redressal are reported.

11.9 Shareholding Pattern as on 31st March 2020:

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1	Promoters and Promoter Group	2,08,79,165	35.58
2	Mutual Funds	1,03,65,633	17.67
3	Financial Institutions, Banks, Insurance Companies, Alternative Investment Funds & Central/State Government	19,31,718	3.29
4	Foreign Portfolio Investors, Foreign Institutional Investors, NRIs, Foreign Banks, Foreign Nationals	94,05,033	16.03
5	NBFCs registered with RBI	1,409	0.00
6	Bodies Corporate	79,43,228	13.54
7	Individuals	78,57,525	13.39
8	Trusts	5,330	0.01
9	Hindu Undivided Family	2,52,684	0.43
10	Clearing Members	37,059	0.06
11	Overseas Bodies Corporate	580	0.00
	Total		100.00%

11.10 Distribution of shareholding as on 31st March 2020

Sr. No.	Shareholding Of Shares			Shareholder	Percentage of Total	Total Shares	Percentage of Total
1	1	to	500	168632	98.95	4298623	7.33
2	501	to	1000	918	0.54	674850	1.15
3	1001	to	2000	385	0.23	557421	0.95
4	2001	to	3000	117	0.07	294642	0.50
5	3001	to	4000	60	0.04	211729	0.36
6	4001	to	5000	39	0.02	181021	0.31
7	5001	to	10000	84	0.05	628349	1.07
8	10001	to	*****	178	0.10	51832729	88.33
	Total			170413	100	58679364	100

11.11 Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are compulsorily to be delivered in the demat form on Stock Exchanges by all investors. As on 31st March 2020, 5,81,51,648 shares representing 99.10% of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN: Equity Shares fully paid: INE955V01021

11.12 Outstanding GDRs / ADRs / Warrants or any convertible instruments and conversion date and likely impact on equity:

Company had not issued any GDRs / ADRs / Warrants or any convertible instruments, hence this is not applicable

11.13 Commodity price risk or foreign exchange risk and hedging activities:**Commodity price risk and commodity hedging activities**

Company does not engage in commodity hedging activities

Forex Risk:

Company is exposed to foreign exchange risk on account of import transactions entered into and committed royalty payments to licensee of the Brands. For import of apparel & accessories and payment of Royalties the Company has to make payment in USD terms; therefore the Company is exposed to the risk of depreciation in the local currency. The company is proactively mitigating these risks by entering into commensurate hedging transactions with banks/Financial Institutions as per applicable guidelines.

11.14 Plant Locations:

Company does not have any manufacturing plants

11.15 Unclaimed Dividend:

Company did not declared any dividend from the date of incorporation to till date, hence this is not applicable

11.16 Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 are requested to submit the prescribed Form SH-13 for this purpose. Shareholders may write to the Secretarial Department of the Company for a copy of the Form.

11.17 List of all Credit Ratings obtained by the entity

Credit Ratings obtained by the Company during the year are available on Company's website at www.arvindfashions.com.

11.18 Address for correspondence:

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrar and Transfer Agent of the Company:

<p>Arvind Fashions Limited Secretarial Department Naroda Road, Ahmedabad - 380025. Phone Nos: 079-68268000/68268108-09 E-mail: investor.relations@arvindbrands.co.in Website: www.arvindfashions.com</p>	<p>Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre-1 (abc-1), Beside Gala Business Centre (GBC), Near St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad - 380006. Phone No. 079-26465179/86/87 Fax No. 079-26465179 E-mail: ahmedabad@linkintime.co.in Website: www.linkintime.co.in</p>
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12. OTHER DISCLOSURES

- 12.1** There are no materially significant transactions with the related parties viz. promoters, directors or the management or their relatives or subsidiaries etc. that had potential conflict with the company's interest. Suitable disclosure as required by the Indian Accounting Standard has been made in the Annual Report. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's Website at <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-RPT-Policy.pdf>.
- 12.2** Transactions with related parties are disclosed in detail in Note No. 31 in "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.
- 12.3** There are no pecuniary relationships or transactions of Non-executive Directors vis-à-vis the Company which has potential conflict with the interests of the company at large.
- 12.4** No Strictures or penalties have been imposed on the company by the Stock Exchanges or by the Security Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.
- 12.5** The Company has formed the policy for determining material subsidiary as required by Regulation 16 of the SEBI (LODR) Regulations, 2015 and the same is disclosed on the Company's website. The web link is <https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Policy-on-Material-Subsidiaries.pdf>.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Audit Committee / Board Meetings of Subsidiary Companies are given to all the Directors and are tabled at the subsequent Board Meetings.

12.6 Vigil Mechanism:

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Whistleblower Policy (WB Policy) that provides a secured avenue to directors, employees, business associates and all other stakeholders of the company for raising their concerns against the unethical practices, if any. The WB Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be met out to any person for a genuinely raised concern.

Pursuant thereto, a dedicated helpline “Arvind Ethics Helpline” has been set up which is managed by an independent professional organization.

The Ethics Helpline can be contacted to report any suspected or confirmed incident of fraud / misconduct on:

Website for Complaints: www.in.kpmg.com/ethicshelpline/Arvind

Toll Free No.: 1800 200 8301

Dedicated Email ID: arvind@ethicshelpline.in

Whistle blower Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

12.7 The minimum information to be placed before the Board of Directors as specified in Part A of Schedule II of Listing Regulations is complied with to the extent possible.

12.8 Certification from Company Secretary in Practice:

Mr. N. V. Kathiria, Proprietor of M/s. N. V. Kathiria & Associates, Practicing Company Secretaries, has issued a certificate as required under the SEBI (LODR) Regulations, 2015, confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

12.9 Complaints pertaining to Sexual Harassment:

During the year, the Company has received o (zero) complaint pertaining to sexual harassment.

12.10 Details of total fees paid to Statutory Auditors:

Details relating to fees paid to the Statutory Auditors are given in Note No. 24 to the Standalone Financial Statements and Note No. 24 to the Consolidated Financial Statements.

12.11 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

During the year, the Company has fully complied with the mandatory requirements as stipulated under SEBI (LODR) Regulations, 2015.

The status of compliance with discretionary recommendations and adoption of the non-mandatory requirements as specified in Regulation 27(1) of the SEBI (LODR) Regulations, 2015, is provided below:

- a. The Board:** The Chairman of the Company is Non-Executive Director.
- b. Shareholder Rights:** Half-yearly and other Quarterly financial statements are published in newspapers, uploaded on company's website at www.arvindfashions.com and same are not being sent to the shareholders.
- c. Modified Opinion(s) in Audit Report:** The Company already has a regime of un-qualified financial statement. Auditors have raised no qualification on the financial statements.
- d. Separate posts of Chairperson and Chief Executive Officer:** Mr. Sanjay S. Lalbhai is the Chairman and Mr. Suresh Jayaraman is the Managing Director & CEO of the Company.
- e. Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee.

The above Report was placed before the Board at its meeting held on July 09, 2020 and the same was approved.

For and on behalf of the Board

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)
Place: Ahmedabad

Suresh Jayaraman
Managing Director & CEO
(DIN: 03033110)
Place: Bangalore

Date: July 09, 2020

CEO / CFO certification

To

The Board of Directors,
Arvind Fashions Limited,

Re: Financial Statements for the year 2019-20 - Certification by CEO and CFO

We, Suresh Jayaraman, Chief Executive Officer and Managing Director, and Pramod Kumar Gupta, Chief Financial Officer of Arvind Fashions Limited, hereby certify to the Board that:

- A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit committee
- (1) Significant changes in internal control over financial reporting during the year;
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Bangalore
Date : July 09, 2020

Suresh Jayaraman
Chief Executive Officer and Managing Director
DIN: 03033110

Pramod Kumar Gupta
Chief Financial Officer

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is available on the Company's website at www.arvindfashions.com.

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2020.

Place : Bangalore
Date : July 09, 2020

Suresh Jayaraman
Managing Director & CEO
DIN: 03033110

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To The Members of
Arvind Fashions Limited
Ahmedabad

We, Sorab S. Engineer and Co., Chartered Accountants, the Statutory Auditors of **Arvind Fashions Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sorab S Engineer & Co.

Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.

Partner
Membership No. 100892
UDIN: 20100892AAAAOR7734

Place: Ahmedabad
Date: June 09, 2020



Management Discussion & Analysis

Global Market

2019 was a challenging year for the global economy with the world output growth at its slowest pace of 2.9 percent since the global economic crisis in 2009, declining from 3.6 percent in 2018^[1]. Trade policy uncertainty, geopolitical tensions and stressed economies of emerging markets, including India, impacted global economic activities in the second half of 2019 – specifically manufacturing and trade. A period of minor stabilization was seen in Jan-Feb 2020 before COVID outbreak at a global level.

The global fashion Industry saw a sluggish growth of 3 to 4 percent in 2019, a drop by 1 percent from 2018^[2]. In what was already a cautionary phase impacted by supply chain and trade uncertainties, the COVID pandemic in the last quarter has made the fashion industry most vulnerable. The McKinsey Global Fashion Index (MGFI) predicts the global fashion industry will contract by 27 to 30 percent in 2020 y-o-y with a chance of 2 to 4 percent growth in 2021^[2]. While mid-market and value retails will be discount driven, premium and luxury segment should come back to full price faster as was the case with 2008-2009 financial crisis.

There will be significant change in the consumer behavior in the next one year and beyond due to safety concerns, economic turmoil and dropping disposable income. Convenience and immediacy will become key differentiators and fashion players need to optimize their store network and reduce friction in the customer journey via in-store experience, localized assortments and truly omni-experience. Companies need to take a more comprehensive and focused approach to building digital capabilities and hone their social media marketing strategy and deliver accelerated changes towards greater sustainability. The good news is that for the companies who display resilience and adapt to the changes, additional rewards are there for taking beyond 2020.

Indian Market

The Indian economy carried the GDP growth slowdown momentum of 2018-19 into the fiscal year 2019-20. From the first estimate of 6.1% for 2019-20, revised to 4.7% in Feb, India finished at 11 year low of 4.2% as the COVID pandemic adversely impacted economic activity in the last month of the fiscal year^[3]. The slowdown in the first 3 quarters due to drop in consumption across sectors was due to a mix of both internal and external reasons such as synchronized global slowdown and weak investment growth in infrastructure and core sectors. With the humanitarian repercussion expected to outlast the pandemic, 2020-21 will be a period of cautious, stimulus lead phase of stabilization and consolidation across sectors.

India's apparel market in FY19 was estimated to be US \$56.4Bn with 42% share of the branded apparels. While the current Covid scenario has led to a temporary setback, the long term growth prospects of the apparel market remains intact. On the back of higher brand consciousness, improving offline and online access and greater purchasing power, it has been estimated that by FY25, the apparel sector will grow at a CAGR of 8% to \$89.2 billion with 56% share of the branded apparels^[4]. Menswear continues to lead the market with 42% share and certain segments like T-Shirts, Active wear and Denims are set to grow at greater than 10 percentage CAGR till FY25^[4]. The online apparel e-tailing market grew to \$4.9Bn in India in FY19 from \$2.0 billion in FY17^[4] fueled by growth in Women's and kids wear segments.

In the immediate COVID scenario in 2020, following the global trend, apparel sector is expected to de-grow in India this year. With the first two quarters expected to face major de-growth, partial recovery is expected from the third quarter of FY21. Changes in consumer behavior are likely to result in casualwear and kidswear categories seeing the best uptick amongst all the categories. Demand for essential products is further expected to be much higher than the others. This year will also see a huge shift towards online channels and digital readiness would be of utmost importance for the organizations.

1. IMF World economic outlook

2. McKinsey State of Fashion Corona Edition Feb 2020

3. Department of Economic Affairs, Monthly Economic Reports <https://dea.gov.in/monthly-economic-report-table>

4. Technopak Industry Report on Indian Apparel Retail Nov 2019

Trends in the Fashion Industry

ACCELERATED SHIFT TO CASUALWEAR



In recent years, within menswear - denim, activewear and T-shirts have shown promising growth with a CAGRs of 12.7 percent, 12.7 percent and 10 percent respectively, owing to changing preference of the consumers⁽⁴⁾

AFL POSITIONED AS LEADING CASUALWEAR PLAYER IN INDIA

RAPIDLY GROWING BRANDED KIDSWEAR



The kidswear market in India was estimated to be \$11.7 Bn in FY19, growing with a CAGR of 9% and is expected to become \$19.1 Bn by FY25. 29% of Indian population is in the age group 0-14 years, presenting a huge growth potential⁽⁴⁾

AFL AMONG TOP 3 PLAYERS IN THE PREMIUM KIDSWEAR

LARGE ECONOMY & VALUE SEGMENT



Economy & Value segment accounts for 54% of the Indian apparel market⁽⁴⁾. The Indian middle class consumers are value conscious but don't compromise on fashion- they seek quality and design at the best price

UNLIMITED – CATERING TO THE NEED OF THIS SEGMENT

INNERWEAR – GROWTH ACROSS MENS, WOMENS & KIDS



Branded innerwear is a fast growing category across men, women and kids, as consumers are looking at innerwear as a fashion statement. Leading innerwear brands have invested heavily in brand promotions and distribution expansion

AFL AMONG TOP 3 PLAYERS IN PREMIUM INNERWEAR

FAST GROWING PRESTIGE BEAUTY MARKET



Prestige beauty market is growing at a rapid pace and is estimated to be \$1.5 Bn by FY23⁽⁵⁾. The Indian consumers is going through a fast rate of transition from mass to premium to prestige brands

SEPHORA IS THE LEADING PRESTIGE BEAUTY RETAILER IN INDIA

ONLINE – FASTEST GROWING CHANNEL



With accelerated consumer adoption and increasing digital penetration, this is the fastest growing channel. Online apparel and lifestyle market is expected to grow to \$28.7 Bn by FY25⁽⁴⁾. The share of apparel within this is estimated to be 55%

AFL HAS A STRONG PLAY WITH OWN E-COMMERCE & 3RD PARTY MARKETPLACES

4. Technopak Industry Report on Indian Apparel Retail Nov 2019

5. BCG estimates



Arvind Fashions Limited –
Leading Casualwear Player
in India

Arvind Fashions Ltd is India's leading casualwear player with powerful portfolio of brands straddling across price points and fast growth categories. Many of the brands in your company's portfolio command market leading positions. Your company has many successful category expansions into fast growing adjacencies such as Prestige Beauty, Kidswear, Premium Innerwear and Footwear &

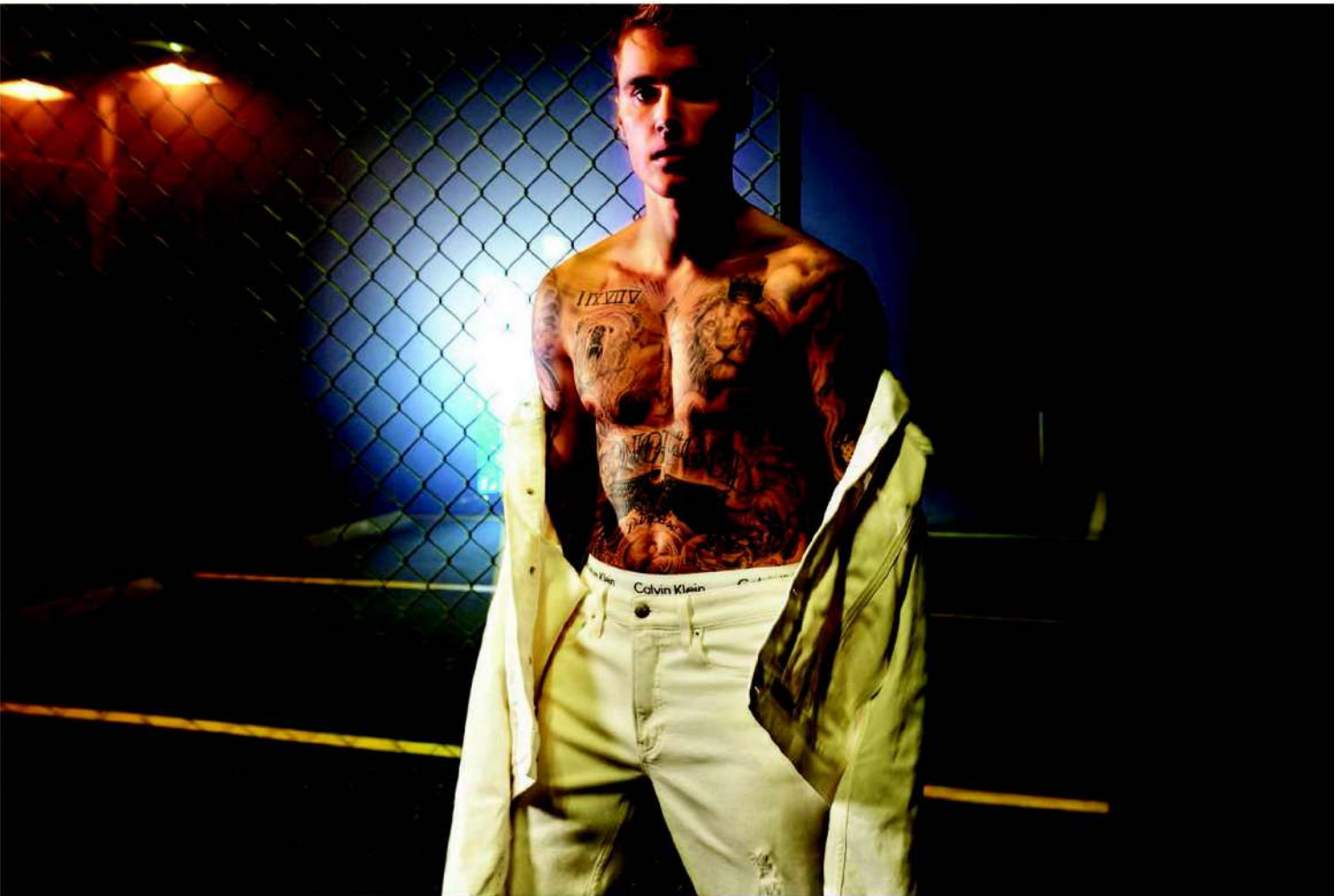
Accessories through its well established brands. With a long history of working with international brands and scaling up brands, AFL is the partner of choice for leading international brands in India. Your company has multi-channel distribution capabilities with strong focus on omni-channel and expertise in product design, sourcing & supply chain

<p>Casuals (Super Premium)</p>	<p>Casuals (Premium)</p>	<p>Value Retail</p>
<p>CALVIN KLEIN</p> <p>TOMMY HILFIGER</p>	<p>U.S. POLO ASSN. SINCE 1890</p> <p>A</p> <p>GAP</p> <p>FLYING MACHINE</p> <p>AÉROPOSTALE</p> <p>Ed Hardy</p>	<p>UNLIMITED</p> <p>INDIA'S FAVORITE FASHION STORE</p>
<p>Formals</p>	<p>Inner Wear</p>	<p>Beauty Retail</p>
<p>ARROW 1851</p>	<p>U.S. POLO ASSN. SINCE 1890</p> <p>CALVIN KLEIN</p>	<p>SEPHORA</p> <p>WHERE your beauty BEATS</p>
<p>Kids Wear</p>	<p>TOMMY HILFIGER</p>	
<p>U.S. POLO ASSN. KIDS</p> <p>THE CHILDREN'S PLACE</p> <p>GAP KIDS</p> <p>FLYING MACHINE BOYZONE</p> <p>TOMMY HILFIGER KIDS</p>		

Key Characteristics of Arvind Fashions Portfolio

- International and aspirational
- Across price points & categories: sustainable long term growth opportunities
- Focus on accelerated casualization as a theme
- Strong possibility of brand extensions into adjacent categories
- Strong play in prestige beauty
- Seven strong brands – many with market leading positions

U.S. Polo Assn.	Leading player in casuals (in relevant price points)
Flying Machine	Among top 3 Denim brands
Arrow	Among top 5 Formalwear brands
Tommy Hilfiger	Among top 3 in super premium casuals
Calvin Klein	
Sephora	Leading player in prestige beauty
GAP	Brand with strong recall



Brands And Product Groups

Power Brands

Power brands namely U.S. Polo Assn., Tommy Hilfiger, Flying Machine and Arrow have strong historical performance and robust long term growth potential.

U.S. Polo Assn. is India's leading casualwear brand in relevant price points and on track to become India's leading Lifestyle brand with strong multi-category & multi-channel play. U.S. Polo Assn. is set to grow steadily with multiple growth drivers. Retail and product upgrades, fresher marketing and digital journeys at stores will help in improving store productivity. Your company's strong omni-channel capabilities will allow for seamless offline-online customer journey. Distribution expansion in smaller towns with brand stores, deeper penetration of MBOs and expansion in online through channel specific categories and ranges provide immense growth opportunities. Further, category expansions into adjacencies such as kidswear, innerwear, footwear and accessories, are emerging as large incremental opportunities. Improving retail sell-through a with closer to market buying, lean cost structure, increasing operating leverage and leveraging the power of analytics in pricing and discount optimization are set to further increase the brand's profitability.

Tommy Hilfiger has a strong play in super-premium segment with the classic American cool styling and high quality. With potential to expand store footprint in 40+ cities, accelerated growth in online channel, growth in premium department stores through shop in shops and expansion into adjacent categories such as tailored line, womens and kidswear, innerwear and accessories, Tommy Hilfiger has multiple growth opportunities.

Flying Machine is among India's top 3 denim brands with strong millennial connect. It is a youth oriented brand with strong online presence. It straddles across premium and value segments through a distinctive product and retail strategy. In July 2020, AFL has entered into a strategic partnership with Flipkart by floating a joint venture to manage Flying Machine with significant minority stake of Flipkart. This will bring new growth opportunities for Flying Machine and accelerate its journey to become India's #1 youth brand. This alliance will allow it to leverage consumer insights to drive appropriate product/communication/ distribution strategy and enable building a low inventory – fast turnaround supply chain for online. It also provides good opportunity to expand

into adjacent lifestyle categories such as footwear, watches, eyewear and backpacks to build this iconic youth brand. In value department stores such as Reliance Trends, Max and Pantaloons, Flying Machine will consolidate its leading denim position. It is also expanding its distribution footprint in Tier3/4 towns with its value retail format, to capture the small town opportunity. In premium retail and department stores Flying Machine is constantly evolving and enriching premium product line and expanding footprint of premium SIS and stores in metros and mini-metros.



Arrow is a heritage American brand and its core target is a customer who already buys into premium menswear brands and is keen to experience aspirational international brands. With upgradation of top stores, fresher marketing communication (With Hrithik Roshan as brand ambassador) and product upgrades such as launch of premium range, expansion of Arrow New York modern line and relaxed workwear offerings, brand is all set to increase its brand appeal. The brand will also leverage strong omni-channel capabilities for seamless offline-online customer journey. With robust distribution expansion and increased focus on accessories such as footwear, tie, belt and wallets – the brand further has significant growth opportunities.

In FY20, correction of stock levels in trade channel impacted power brands growth and profitability. However, with the reset actions, power brands are set up for accelerated growth with improved working capital efficiency, once the Covid impact of FY21 is left behind.

Specialty Retail

This group includes leading player in prestige beauty 'Sephora', US apparel brand 'Gap' and value fashion retail format 'Unlimited'.

Prestige beauty market is growing at an accelerated pace in India and is estimated to become \$1.5 Billion by FY23, thereby presenting a large opportunity. Sephora has already been established as a leading prestige beauty retailer in India. With its unparalleled assortment of prestige products in many beauty categories, unbiased service from the beauty experts in an interactive shopping environment, expanding stores footprint with retail excellence and a tremendous opportunity in online, Sephora is well placed to consolidate its leading position and keep growing at a fast pace.



India specific designs, superior fabrics and India production; asset light expansion with franchisees; and improvement in gross margin through increased share of India production – GAP is well positioned to deliver growth & profitability.

In FY20, growth momentum continued for GAP and Sephora delivering a strong double digit revenue growth.

As AFL's own brand, Unlimited is a chain of value department stores with offerings for the entire family. Value fashion market in India is estimated to have a majority share of the total apparel market. Urbanization and ruralization are leading to emergence of middle tiers and smaller towns as fast growing consumption centers. With increasing income and attitudinal change to look better, there is a shift from unbranded to branded. These factors are aiding the growth of the branded value fashion market in India, and AFL through Unlimited is well positioned to tap into this opportunity. Since FY20, your company initiated many actions to restructure Unlimited to minimize losses. Unprofitable stores and stores in unrelated geographies were closed, multiple initiatives were taken to rationalize operations cost and restructure team to reduce cost base. New flexible and agile sourcing strategy has been implemented to move away from seasonal to once in two months buy to improve sell through and optimize inventory, Product assortment and proposition has been revamped and there is deep focus to scale up online and omni business.



Since its launch in India in 2015, GAP has witnessed strong growth in the country as it has helped people experience iconic American style through modern wardrobe staples and iconic clothing. GAP is a strong casualwear brand with huge potential. Through its growth drivers such as expansion from single channel (only brand stores) to multi-channel (brand stores, shop in shops in Department stores and online); strong omni-drive which includes strong in-store digital journeys and integration of stores and warehouses to own and third party marketplaces; product upgrades through

Emerging Brands

Emerging brands help your company leverage category specific opportunities and drive growth. The group of emerging brands consist of - Calvin Klein, Aeropostale, Ed Hardy and The Children's Place.

Calvin Klein is among India's leading casualwear brands in the super-premium segment. The brand aims to improve store productivity through store upgrades and through launch of multi-category Calvin Klein lifestyle brand stores. Through continued communication of brand's positioning as an ultra-chic and cool brand with glamour quotient, the brand continues to build its consumer appeal. It is eyeing rapid growth in online channel by strengthening the entry level price point products. Accessories such as footwear and wallets provide additional growth opportunity for the brand. With increasing share of India's production, brand's profitability is also set to improve.

In FY20, Calvin Klein continued to improve its performance with double digit revenue growth and improved profitability.



Aeropostale brand is positioned around teens and young consumers focused on active oriented and fashion basics at compelling values. Aeropostale business has been de-risked by enhanced focus on shop in shops in department stores and in

online while limiting the number of retail stores. The products have been upgraded with new design language. Your company is also exploring value opportunity through Aero Jeans.

Ed Hardy is an alternative lifestyle fashion brand that celebrates the classic American tattoo as an art form.

Both Aeropostale and Ed Hardy with their youth positioning present significant category opportunities in online.



Premium kidswear is a fast growing market and seeing an accelerated shift from unbranded to branded. Your company sees a large opportunity and well positioned with brands such as The Children's Place along with the extensions from the other well established brand in its portfolio.

Discontinued Brands

Your Company decided to discontinue four brands with limited long term potential - GANT, Nautica, Elle and Izod. This will help to focus management bandwidth and channelize resources to the portfolio of other brands with higher growth potential.



Business Strategy

Your company has strong growth, profit and ROCE drivers to help deliver superior performance over the coming years. It has been growing with 20%+ revenue growth CAGR over the last few years till FY19. However, given the slowing consumption specially in the discretionary categories and liquidity crunch in the market from early FY20, and issues with scaling up a few brands in its portfolio – FY20 was a year when several business decisions were taken that involved short term negative impact but will make your company stronger and fit for future growth. Post the reset actions taken, AFL is well positioned for strong revenue growth with improving profitability and ROCE.

Growth Drivers

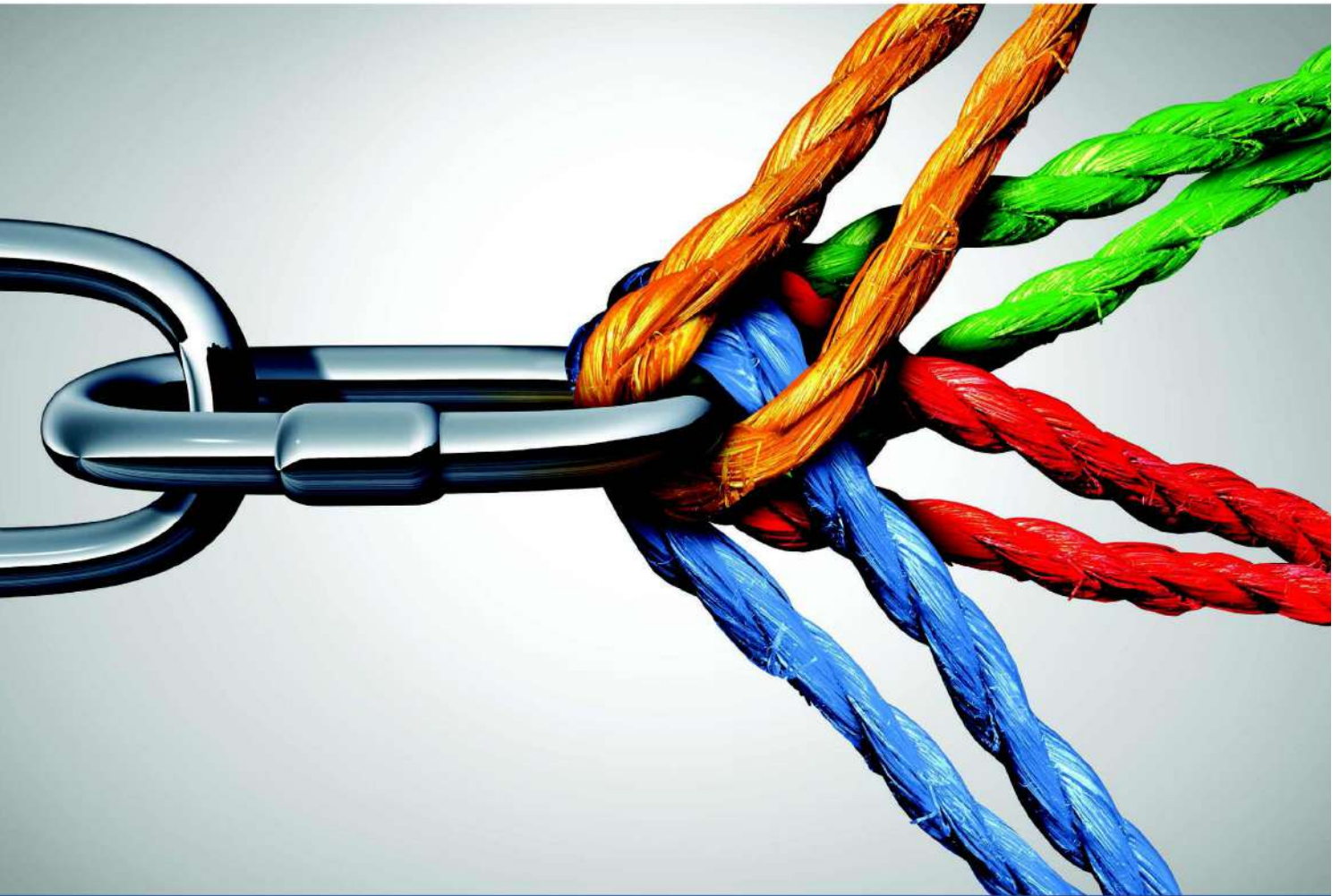
- Seven strong brands with market leading positions to drive growth
- As a leading casualwear player, product portfolio well suited to “new normal” consumer needs. Will further strengthen market share in Casual and Denimwear
- Strongly placed to grow fast in premium Kidswear, Innerwear, Footwear and Accessories
- Strengthening leadership position in prestige beauty through Sephora with additional focus on online
- Scaling up Omni and E-Commerce sales – Early investment in technology providing a headstart

Profit Drivers

- Eliminating loss making parts of the portfolio
- Lean cost structure
 - * Optimization of store operating costs and closure of tail stores
 - * Reduced warehousing costs through consolidation of multiple warehouses into one
 - * Organizational restructuring leading to a leaner structure
 - * Overheads control
- Operating leverage
- More flexible and agile sourcing allowing buying closer to the market to improve full price sell through
- Analytics led discounts/markdown optimization

ROCE Drivers

- Exit of weak brands and long credit cycle customers
- Inventory control
 - * New and more flexible and agile sourcing allowing to buy closer to the market
 - * Analytics enabled store deployment and buying
- Automation and analytics enabled fulfillment
 - * Automated and intelligent system driven replenishment for (1) Warehouse to stores and (2) Vendors to warehouse for core products
 - * In season analytics based discounting
 - * Expedited stock returns with suitable liquidation strategy
- Aligning primary sales to consumer offtake



Powerful
Platforms

Go to market capabilities



Your company has strong multi-channel distribution capabilities as evident through a pan India footprint in 150+ cities and presence on all major e-commerce platforms. It has 1290 brand stores (as of 31st Mar 2020), 3700+ counters in department stores and presence in 13,500+ MBOs (including innerwear). Your company brand stores are present in all the major malls of the country with a total area spanning over 20,000 sq. ft. AFL brands stores are among the most productive stores in the top malls of the country. By having a common business development team across brands, your company is able to leverage the synergies across the portfolio which enables access to prime store locations in malls as well as high street at competitive rates.

Your company works with all the top media agencies and has been at the forefront of optimally utilizing both traditional and digital media vehicles to create a strong brand equity for the brands.

Your company has also established a strong warehousing & logistics supply chain, through which we are able to service our partners and customers effectively. We have tied up with the top logistics partners to ensure on time delivery to our partners and customers. Your company recently consolidated multiple warehouses into one redesigned warehouse which promises to further optimize cost and efficiency. With ongoing efforts to digitize and effectively utilize technology wherever necessary, we ensure that we adapt to the changing business needs which demands even faster turnaround and fulfillment.

Strong product/design capabilities



Your company has been able to grow year on year capitalizing on its product superiority across the brands. With multi-category design expertise across men's, women's, kid's and innerwear, supported with a deep understanding of Indian consumer requirements and powered by a strong 200+ member team of designers and merchandisers, your company has been at the fore front of bringing product innovations and creating India specific designs even for the international brands. We will continue to invest in strengthening our product/design capabilities and leverage new age digital/analytics tools and technologies to make our offerings even more customer centric to keep improving relevancy in each market we operate

Sourcing expertise



Your company has been able to scale up the business without any manufacturing investments through strategic vendor relationships. Our dedicated strategic sourcing function has achieved excellence in cross functional collaboration and is equipped to handle all major product categories as well as develop new ones. Your company sources more than 4Cr units per year and handles large operational complexities across multiple categories. Through its strong supplier relationship management processes such as annual platform "Unnati" and supporting our vendor base through strong IT tools such as vendor portal and actively helping our vendors to improve productivity & quality, your company has become one of the most preferred customers in the industry attracting the most reputed vendors.

We have significantly digitized our sourcing value chain. We are now making rapid strides in reducing the sourcing lead time in order to reduce our time to market and time to react. In line with this we have changed our sourcing strategy to be more agile and flexible with increased ability to place the orders closer to the market.

Step change in digital capabilities



Over the last couple of years now, we started on our journey to build the next generation technology infrastructure which would support the core applications and pave the way for process digitization and analytics – wherein we were upgrading our ERP and point of sales system. Over FY20, we were able to go live with the roll out of new point of sales system across almost our

entire store network and deployed the new ERP system. With the upgrade of the technology infrastructure, our focus is now on transforming our processes to become more agile and robust-leveraging technology and move towards a digital data driven organization where data based insights are leveraged to support decision making at all levels. We are further strengthening our reporting platforms, and leveraging analytics in building customer centric store assortment, in-season management and closer to market buying.

Our workforce transformative initiatives where we have deployed secure cloud based digital workplace solutions to enable mobility, collaboration and improve productivity for our employees, vendors and customers have played a crucial role in the current Covid-19 scenario.

Omni-channel: Our early investments in technology have helped in scaling up the omni-channel business. We have been connecting offline stores and warehouse inventory to our own fashion portal NNNOW.com and third party marketplaces to create "One view of inventory". This enables reduction in discount through better pricing control, higher inventory turns and helps in improving store productivity as well. We have strengthened our e-commerce service capacity of the warehouses multifold of the original capacity, coupled with processes for higher efficiency and better turnaround time. We have strengthened capabilities to drive omni-sales at the stores with features such as shop a store and same day and next day deliveries from the stores. We have been leveraging analytics to have more intelligence and personalization in reaching out to our loyal customers across the various media vehicles. We are at the forefront of leveraging the start-up ecosystem to scale our omni-channel capabilities and business rapidly.

As the world around us keeps changing and more so with a shift in the consumer behavior with the onset of Covid-19 pandemic, digital is a critical growth driver for your company. We will continue to appropriately embrace the advancements in digital in our process of transforming from a legacy to an agile digital organization.



Financial Performance and Analysis

Consolidated Financial Performance and Analysis

(Rs. Crores)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2020 (Comparable)*	Year Ended March 31, 2019
Revenue from Operations	3,866	3,866	4,644
EBIDTA	231	-117	288
Other Income	60	7	4
Finance Costs	289	179	126
Depreciation	438	163	153
Profit Before Exceptional Item and Taxes	-436	-453	13
Exceptional Items	-61	-61	..
Profit Before Taxes	-497	-514	13
Tax Expense Charge/(Credit)	-97	-97	-9
Minority Interest	1	1	5
Profit / (Loss) After Tax	-401	-418	17
Other Comprehensive Income/(Loss) (Net of Tax)	3	3	-6
Net Profit/ (Loss) after other comprehensive income/ (loss)	-398	-415	11

*Comparable refers to pre IND AS 116 numbers

Consolidated Financial Performance and Analysis

Particulars	As on March 31, 2020	As on March 31, 2019
Net Fixed Assets	502	549
Net Working Capital	823	856
Deferred Tax asset	440	269
Other Current assets/ Non-current assets and Liabilities	318	338
IND AS 116 Impact		
ROU Assets	734	..
Lease Liability	-918	..
Capital Employed	1898	2011
Net Worth	688	1220
Debt	1210	791
Capital Employed	1898	2011

Impact of Ind AS 116

(Rs. Crores)

Particulars	Year Ended March 31, 2020 (Reported)	Year Ended March 31, 2020 (Comparable)*	Year Ended March 31, 2020 Increase/ (decrease)
Rent Expense	17	365	(348)
Finance Costs	289	179	110
Depreciation and amortisation expense	437	163	274
Other Income	60	7	(53)
Profit/ (Loss) before tax	-497	-514	17

1. Adoption of IndAS 116 resulted in a reduction of Rs. 142 Crore (net of right of use assets and Lease liability of Rs. 213 Crore and deferred tax of Rs. 71 Crore) in Net worth as at April 1, 2019.
2. As a consequence to the implementation of IndAS 116, incremental depreciation of Rs. 11 Crore has been provided in order to realign the life of leasehold assets to the Lease period

Revenue:

Company has registered revenue of Rs. 3866 Crore compared to last year Revenue of Rs. 4644 Crore. This was caused by a set strategic actions your company took as well as unforeseen COVID 19 pandemic. The key areas of impact are as below;

- a. Covid pandemic related loss of revenue and provisioning
- b. In FY 20, company decided to exit a few non-strategic brands that has not scaled up as per the expectations. The revenue from these brands in FY20 was negligible against Rs. 190 Crore in FY19.
- c. Your company took significant strategic initiatives to reduce trade channel inventory, exit from or reduce sales to long payment cycle customers and one time returns to reboot certain emerging brands.

The above strategic actions, while setting the stage for a stronger business in the long term, had a one-time impact of lower revenue.

During FY20 the Power brands are grown by (14.9%) at reported level and normalized growth (without Covid Impact) of (7.4%). The speciality retail grown by (6.3%) and normalized growth of 0.2%. Emerging Brands (excluding discontinued brands) are grown by (20.2%) and normalized growth of (8.8%). The growth including

Operating Margin:

Company registered an EBITDA of Rs. 231 Crore during FY20. Comparable EBITDA (without Ind AS 116) was (-)117 Crore. The one-time strategic correction and COVID 19 pandemic that impacted the sales also had impact on EBITDA. While the profitability will continue to be adversely impacted in FY21 due to Covid pandemic, your company is confident that as we come out the pandemic, the strategic actions already taken and further cost measures under way in FY21 will provide a stage for a strong operating performance in times to come.

Finance Cost:

Finance cost for the year stood at Rs. 179 Crore on comparable basis as compared to 126 Crore in the previous year. Finance cost has increased during the year due to incremental borrowing and higher

utilization of non-fund limit. Including the interest under IND AS 116 on lease liability, the reported finance cost of the company is Rs 289 Crore.

Board has taken various actions to infuse non-debt funds in the company in FY21. As a result, interest cost is expected to come down from Q2 FY21.

Depreciation:

Depreciation for the year increased from 153 Crore in the previous year to Rs 163 Crore on comparable basis has driven by provision of incremental depreciation in order to realign the life of leasehold assets to the Lease period as a consequence to the implementation of IndAS 116. Including the depreciation under INDAS 116 on ROU assets, the reported Depreciation of the company is Rs 438 Crore.

Exceptional Items:

Due to the impact of pandemic Covid 19, a provision has been created for Rs. 61 Crore which includes expected future customer returns, dormancy provision towards inventory ageing and provision towards doubtful debts.

Debt:

Total debt for the company stood at Rs 1210 Crore as on March 31, 2020, as compared to Rs.791 Crore as on March 31, 2019.

Board has taken various actions to infuse non-debt funds in the company in FY21. As a result, total debt is expected to come down during FY21.

Working Capital:

Net Working Capital as on March 31, 2020 is Rs. 823 Crore compared with Rs. 856 Crore last year. It includes Inventory of Rs. 1367 Crore, Trade Receivables of Rs. 781 Crore and Trade Payables of Rs. 1325 Crore.

Financial Ratios (on Consolidated Financial Statements)

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has identified the following ratios as key financial ratios at consolidated level:

Particulars	As on March 31, 2020	As on March 31, 2019
Debtors Turnover Ratio	4.66	4.40
Inventory Turnover Ratio	2.99	3.18
Interest Coverage Ratio	-0.51	1.10
Current Ratio	1.62	1.69
Debt Equity Ratio	1.76	0.65
EBITDA Margin	5.97%	6.20%
Operating Profit Margin	-3.80%	2.99%
Net Profit Margin	-10.37%	0.37%
Return on Net Worth	-21.37%	11.39%
Return on Average Capital Employed	-7.52%	7.26%

The formula used for the computation of the above ratios are as follows:

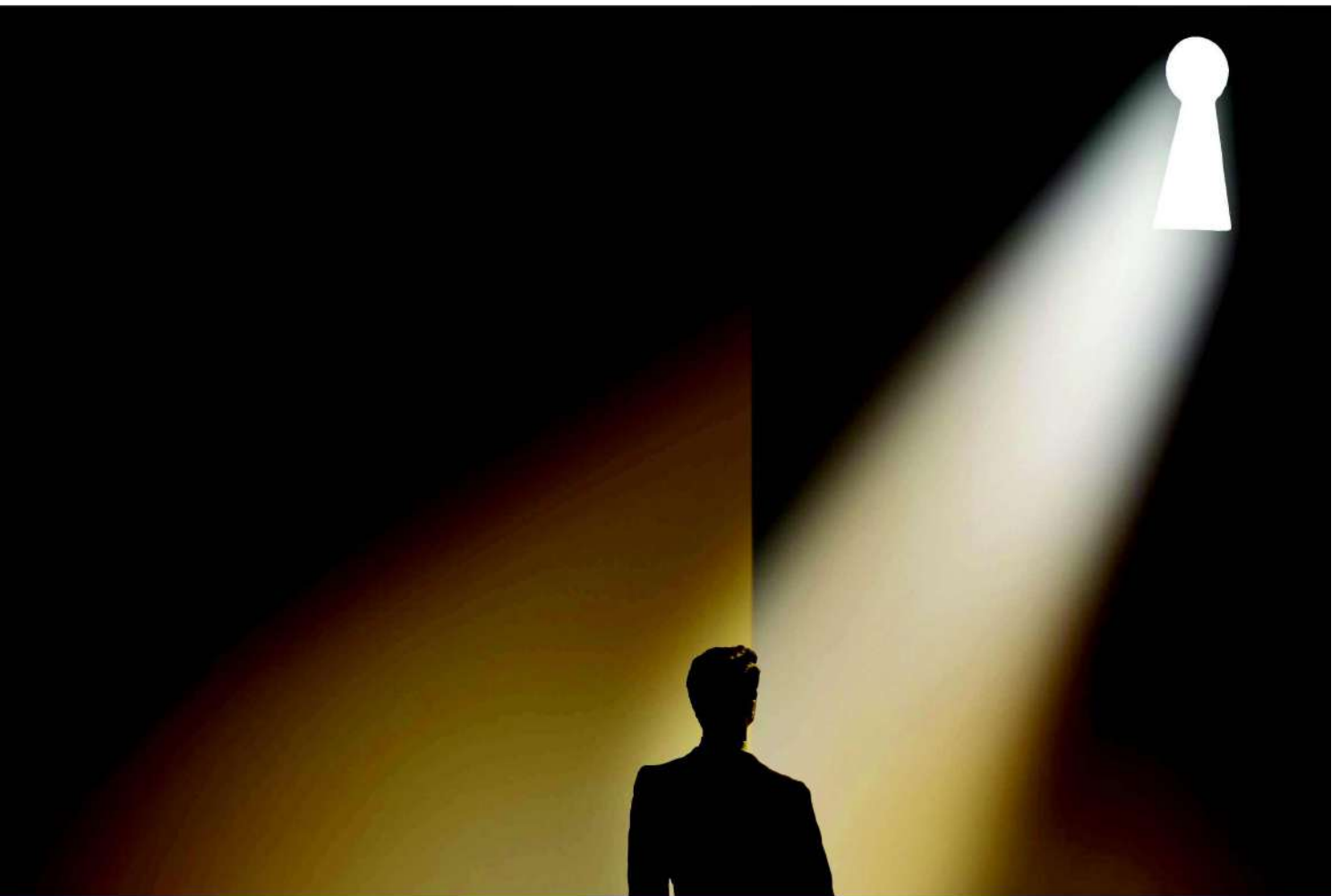
Particulars	Formula
Debtors Turnover Ratio	Revenue from Operations / Average of opening and closing Trade Receivables
Inventory Turnover Ratio	Revenue from Operations / Average of opening and closing Inventories
Interest Coverage Ratio	Earnings Before Interest and Tax / Finance Costs
Current Ratio	Current Assets / Current Liabilities
Debt Equity Ratio	Debt / Net Worth
EBITDA Margin	EBITDA / Revenue from Operations
Operating Profit Margin	Earnings Before Interest and Tax / Revenue from Operations
Net Profit Margin	Profit After Tax / Revenue from Operations
Return on Net Worth	Earnings Before Interest and Tax / Net Worth
Return on Average Capital Employed	Earnings Before Interest and Tax / Average Capital Employed

Commentary on significant changes in key financial ratios (i.e., changes of 25% or more compared to the immediately preceding financial year)

Interest Coverage Ratio: Interest coverage ratio turned negative due to negative EBIT (caused by Covid impact and strategic actions) and due to higher interest costs caused by higher borrowing and higher utilization of non-fund limits

Debt Equity ratio: This ratio worsened due to higher borrowing and reduction in net worth due to PAT loss.

Operating Profit Margins, Net Profit Margins, Return on Net Worth and Return on Capital Employed: Operating and Net Profit margins turned negative due to operating losses caused by Covid impact and the strategic actions as explained above, that had a one-time negative impact on the operating margins. This also led to Return on Net Worth and Return on Capital Employed turning negative.



Business
outlook

The economic uncertainty caused by Covid negatively impacts FY21 business outlook. Starting with nil sales in April 2020, and start of unlocking in May 2020, there is indeed a month on month recovery. This recovery is expected to strengthen further in the second half of FY21, possibly leading to normalization of operations in FY22, bar unforeseen circumstances or a second wave of Covid. Your company is adequately prepared to tackle the uncertainties and risks in the short term and well positioned to be a dominant lifestyle player in the medium and long term.

With the weaker brands exited from the brands portfolio, your company will focus resources on strengthening the seven leading brands to drive growth with improved profitability and ROCE. The strategic tie up with Flipkart will unlock significant growth opportunities for Flying Machine. As a leading casualwear player with a unmatched portfolio of brands and product offerings across

price points and categories, your company will strengthen its position across premium casual/denim, kidswear and prestige beauty while continuing to expand rapidly in premium innerwear. It will also capitalize on its early investment in technology and further scale up omni and e-commerce business and leverage technology to improve productivity and operational efficiency.

Your company has also undertaken initiatives for structural reduction in costs which will help to improve profitability when sales get back to normal. With new ways of buying being implemented, your company aims to release cash through reduction in inventory. Funds infusion of Rs. 660 crore in July 2020 through Rights issue and strategic investment by Flipkart have helped your company deleverage and improve its cash position.





Risk Management

The success of current as well as future performance of Arvind Fashions is subject to a variety of factors, including but not limited to forecasting and managing of risks and uncertainties which are described as below:

- 1. Strategic Risks-** These risks arise out of company's strategies and objectives towards business which could have potential risk on the long term continuity and sustainability.
- 2. Operational Risks-** The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events, leading to potential disruptions in the smooth functioning of the business.
- 3. Regulatory Risks-** Lack of structured framework for compliance adherence towards statutory/legal laws and regulations pose such risks which could affect credibility of the organization causing financial implications.

The company has a robust enterprise risk management framework which identify such potential risks, define strategies for mitigating the impact of these identified risks and lay down process for its continuous monitoring. The Company has identified the key risks, including Strategic, Operational and Regulatory risk. Some of the identified risks and their mitigation plans are described below:

1. Strategic Risks

- a. COVID-19 pandemic is an unprecedented event which has structurally changed the way of life for the world. Due to restrictions on movement of people and uncertainty in incomes, there is a significant near term demand destruction witnessed across various discretionary spends. New work trends like WFH has also resulted in changing customer preferences. While the Company believes that the demand destruction is short term and expects that it will reinstate soon, it has formulated various business scenarios to prepare itself better to respond to the developing demand scenario. The Company is also leveraging its tie ups with online players to allow its customers the ability to shop online from the comfort of their homes. In addition, new product categories have been introduced to meet the changing customer preferences.

- b. COVID-19 has also led to longer working capital cycles. The company realized at the very start of the pandemic that its cost structure would need to be rationalized, drastically during the closure period and structurally in the post closure period to bring it in line with reduced levels of revenue in the short to medium term. Also, accumulation of inventories in the channel and with vendors could choke the channel pipeline and result in liquidity issues. Company has taken significant steps to rationalize store size, re-negotiate rentals and significantly reduce corporate, supply chain and retail operations costs. It is also monitoring the financial health of its wholesale customers and those with long credit periods are reviewed. On the purchase side, the Company has rationalized its buy plans. Identified items of summer season inventory are being carried to the next season, fresh buys are being made more frequently to align with actual sales rather than at season level and certain flexibility is being built into the orders to take care of demand variations.
- c. Inability to renew brand licence due to non-compliance to contractual conditions or failure to meet agreed performance parameters can seriously impact profitability. The Company regularly reviews critical performance parameters which are key for brand licence renewal. It has established a structured framework for periodic vendor, product and store compliance audits to ensure there are no violations to licensee/sub licensee obligations.
- d. Brands and stores that are laggards can cause significant drag on the profits. The Company is constantly monitoring Brand and store performances. A detailed Brand specific strategy has been formulated to enhance revenue and reduce cost of operations of such Brands. The Company will constantly review the performance of each Brand and will not shy away from giving up Brands that it believes will not align with the long term growth story of the Company.

2. Operational Risks

- a. There is a massive and unexpected surge in remote working of employees. Weak IT security controls and poor IT infrastructure can negatively impact business operations. Most of the employees are working from home. Many will continue to work from home for a long period of time. In this

situation, IT network security and end-point connections are vulnerable to increased cyber security breaches and malware attacks. The Company has invested significantly in maintaining security of its network infrastructure and protecting its critical data. It has also rolled out a detailed 'Work from Home Guidelines' for its employees to enable them to identify any potential threat and report it for appropriate action.

- b. Counterfeit products of key brands like US Polo, Tommy Hilfiger, Calvin Klein, GAP and Arrow pose serious threat to the brand image leading to dilution of brand value. Lack of adequate legal framework and robust mechanism to control unauthorized use of brand logos/product information like labels cause such kind of risk.

- c. Continuous audits at vendors to ensure compliance, coordinated intelligence gathering on counterfeit in coordination with the brand owners and relentless effort in seeking strictest action against counterfeit producers and distributors enables the Company to check counterfeits. The Company actively engages with industry peers on brand protection strategy and building common platform for countering counterfeit.

3. Regulatory Risks

Increasing Compliance Requirements under governing laws and regulations in a time bound manner is a continuing challenge. The company has established a structured framework of accountability across senior management team supported by a third party tool for online monitoring the status of compliances across key processes.





Human Resources

At Arvind Fashions, we believe that our people are our biggest asset. Our Organizational Values – Service, Innovation, Living the Brand, Collaborate and Care, along with a strong 'will do' culture have helped instil a sense of passion, commitment and performance among our employees.

We have a diverse workforce of over 5300+ employees, with ~21% gender diversity and an average age of 30 years. Given the reputation we hold in the market, we have been able to consistently attract the best talent and skillsets from the industry over the years.

At Arvind Fashions, We provide an environment that encourages collaboration and teamwork along with recognition. Demonstrating the values and leadership behaviours along with recognizing good performance has been the key to Arvind's success. Our various platforms, events and engagement initiatives like SMILES – Our comprehensive employee engagement program for our retail staff provides instant support on salaries, learning and development, career progression and performance with the click of button, Fundo - the sports Olympiad event consisting of various high adrenaline activities, Family Day - a corporate organized function blending fun, family and activities in one well-planned occasion, and through reach-outs – employee town halls where leaders talk about the achievements of the quarter gone by and the way forward plans. Through such events, our employees get an opportunity to bond with their larger cross functional teams and understand the bigger picture they are contributing towards.

At Arvind Fashions we focus on the holistic growth and wellness of our people. The Arvind YoHGA framework is developed to focus on the overall wellness of our employees and deliver a differentiated employee experience. Our progressive policies and practices such as flexi-time policy, Travel and accommodation benefits, Maternity & Adoption policy, Crèche' services and Paternity policy along with our Professional Development initiatives and Internal Career Mobility Platform ensures that an environment of empowerment is created for all employees.

Our focus has been on development of our talent across job roles and our branded development initiatives like Arvind University

- our learning and development centre of excellence where we 'fashion possibilities in learning'. Our purpose is to foster a learning environment where our employees develop skills they need to achieve high business performance for progressive growth. At Arvind University, we provide business specific learning interventions for retail, functional and leadership development, which help acquire skills & competencies that have direct business impact and individual growth. It is our vision to maximise these offerings to learn, contribute & grow. Arvind Express - our career progression initiative that provides employees a transparent and structured process to help take on larger roles within the company. Our assessment process has a holistic approach which blends both Machine Learning and Human Intervention to strategically evaluate employee performance and strengths to provide critical developmental feedback.

Arvind Applause - our reward and recognition platform is designed to recognize our employees via Retail, Value and Spotlight awards. These awards help in reinforcing behaviours and values that are important to our growth.

Also with the current onset of the COVID outbreak, we set up a safety council with the focus to strategize on the safety and wellbeing aspects of our employees and therefore we were quick to equip our employees with the necessary tools and processes along with the required training to start work from home. We constantly provided precautionary and wellness advisories to ensure the safety and wellbeing of our employees and their families. We designed and developed various engagement and learning initiatives to stay connected and develop new skills to equip ourselves to be ready for the new normal.

Our EVP (Employee Value Proposition) of 'Fashioning Possibilities' offers employees opportunity to impact beyond their job descriptions. This along with our 'Will Do' culture and cutting-edge HR practices have helped us attract and retain the best talent. This has also made our company a preferred employer for professionals in the industry.

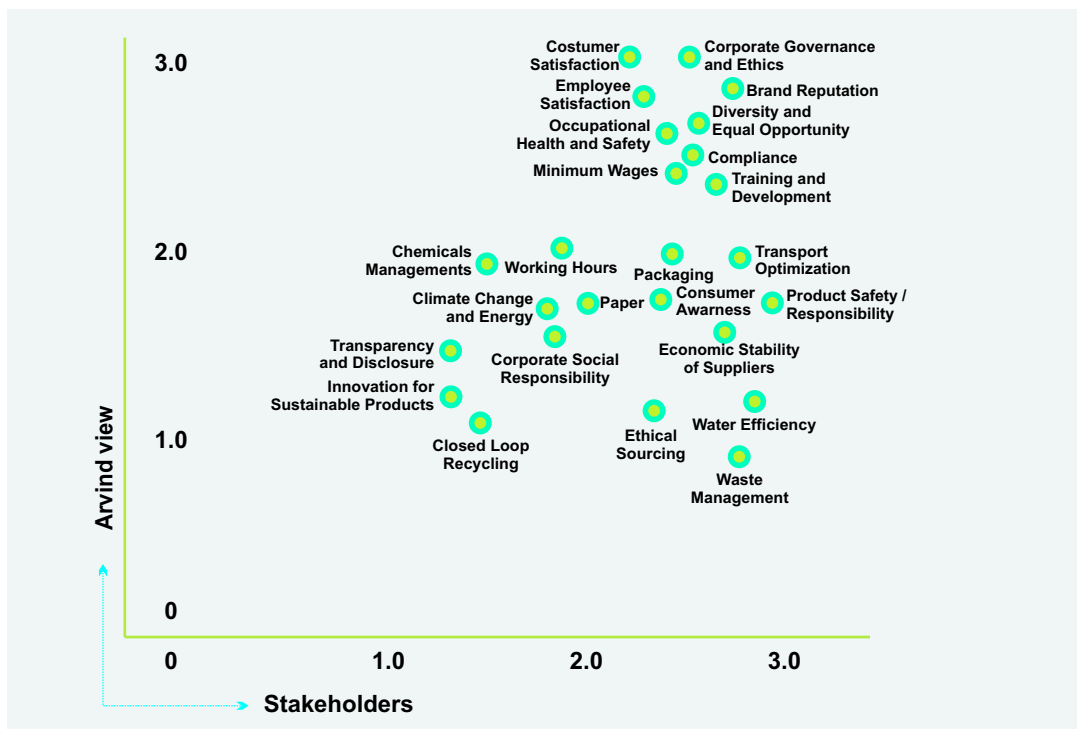
Sustainability and Business Responsibility Report

The world is facing an unprecedented challenge in the shape of COVID-19 pandemic. The pandemic is looking to leave a big dent in the life of human beings and an even bigger dent on the businesses across the globe. At the same time the pandemic has also provided the time to reflect back at the linear profit centric mindset of businesses and a glimpse of clean air, clean water and the rich biodiversity that we can enjoy.

At Arvind Fashions Limited (AFL), we strongly believe that the businesses have to further their action and strive for greater inclusivity of Sustainable practices in their operations and increase the number of sustainable product offerings. We are looking at all the potential avenues to enable the required infrastructure and are collaborating with relevant stakeholders for the same.

We believe the last materiality assessment is still relevant to the business and shall be able to guide us through our sustainable journey till 2025. Though, we intend to reaffirm the same in 2021 with our relevant stakeholders.

The illustration below depicts issues that are most material to AFL:



AFL's four pillar Sustainability Strategy guides our efforts towards the goal of a Sustainable World. The strategy is focused on the areas of "Combating Climate change", "Responsible Supply Chain", "Sustainable Fashion" and "Social Responsibility". The projects undertaken under each focus area are discussed in the subsequent sections of this report.

Section A: General Information about the company

Corporate Identity Number (CIN) of the Company: L52399GJ2016PLC085595

Name of the Company: Arvind Fashions Limited

Registered address: Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, INDIA

Website: <https://www.arvindfashions.com/>

E-mail id: investor.relations@arvindbrands.co.in

Financial Year reported: FY 2019-20

Sector(s) that the Company is engaged in (industrial activity code-wise): Wholesale of textiles, clothing and footwear

Code : 4641

List three key products/services that the Company manufactures/provides (as in balance sheet):

Apparel | Footwear | Innerwear

Total number of locations where business activity is undertaken by the Company:

Mostly India with some exports to Nepal, Sri Lanka and Middle East

Markets served by the Company – Local/State/National/International: National and International

Section B: Financial details of the company

- 1. Paid up Capital (INR):** ₹ 23.47 Crores
- 2. Total Turnover (INR) :** ₹ 854.11 Crores (Standalone) & ₹ 3,866.30 Crores (Consolidated)
- 3. Total profit / (loss) after taxes (INR) :** ₹ (4.89) Crores (Standalone) & ₹ (399.36 Crores (Consolidated)
- 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :** 2% of the average net profit of the company made during the three immediately preceding Financial Years. The Company's total spending on CSR for the year ended March 31, 2020 was INR ₹ 0.89 crores which is 2% of the PAT.
- 5. List of activities in which expenditure in 4 above has been incurred:** Refer Annexure B to the Directors' Report

Section C: Other Details**Any Subsidiary Company/ Companies:**

Subsidiaries

- Arvind Lifestyle Brands Limited
- Arvind Beauty Brands Retail Private Limited
- Arvind Youth Brands Private Limited
- Value Fashion Retail Limited

Associate companies

- Tommy Hilfiger Arvind Fashion Private Limited
- Calvin Klein Arvind Fashion Private Limited

Do the Subsidiary Company participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

No, Subsidiary companies do not participate in the BR initiatives of the company.

Do any other entity (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

None of the entities that we work with have taken up BR initiative during the previous financial year.

Section D: BR Information**1. (a) Details of Director / Directors responsible for BR**

Name: Mr. Suresh Jayaraman

DIN: 03033110

Designation: Managing Director & CEO

Telephone Number: +91 - 080 - 4155 0601 / 51

Email id: sureshj@arvindbrands.co.in**2. (b) Details of the BR head**

Name: Mr. Tushar Jindal

Designation: Head of Sustainability

Telephone Number: 9606480650

Email id: tushar.jindal@arvindbrands.co.in

National Voluntary Guidelines		Arvind's Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	<ul style="list-style-type: none"> - Code of Conduct - Whistle Blower Policy - Code of conduct for Prohibition of Insider Trading - Responsible Supply Chain Guidelines
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<ul style="list-style-type: none"> - EHS Policy
P3	Businesses should promote the well-being of all employees	<ul style="list-style-type: none"> - Annual health check policy - Education Assistance policy - Flexi time policy - Policy against Sexual harassment - Maternity and adoption policy - Paternity leave

National Voluntary Guidelines		Arvind's Policies
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	- Dividend distribution policy - CSR policy.
P5	Businesses should respect and promote human rights	- Code of Conduct, - Whistleblower Policy
P6	Business should respect, protect and make efforts to restore the environment	- EHS Policy
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	- We do not have a defined policy as of now
P8	Businesses should support inclusive growth and equitable development	- CSR policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	- We do not have a defined policy as of now

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Principle-wise Policies		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Various national and international laws as well as international conventions are captured in the policies articulated by AFL such as ISO 14001, ISO 50001, OHSAS 18001 and SA 8000, etc.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	-
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	We have some of the policies available on our website while the rest are available on our intranet.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	-
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	We have not carried out an independent audit of the working of these policies.								

3. Governance related to BR

i. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:

The Board of Directors meet annually to discuss applicable BR issues and assess the BR performance of the Company.

ii. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the second Business Responsibility Report of the company. We shall continue to publish the same on an annual basis going forward and shall upload the same on our website.

Section E: Principle-wise Performance

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? (Yes/No). Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

Good governance is an integral part of any responsible organization. At AFL, integrity is imbibed in our working culture and is non-negotiable. We communicate the same across our group and the entire value chain via different platforms. We have developed the following policies to ensure transparency in operations and communications while maintaining a behavior that is ethical and accountable to the highest standards:

- **Code of Conduct:** Signed by the top management, it requires each employee to ensure the highest level of ethical conduct and integrity.
- **Code of Conduct for Prohibition of Insider Trading:** Insider trading can be detected and prevented and each employee is expected to exercise caution with sensitive information
- **Whistle Blower Policy:** Applicable across our value chain, this policy provides a platform to anonymously disclose/report unethical activity or any conduct that may constitute breach of the Company's Code of Conduct or an employee's human right.
- **Responsible Supply Chain (RSC) Guidelines:** These are developed with reference from national legislation, NGRBC and other internationally accepted environmental and social standards. The guidelines are applicable to all the tier -1 (Final good manufacturers) vendor partners and act as a screening tool before on-boarding any new vendor and is also used to assess the performance of vendor partners on a continuous basis. As on date, >90% of the tier -1 vendor partners are already assessed using the RSC guidelines. Most of these vendor partners either have sustainability related policies or are working to have one for their operations.

Apart from the Code of Conduct which is applicable to AFL and its group companies, all the other policies are extended to stakeholders including but not limited to vendor partners, service providers, NGOs, contractors, and any stakeholder having business relationships with AFL. Further, all the employees are mandatorily required to undergo training on these policies on a periodic basis and the vendor partners are communicated about the same at the time of signing the Memorandum of Understanding (MOU).

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved? If so, provide details thereof, in about 50 words or so.

In FY 20, we received 10,106 stakeholder complaints in AFL, its subsidiaries and associates. ~98.5% of these complaints were received from customers. Out of these 99.8% of the complaints have been resolved as on 31st March 2020.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

In FY 20, we continued our efforts to adopt more sustainable practices and expand the offering of sustainable products. ~80% of the electricity consumption in the corporate office is met through the solar power that has a potential to mitigate ~1300 tCO₂e.

'Responsible Jeans' label under U.S. Polo Assn. continued launching a range of responsible jeans while 'Eco Warrior' label under Flying Machine continued to experiment with the shirts range made from 100% recycled fabric, blend of recycled cotton and polyester. Other brands are also exploring options to enhance the mix of sustainable fabrics and the use of sustainable practices for production of products.

We ran a pilot in certain stores of one of our brands to understand the potential of moving away from cardboard boxes to reusable boxes. Further, we are exploring options to minimize the use of plastic within our operations and the opportunities to increase the mix of recycled plastic or compostable plastic where moving away is difficult.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

We source the garments from vendor partner factories which may or may not be dedicated for our products. As on data, we are in the process of mapping the resource use for our products and will report on the same in future.²³

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

We continue to engage our Vendor Partners using 'Responsible Supply Chain (RSC) guidelines' that define the minimum standards that our vendor partners are expected to meet. These guidelines are instrumental in ensuring that we achieve desired business objectives while making a positive social impact and reducing the overall environmental impact of our operations.

In FY 20, AFL, its subsidiaries and associates sourced > 85% of the products from the vendor partners that adhere to the RSC guidelines. We aim to source >90% of the products from the vendor partners that adhere to the RSC guidelines by 2025.

Apart from this, we strive to support our vendor partners in adopting environment friendly practices in their operation, including but not limited to Renewable Energy, Zero Liquid Discharge Facilities, etc. Being a founding member of the Sustainable Apparel Coalition, we also encourage our vendor partners to register on the Higg Index. As on date, ~ 50 vendor partner factories are registered on the Higg Index. We extend our support to these factories to understand and appropriately submit the response in Facility Environment Module (FEM) and Facility Social and Labor Module (FSLM).

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

AFL, its subsidiaries and associates source >70% of the products from Indian manufacturers. This provides steady opportunities to skilled artisans involved in the craft.

We continuously work with our vendor partners to enhance their capacity and capability. AFL, its subsidiaries and associates run a program called "Green Channel" within its supply chain under which more than 300 quality checkers across ~20 vendor partner factories have been trained.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

Based on the information collected from our vendor partners, most of the cut waste generated in our vendor partner factories is sent to third parties that are in the business of recycling / upcycling / down cycling. Almost all of this waste is passed on to an informal sector for which it is difficult to collect and collate information but we believe some of it may end up in landfills or may not meet the appropriate disposal.

AFL strives to divert the textile waste from landfills and is committed to build a formal infrastructure to enable a closed loop economy. The Company is exploring collaboration opportunities with relevant industrial partners that can work together to set up the required infrastructure for a closed loop economy. However, the process is in a nascent stage and is expected to take shape in the near future.

Our commitment to waste management is reiterated by the fact that we adopted 100% recycled fabric for a few SKUs under the Eco Warrior Label of Flying Machine and are exploring further adoption wherever feasible.

Principle 3 - Businesses should promote the well-being of all employees

1. Total number of employees

We have a total of 5432 permanent employees at AFL, its subsidiaries and associates.

2. Total number of employees hired on temporary/contractual/casual basis

We have a total of 5574 temporary/contractual associates at AFL, its subsidiaries and associates.

3. Number of permanent women employees:

We have a total of 1161 permanent women employees at AFL, its subsidiaries and associates.

4. Number of permanent employees with disabilities:

We are an equal opportunity employer and have hired employees with disability over the years. However, we are not tracking the number of employees with disability through a formal mechanism.

5. Do you have an employee association that is recognized by management?

We do not restrict our employees to form unions and bargain collectively. However, we do not have any recognized employee union as on date.

6. What percentage of your permanent employees is members of this recognized employee association?

We do not have any recognized employee union as on date.

7. Please indicate the number of complaints relating to: (i) Child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year; (ii) Sexual harassment; (iii) Discriminatory employment.

There were no complaints against child and forced labour as well as for discriminatory / involuntary employment during the last financial year. However, we received 1 case of sexual harassment in FY 20 in AFL, its subsidiaries and associates and the same has been satisfactorily addressed before 31st March 2020.

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

In FY 20, the total number of unique employees trained was ~8250. These included ~500 corporate employees and ~7750 retail employees/associates in AFL, its subsidiaries and associates. Out of this 275 number of employees were trained on health and safety aspects in FY 20.

The training programs were focused on Retail, Functional and Behavioral change. Some of the programs that were organized focused on skill development in Buying & Merchandising, health and safety, Leadership excellence, Vision alignment among others.

Principle 4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders?

We recognize the fact that as a large business we have several stakeholder groups each with distinct priorities and diverse interests. We therefore developed a method for structured identification of stakeholder groups, understanding their concerns and incorporating their views in our sustainability strategy. Based on various parameters we have identified the following key stakeholders:

- Customers
- Consumers
- Investors
- Employees & Workers
- Community
- Media
- Government Agencies & Regulators
- Vendor partners

Diverse communication platforms were institutionalized for each stakeholder group, with the objective of communicating our company policies and expectations, and collecting timely feedback from stakeholders. In FY 20, we continued to engage with all our stakeholder in a two-way dialogue, around the year and through a host of channels:

2. Out of the above, has the Company identified the disadvantages, vulnerable and marginalized stakeholders?

No.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

No.

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

AFL Code of Conduct is applicable to all the group companies, joint ventures, vendor partners, contractors and its employees. Not only our intentions, but also our actions are compliant with all statutory laws and regulations.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved?

In FY 20, we did not receive any complaints in respect of Human Rights from our stakeholder.

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company's EHS Policy is also applicable to its subsidiaries & associates. The policy is available on our company's intranet.

Responsible Supply Chain (RSC) guidelines also take cue from EHS policy and are applicable to all the tier1 vendor partners (Final good manufacturers).

At AFL, we strive to minimize the negative environmental impact due to our products and our operations across the value chain and ensure adherence to environmental compliances. There are several initiatives that we have undertaken to reduce our environmental footprint

including improving the sustainable quotient of our products by increasing the mix of sustainable raw materials and renewable energy and reducing the consumption of non-hazardous chemicals and fresh water, etc.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes, AFL is committed to contributing to limiting global temperature increase to well below 2°C. We are working several initiatives to achieve energy efficiency and are committed to adopt renewable energy in our operations. (Refer the website <https://www.arvindfashions.com/combat-climate-change/>)

3. Does the Company identify and assess potential environmental risks?

Yes, we do identify and assess the potential environmental risks on a regular basis and also do the after follow-ups for the same to ensure the proper actions to cater to those identified risks.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, is any environmental compliance report filed? (Please confirm)

Currently, we do not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for webpage etc.

AFL is actively looking for options to adopt renewable energy within its operations. ~80% of the energy demand at AFL's corporate office is met through solar power. In FY 20, the initiative helped in mitigating ~1050 tons of carbon dioxide emissions from our operations.

We are also exploring the potential of setting up a solar rooftop for our new warehouse. This will further help us increase the mix of renewable energy within our operations and move closer to our target of shifting 20% of our energy mix to renewable energy by 2025.

Apart from this, we encourage our strategic vendor partners to shift to renewable energy to further reduce the environmental footprint of our products. Some of our vendors have already shifted / planned to shift to renewable energy in the future.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, we comply with all applicable environmental legislations in the locations we operate from. We monitor and track all parameters as defined by CPCB or SPCBs and ensure that they are maintained within norms.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.

In FY 20, we did not receive any show cause/legal notice from CPCB/SPCB. Further, no show cause/legal notice from CPCB/SPCB was pending resolution as of the end of the financial year.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.

AFL has been actively working with trade/industry associations in evolving policies that govern the functioning and regulations of the retail sector. AFL is currently an active member of Retailers Association of India (RAI).

Apart from this, Arvind is one of the founding members of the Sustainable Apparel Coalition (SAC). The coalition focuses on building a unified approach in assessing environmental and social performance of the textile and apparel industry. We play an active role in defining the new set of standards that should be used to reduce the environmental and social impact of the textile industry.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.

AFL does undertake need based advocacy on issues pertaining to the retail sector and sustainability through our membership of relevant industry/trade bodies. Further, all the engagements are guided by the values of commitment, integrity, transparency and the need to balance interests among our diverse stakeholders.

Principle 8 - Businesses should support inclusive growth and equitable development

1. Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes. The Company has defined specific programs in pursuit of the policy related to Principal 8. During 2018-19, the company funded programs for promoting education that included a scholarship program and a program for education support to municipal school children. Moving forward, the company defined working on two specific themes – Promoting Education and Rural Development around our area of operations. These two are long term programs and are visualized to be ongoing, multi-year and transformational programs.

This is being done as per our CSR Policy (<https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-CSR-Policy.pdf>). A close look at our CSR Policy ascertains that the Businesses should support inclusive growth and equitable development.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programs are being undertaken by Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust and Arvind Foundation (AF).

3. Have you done any impact assessment of your initiative?

The management of AFL is convinced that the impact assessment is an important tool to judge the efficacy and the effectiveness of the program. For AFL, this is the first year of the mentioned programs. The scholarship program was started in FY 20 and will be in continuance for at least 3-4 years before we see its impact over students whom we supported. We will be undertaking the impact assessment in the forthcoming years when the first cycle of the scholarship support is over. The concurrent monitoring and evaluation of course is a part of our initiative.

4. What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?

Direct Contribution: INR 0.89 Crores

The above mentioned amount is being carried forward to next year as we intend to accumulate and invest the amount in a larger project next year, in and around our new warehouse. We shall also continue to fund the existing projects mentioned below.

Projects undertaken:

The one theme the company has decided to focus is 'Promoting Education'. As on date, we have two ongoing projects under the theme:

- Supporting Municipal School Children
- Providing Scholarships for higher education.

Further, as discussed above, AFL intends to undertake project and programs for impacting positively the quality of lives of people around our new warehouse at Lokkondahalli village in Hosakote Tehsil in Rural Bangalore (Lokkondahalli is a small village in a cluster of around 10-11 villages).

We firmly believe that if we work in this cluster of villages, accomplishing real and lasting change for a large number of people is possible. Hence, we have initiated a detailed need assessment study of the village cluster. The contours of the initiatives in this rural development program will be based on the report of this need assessment.

5. Have you taken steps to ensure that the community successfully adopts this community development initiative? Please explain in 50 words, or so.

Ideally, every development initiative should be ultimately managed by the people it is meant for. This, however, will require a long gestation. The projects have an inbuilt component of a structure that contains a project management unit which comprises local leaders identified through formation of parents, youth groups and women's groups.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

We strive to resolve all the customer complaints / consumer cases in a timely and efficient manner. In FY20, 9959 customer complaints were received in AFL, its subsidiaries and associates. Most of these complaints pertained to logistical delays and order processing. Of the total customer complaints received, 99.85% of the complaints have been resolved as on 31st March 2020. Further, 47 Consumer Cases had been filed against AFL and its subsidiaries in FY 20, mostly related to VAT/GST dispute and the rest concerning extra charging of carry bags. Of these 39 Cases (83%) have been satisfactorily closed while 8 Cases (17%) were pending before District Consumer Forums as on 31st March 2020.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

Beyond the label requirements mandated by local laws, all apparel product labels also include information on raw materials utilized and the environment initiatives, in case applicable. Further, instructions for wash and care are included to maintain durability of the products.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as at the end of the financial year? If so, provide details thereof, in about 50 words or so.

No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Not during the recently concluded financial year.

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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, 2020, 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, 2020, 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.

Emphasis of Matter Paragraph

We draw your attention to Note 25 of the standalone financial statements 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.

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.

A. Recognition of Revenue from Contracts with Customers

Key Audit Matter Description

Revenue recognition 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 that is amount of returns, and discounts that have been incurred and not yet settled with the customer. 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 4 and 16 to the Standalone Financial Statements

How the Key Audit Matter Was Addressed in the Audit

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, re-performance 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, analyzed and identified the distinct performance obligations in these contracts and compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine (a) 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; (b) 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.
- Analysed returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.
- 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.

B. Valuation of Inventory

Key Audit Matter Description

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 with the risk increased due to recent situation of COVID 19 and estimated net realisable value at the time the product is expected to be sold based upon a detailed analysis of old season inventory.

Refer Note 4 and 9 to the Standalone Financial Statements

How the Key Audit Matter Was Addressed in the Audit

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 specifically in relation to validity and completeness of the inventory flags and season codes applied;
- 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.

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.

Other Matters

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 statements.

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

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 disclosed the impact of pending litigations on its financial position 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

UDIN: 20100892AAAAOS5977

Place : Ahmedabad

Date : July 09, 2020

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, 2020 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, 2020, 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

Place : Ahmedabad
Date : July 09, 2020

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:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - 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.
 - 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.

- 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.
- According to 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.
- 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.
- 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.
- 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.
- According to the information and explanations given to us, in respect of statutory dues:
 - The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund,

Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it.

- According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- Following amounts have not been deposited as on March 31, 2020 on account of any dispute:

Nature of the Statute	Nature of the dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	1.34	2015-16	Assistant Commissioner
		0.09	2015-16	Assessing Officer
		0.17	2016-17	Assessing Officer

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

For Sorab S. Engineer & Co.

Chartered Accountants
Firm's Registration No. 110417W

CA. Chokshi Shreyas B.

Partner
Membership No.100892
Place : Ahmedabad
Date : July 09, 2020

Standalone Balance Sheet as at March 31, 2020

(₹ in Crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	5	31.01	29.62
(b) Capital work-in-progress		-	5.50
(c) Intangible assets	6	26.69	9.21
(d) Intangible assets under development		-	1.93
(e) Financial assets			
(i) Investments	7 (a)	1,301.48	1,243.99
(ii) Loans	7 (c)	0.03	0.14
(iii) Other financial assets	7 (f)	18.15	14.26
(f) Deferred tax assets (net)	26	19.81	17.39
(g) Other non-current assets	8	0.19	0.28
Total non-current assets		1,397.36	1,322.32
II. Current assets			
(a) Inventories	9	247.93	249.14
(b) Financial assets			
(i) Investments	7 (a)	-	(Rs. 13,090)
(ii) Trade receivables	7 (b)	185.97	147.39
(iii) Cash and cash equivalents	7 (d)	8.00	1.16
(iv) Bank balance other than (iii) above	7 (e)	0.22	0.03
(v) Loans	7 (c)	110.86	31.49
(vi) Others financial assets	7 (f)	0.47	0.69
(c) Current tax assets (net)	10	15.18	13.07
(d) Other current assets	8	67.83	71.90
Total current assets		636.46	514.87
Total Assets		2,033.82	1,837.19
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	23.47	23.20
(b) Other equity	12	1,325.79	1,326.65
Total equity		1,349.26	1,349.85
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	20.97	18.94
(ii) Other financial liabilities	13 (c)	4.14	1.20
(b) Long-term provisions	14	4.55	5.09
Total non-current liabilities		29.66	25.23
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	234.42	51.70
(ii) Trade payables	13 (b)		
a) total outstanding dues of micro enterprises and small enterprises		57.97	30.28
b) total outstanding dues of creditors other than micro enterprises and small enterprises		338.42	343.70
(iii) Other financial liabilities	13 (c)	18.90	18.49
(b) Other current liabilities	15	3.57	16.73
(c) Short-term provisions	14	1.62	1.21
Total current liabilities		654.90	462.11
Total Equity and Liabilities		2,033.82	1,837.19
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

C.A. Chokshi Shreyas B.

Partner

Membership no. 100892

Place: Ahmedabad

Date: July 9, 2020

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

Sanjay S. Lalbhai

Chairman & Director

(DIN: 00008329)

Place: Ahmedabad

Pramod Kumar Gupta

Chief Financial Officer

Place: Bangalore

Date: July 9, 2020

Suresh Jayraman

Managing Director & CEO

(DIN -03033110)

Place: Bangalore

Vijay Kumar B.S.

Company Secretary

Place: Bangalore

Standalone Statement of profit and loss for the year ended March 31, 2020

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I. Income			
Revenue from operations			
Sale of Products	16	851.76	1,002.35
Sale of Services	16	(Rs. 48,767)	0.13
Operating Income	16	2.35	7.42
Revenue from operations		854.11	1,009.90
Other income	17	12.44	1.79
Total income (I)		866.55	1,011.69
II. Expenses			
Cost of trims and accessories consumed	18	4.52	2.72
Purchases of stock-in-trade	19	577.52	781.64
Changes in inventories of stock-in-trade	20	4.69	(141.55)
Employee benefits expense	21	56.10	66.33
Finance costs	22	37.32	17.98
Depreciation and amortisation expense	23	13.04	15.30
Other expenses	24	161.43	207.04
Total expenses (II)		854.62	949.46
III. Profit before exceptional items and tax (I-II)		11.93	62.23
IV. Exceptional items	25	(19.26)	-
V. Profit before tax (III-IV)		(7.33)	62.23
VI. Tax expense	26		
Current tax		-	13.43
(Excess)/short provision related to earlier years		(0.17)	-
Deferred tax charge/(credit)		(2.27)	(12.71)
Total tax expense		(2.44)	0.72
VII. Profit/(Loss) for the year (V-VI)		(4.89)	61.51
VIII. Other comprehensive income			
A. Items that will not to be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans	31	(0.26)	(2.11)
Income tax effect on above	26	0.09	0.74
		(0.17)	(1.37)
Net gain/(loss) on FVOCI equity instruments		-	(Rs. -5,283)
Net other comprehensive income/(loss) not to be reclassified to profit or loss (A)		(0.17)	(1.37)
B. Items that will be reclassified to profit or loss:			
Net gains/(loss) on hedging instruments in a cash flow hedge		-	(0.07)
Income tax effect on above	26	-	0.02
Net other comprehensive income/(loss) that will be reclassified to profit or loss (B)		-	(0.05)
Total other comprehensive income/(loss) for the year, net of tax (A+B)		(0.17)	(1.42)
IX. Total comprehensive income for the year, net of tax (VII+VIII)		(5.06)	60.09
X. Earning per equity share			
Nominal Value per share - Rs. 4 (Previous Year Rs. 4)			
Basic - Rs.	33	(0.84)	10.64
Diluted - Rs.	33	(0.83)	10.40
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

C.A. Chokshi Shreyas B.

Partner

Membership no. 100892

Place: Ahmedabad

Date: July 9, 2020

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

Sanjay S. Lalbhai

Chairman & Director

(DIN: 00008329)

Place: Ahmedabad

Pramod Kumar Gupta

Chief Financial Officer

Place: Bangalore

Date: July 9, 2020

Suresh Jayraman

Managing Director & CEO

(DIN - 03033110)

Place: Bangalore

Vijay Kumar B.S.

Company Secretary

Place: Bangalore

Standalone Statement of cash flows for the year ended March 31, 2020

(₹ in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A Operating activities		
Profit Before taxation	(7.33)	62.23
Adjustments to reconcile profit before tax to net cash flows:		
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Amortization	13.04	15.30
Interest Income	(8.22)	(0.19)
Gain on Reassessment of Lease	(0.05)	-
Interest and Other Borrowing Cost	37.32	17.98
Allowance for doubtful debts/Sundry Debit written off	2.83	0.95
Provision for Litigation/Disputes	0.45	0.64
Bad debts written off	0.09	1.29
Foreign Exchange Difference	1.04	(0.58)
Financial guarantee commission	(3.72)	(1.48)
(Profit)/Loss on Sale of Property, Plant & Equipment/Intangible assets	0.33	(0.01)
Share based payment expense	0.48	0.72
Operating Profit before Working Capital Changes	36.26	96.85
Working Capital Changes:		
(Increase)/Decrease in Inventories	1.21	(108.42)
(Increase)/Decrease in Trade receivables	(41.22)	(77.23)
(Increase)/Decrease in Other financial assets	(3.67)	(2.50)
(Increase)/Decrease in Other bank balances	(0.19)	-
(Increase)/Decrease in Other assets	3.79	102.55
Increase/(Decrease) in Trade payables	22.41	157.76
Increase/(Decrease) in Other financial liabilities	(2.88)	2.42
Increase/(Decrease) in Provisions	(0.84)	(0.18)
Increase/(Decrease) in Other liabilities	(13.16)	(20.36)
Net Changes in Working Capital	(34.55)	54.04
Cash Generated from Operations	1.71	150.89
Direct Taxes paid (Net of Income Tax refund)	(1.94)	(26.99)
Net Cash flow received/ (used in) Operating Activities	(0.23)	123.90
B Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment/Intangible assets	(25.58)	(24.96)
Proceeds from disposal of Property, Plant & Equipment/Intangible assets	1.52	0.56
Purchase of Long term Investments	(50.00)	(100.00)
Changes in Loans and Advances	(79.26)	(29.99)
Interest Received	8.22	0.19
Net cash flow received/ (used in) Investing Activities	(145.10)	(154.20)
C Cash Flow from Financing Activities		
Proceeds from Issue of share capital	9.30	3.41
Changes in Share application money	(8.51)	8.51
Changes in long term borrowings	2.86	20.70
Changes in short term borrowings	181.68	(12.52)
Repayment of Lease Liabilities	(0.78)	-
Interest and Other Borrowing Cost Paid	(32.38)	(14.79)
Net Cash flow received/ (used in) Financing Activities	152.17	5.31
Net Increase/(Decrease) in cash & cash equivalents	6.84	(24.99)

Standalone Statement of cash flows for the year ended March 31, 2020 (Contd.)

(₹ in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash & Cash equivalent at the beginning of the year	1.16	8.05
Add : Adjustment due to Business Combination (Refer Note 41)	-	18.10
	1.16	26.15
Cash & Cash equivalent at the end of the year	8.00	1.16

Figures in brackets indicate outflows.

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

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, 2019	Net cash flows	Non Cash Changes			As at March 31, 2020
				Adjustment on account of Business Combination	Effect of change in Foreign Currency Rates	Other changes *	
Borrowings:							
Long term borrowings	13 (a)	21.00	2.86	-	-	-	23.86
Short term borrowings	13 (a)	51.70	181.68	-	1.04	-	234.42
Interest accrued on borrowings	13 (c)	2.23	(2.23)	-	-	2.86	2.86
Total		74.93	182.31	-	1.04	2.86	261.14

Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2018	Net cash flows	Non Cash Changes			As at March 31, 2019
				Adjustment on account of Business Combination	Effect of change in Foreign Currency Rates	Other changes *	
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)	1.57	(1.57)	-	-	2.23	2.23
Total		47.96	6.61	18.71	(0.58)	2.23	74.93

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

Notes: 1. The standalone 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 and equipment/Intangible Assets include movement of Capital Advances, Capital work-in-progress and intangible assets under delevopement during the year

In terms of our report attached
For Sorab S. Engineer & Co.
 Chartered Accountants
 Firm's Registration No. 110417W
C.A. Chokshi Shreyas B.
 Partner
 Membership no. 100892

Place: Ahmedabad
Date: July 9, 2020

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

Sanjay S. Lalbhai
 Chairman & Director
 (DIN: 00008329)
Place: Ahmedabad
Pramod Kumar Gupta
 Chief Financial Officer
Place: Banaglore
Date: July 9, 2020

Suresh Jayraman
 Managing Director & CEO
 (DIN -03033110)
Place: Bangalore
Vijay Kumar B.S.
 Company Secretary
Place: Bangalore

(₹ in Crores)

Statement of changes in Equity**A. Equity share capital**

Balance	Amount Note 11
As at April 1, 2018	23.17
Add : Shares allotted pursuant to exercise of Employee Stock Option Plan	0.12
Less : Cancellation of Shares under scheme of arrangement (Note No 41)	(20.78)
Add : Allotment of Shares pursuant to Scheme of Arrangement (Note No 41)	20.69
As at March 31, 2019	23.20
Add : Shares allotted pursuant to exercise of Employee Stock Option Plan	0.27
As at March 31, 2020	23.47

B. Other equity

	Share Application Money Pending Allotment	Reserves and Surplus				Items of Other Comprehensive Income		Total equity
		Share Based Payment Reserve	Securities premium	Retained Earnings	Capital Reserve	Cash Flow Hedge Reserve	Net Gain/ (Loss) on FVOCI Equity Instruments	
	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2018	-	2.08	1,157.14	48.66	-	-	(Rs. 9,555)	1,207.88
Profit/(Loss) for the year	-	-	-	61.51	-	-	-	61.51
Other comprehensive income for the year	-	-	-	(1.37)	-	(0.05)	(Rs. 5,283)	(1.42)
Total Comprehensive income for the year	-	-	-	60.14	-	(0.05)	(Rs. 5,283)	60.09
Addition during the year	8.51	1.68	3.29	-	-	-	-	13.48
Share based payment of Employee Stock Option to erstwhile Holding Company	-	-	-	(0.19)	-	-	-	(0.19)
Addition due to Business Combination (Refer Note 41)	-	-	-	-	45.39	-	-	45.39
Transfer to securities premium	-	(0.16)	-	-	-	-	-	(0.16)
Transfer from share based payment reserve	-	-	0.16	-	-	-	-	0.16
Balance as at March 31, 2019	8.51	3.60	1,160.59	108.61	45.39	(0.05)	(Rs. 4,272)	1,326.65
Balance as at April 1, 2019	8.51	3.60	1,160.59	108.61	45.39	(0.05)	(Rs. 4,272)	1,326.65
Profit/(Loss) for the year	-	-	-	(4.89)	-	-	-	(4.89)
Other comprehensive income for the year	-	-	-	(0.17)	-	-	-	(0.17)
Total Comprehensive income for the year	-	-	-	(5.06)	-	-	-	(5.06)
Addition during the year	-	3.73	9.03	-	-	-	-	12.76
Shares issued during the year	(8.51)	-	-	-	-	-	-	(8.51)
Impact on adoption of Ind AS 116	-	-	-	(0.16)	-	-	-	(0.16)
Tax Impact on adoption of Ind AS 116	-	-	-	0.06	-	-	-	0.06
Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	-	-	-	(Rs. 4,272)	-	-	-	-
Transfer to Retained earnings	-	-	-	-	-	-	(Rs. 4,272)	-
Transfer to Statement of profit and loss	-	-	-	-	-	0.05	-	0.05
Transfer to securities premium	-	(0.90)	-	-	-	-	-	(0.90)
Transfer from share based payment reserve	-	-	0.90	-	-	-	-	0.90
Balance as at March 31, 2020	-	6.43	1,170.52	103.45	45.39	-	-	1,325.79

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
C.A. Chokshi Shreyas B.
 Partner
 Membership no. 100892

Place: Ahmedabad
Date: July 9, 2020

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

Sanjay S. Lalbhai
 Chairman & Director
 (DIN: 00008329)
Place: Ahmedabad
Pramod Kumar Gupta
 Chief Financial Officer
Place: Bangalore
Date: July 9, 2020

Suresh Jayraman
 Managing Director & CEO
 (DIN - 03033110)
Place: Bangalore
Vijay Kumar B.S.
 Company Secretary
Place: Bangalore

Notes to the Standalone Financial Statement As At and for The Year Ended 31st March, 2020

1. Corporate Information

Arvind Fashions Limited (“the Company”) is a public limited company incorporated in India under the provisions of the Companies Act, 2013 and has its registered office at Arvind Limited Premises, Naroda Road, Ahmedabad – 380025 having CIN L52399GJ2016PLCo85595. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited (“the Stock Exchanges”). The Company is marketing in India the branded apparel under various brands.

The Company and its subsidiaries are operating in branded apparels, beauty and footwear space. The Company and its subsidiaries are having a portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, Unlimited, Sephora, Hanes, The Children’s Place and others.

The Company and its subsidiaries have 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). It also operates apparel value retails stores UNLIMITED through subsidiary company.

The Company’s Standalone Financial Statements were approved by Board of Directors in the meeting held on July 09, 2020.

2. Statement of Compliance and Basis of Preparation**2.1 Basis of Preparation and Presentation and Statement of Compliance**

The Standalone Financial Statements have been prepared on a historical cost convention on the accrual basis except for the certain financial assets and liabilities measured at fair value, the provisions of the Companies Act, 2013 to the extent notified (“the Act”).

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standards requires a change in the accounting policy hitherto in use.

The Standalone Financial Statements comprising of Standalone Balance Sheet, Standalone Statement of Profit and Loss including other comprehensive income, Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows as at March 31, 2020 have been prepared in accordance with Indian Accounting Standards (Ind 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) and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to Standalone financial statement.

2.2 Historical Cost Convention

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

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

2.3 Rounding of Amount

The Standalone Financials Statement are prepared in Indian Rupees (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 Standalone 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.

Non-Current Assets classified as held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that

significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

Discontinued operation

A discontinued operation is a business of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

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. Business combinations and goodwill

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

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

Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103.

Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Standalone Financial Statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

Acquisition-related costs are expensed as incurred.

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

- Deferred tax assets or liabilities, the assets or liabilities related to employee benefit arrangements and related to leases are recognised and measured in accordance with Ind AS 12 "Income Taxes", Ind AS 19 "Employee Benefits" and Ind AS 116 "Leases" respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date.
- Assets (or disposal Companies) that are classified as held for sale in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the

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

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

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

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

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

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

3.4. Foreign currencies

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

Transactions and balances

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

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

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

3.5. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit

Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

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

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

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Financial instruments (including those carried at amortised cost)

3.6. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the 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
Buildings	30 Years	20 Years
Plant & Machinery	15 Years	6 to 15 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Motor Cars	6 Years	4 Years

However, Leasehold Improvements have been depreciated considering the lease term or useful life whichever is lower.

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.

3.7. Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a

contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date;
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application;
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

3.8. Borrowing cost

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year. Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

All other borrowing costs are expensed in the period in which they occur.

3.9. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

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

Amortisation

Value of License Brands/License fees acquired under demerger scheme has been amortized on Straight Line basis over the period of 10 years.

Technical Process Development has been amortized on Straight Line basis over the period of five years and Product Development has been amortized on Straight Line basis over the period of 3 to 5 years.

Software and Website are depreciated over management estimate of its useful life of 5 years.

3.10. Inventories

Trims and Accessories, Stock-in-trade and Packing Materials 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:

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

3.11. Impairment of non-financial assets

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

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the

last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

3.12. Revenue Recognition

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

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, i.e., generally on delivery of the goods.

Variable consideration

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

i. Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the

Company recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory) is also recognised for the right to recover products from a customer.

ii. Discounts

Discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future discounts, the Company applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

b) Contract balances

i. Contract assets

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

ii. Trade receivables

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

iii. Contract liabilities

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

c) Assets and liabilities arising from rights of return

i. Right of return assets

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

ii. Refund liabilities

A refund liability is the obligation to refund some or all

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

d) 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.

e) Rendering of services

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

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

f) Gift Vouchers

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

g) 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.

h) Profit or loss on sale of Investments

Profit or Loss on sale of investments is recorded on transfer of title from the Company, and is determined

as the difference between the sale price and carrying value of investment and other incidental expenses.

i) Insurance claims

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

j) Export Incentive

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.

3.13. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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

(ii) Subsequent measurement of financial assets

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

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

• **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and

fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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.

(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
- Right Of Use Assets resulting from transactions within the scope of Ind AS 116

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

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

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

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

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

to use the remaining contractual term of the financial instrument

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

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

- Financial assets measured as at amortised cost, contract assets and ROU 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/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

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

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

This category generally applies to borrowings.

- (iii) Derecognition of financial liabilities**

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

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

- c) Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

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

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

asset or non-financial liability.

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

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

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

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

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

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

d) Offsetting of financial instruments

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

3.14. Cash and cash equivalent

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

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

3.15. 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, ex-gratia, 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.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3.19. Provisions and Contingencies

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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Standalone Financial Statements.

Contingent assets are not recognised but disclosed in the Standalone Financial Statements when an inflow of economic benefits is probable.

3.20. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company classifies non-current assets (or disposal Company) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less cost to sell. A gain is recognised for any subsequent increases in the fair value less cost to sell of an assets but not in excess of the cumulative impairment loss previously recognised, A gain or loss previously not recognised by the date of sale of the non-current assets is recognised on the date of de-recognition.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A discontinued operation qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in Standalone Statement of Profit and Loss.

3.21. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

3.22. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

3.23. Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item.

3.24. Changes in accounting policies and disclosures

New and amended standards

a) Ind AS 116 Leases

The Company applied Ind AS 116 Leases for the first

time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 35.

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

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

- i. Determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- ii. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments had no impact on the standalone financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

The Appendix did not have an impact on the standalone financial statements of the Company.

d) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the standalone financial statements of the Company.

4. Critical accounting Judgements and key source of estimation uncertainty

The preparation of the Standalone financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to

the carrying amounts of assets and liabilities within the next financial year.

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.

Customer loyalty program reward points

Customer loyalty program reward points having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the reward point credits granted. The consideration allocated to the reward point credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

Provision for discount and sales return

The Company provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.

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 31.

Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is Grouped into homogeneous Groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 34.

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 taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.

Further details on taxes are disclosed in Note 26.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

Useful lives of Property, Plant and Equipment and Intangible assets

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended March 31, 2019,

there were no changes in useful lives of property plant and equipment and intangible assets other than (a) useful lives of leasehold improvements which have been considered lower of the lease term or useful life and (b) those resulting from store closures/shifting of premises.

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.

Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can

be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company.

Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Standalone Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer Note 14 and 27).

Lease Term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 5 : Property, plant and equipment

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office Equipment	Computer, server & network	Total
Gross Carrying Value								
As at April 1, 2018	-	0.29	7.21	0.68	4.84	0.07	0.47	13.56
Additions	-	1.17	5.70	1.20	1.95	0.61	0.14	10.77
Adjustment due to Business Combination (Refer Note No. 41)	6.94	0.58	3.94	0.06	1.57	0.48	0.09	13.66
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
Additions	-	3.04	1.86	0.39	0.23	0.08	6.55	12.15
Deductions	-	0.33	3.52	0.61	2.05	0.25	0.03	6.79
As at March 31, 2020	6.94	4.75	14.76	1.55	6.54	0.98	7.21	42.73
Depreciation and Impairment								
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
Depreciation for the year	0.20	0.30	4.97	0.42	2.04	0.26	0.72	8.91
Deductions	-	0.12	2.91	0.58	1.18	0.12	0.03	4.94
As at March 31, 2020	0.26	0.41	6.37	0.40	3.08	0.25	0.95	11.72
Net Carrying Value								
As at March 31, 2020	6.68	4.34	8.39	1.15	3.46	0.73	6.26	31.01
As at March 31, 2019	6.88	1.81	12.11	1.21	6.14	1.04	0.43	29.62

Notes:

- 1) In respect of Building, registration is pending in favour of the company.
- 2) For Properties pledged as security Refer Note 13.
- 3) Refer Note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 6: Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Technical Process development	Product Development	Website	Total Intangible assets
Gross Carrying Amount						
As at April 1, 2018	-	21.27	-	-	-	21.27
Additions	0.01	-	8.00	-	-	8.01
Adjustment due to Business Combination (Refer Note No 41)	0.40	-	-	-	2.46	2.86
Deductions	-	-	-	-	-	-
As at March 31, 2019	0.41	21.27	8.00	-	2.46	32.14
Additions (Refer Note 1 below)	8.37	-	-	12.57	-	20.94
Deductions	-	-	-	-	-	-
As at March 31, 2020	8.78	21.27	8.00	12.57	2.46	53.08
Amortisation and Impairment						
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
Amortisation for the Year	0.64	-	1.59	0.38	0.85	3.46
Deductions	-	-	-	-	-	-
As at March 31, 2020	0.70	21.27	2.65	0.38	1.39	26.39
Net Carrying Value						
As at March 31, 2020	8.08	-	5.35	12.19	1.07	26.69
As at March 31, 2019	0.35	-	6.94	-	1.92	9.21

Notes: 1) Product Developments, Software and Intangible Assets under development includes internally generated intangible assets

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 7 : Financial assets

7 (a) Investments

Particulars	Face Value per share in ₹	As at March 31, 2020	As at March 31, 2019
Non-current investment			
Investment in equity shares (fully paid up)			
Subsidiaries and Controlled Joint Ventures - measured at cost (Unquoted)			
Arvind Beauty Brands Retail Private Limited# (March 31, 2020 : 76,89,488; March 31, 2019: 76,89,488)	10	105.26	102.86
Arvind Lifestyle Brands Limited *# (March 31, 2020: 9,62,78,723; March 31, 2019: 9,12,78,723)	10	1,081.01	1,025.92
Calvin Klein Arvind Fashion Private Limited (March 31, 2020: 5,04,648; March 31, 2019: 5,04,648)	10	28.94	28.94
Tommy Hilfiger Arvind Fashion Private Limited (March 31, 2020: 1,49,47,159; March 31, 2019: 1,49,47,159)	10	86.27	86.27
Current investment			
Investment in equity shares (fully paid up)			
Others - measured at FVOCI (Quoted)			
Arvind SmartSpaces Limited (March 31, 2020: Nil; March 31, 2019: 100)	10	-	(Rs. 13,090)**
Total equity Investments		1,301.48	1,243.99
Total Investments		1,301.48	1,243.99
Aggregate amount of quoted investments		-	(Rs. 13,090)
Aggregate amount of unquoted investments		1,301.48	1,243.99
Aggregate impairment in value of investment		-	-

** Wherever the amount is less than 50 thousand then such amount is mentioned in (Rupees)

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

Subsidiaries	2019-20	2018-19
Arvind Lifestyle Brands Limited	0.86	0.46
Arvind Beauty Brands Retail Private Limited	2.4	0.31

* 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	2019-20	2018-19
Arvind Lifestyle Brands Limited	4.23	2.02

7 (b) Trade receivables - Current

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	229.09	192.42
Credit impaired	7.27	5.48
Less : Allowance for doubtful debts	(7.27)	(5.48)
	229.09	192.42
Less: Refundable Liability - Refer Note 3	(43.12)	(45.03)
Total Trade receivables	185.97	147.39

- 1) No trade receivables are due from directors or other officers of the Company either severally or jointly with any person nor any trade receivables are due from firms or private companies respectively in which any director is a director, a partner or a member.
- 2) Trade receivables are given as security for borrowings as disclosed under Note 13
- 3) Refundable Liability are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers

Notes to the Standalone Financial Statements

(₹in Crores)

Allowance for doubtful debts

The Company has provided allowance for doubtful debts based on the lifetime expected credit loss model using provision matrix. Movement in allowance for doubtful debt:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	5.48	-
Add: Adjustment on Business Combination (Refer Note 41)	-	4.53
Add: Allowance for the year (Refer Note 24 and Note 25)	2.55	0.95
Less: Write off of bad debts (Net of recovery)	(0.76)	-
Balance at the end of the year	7.27	5.48

7 (c) Loans

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Non-current		
Loans to employees	0.03	0.14
	0.03	0.14
Current		
Loans to related parties (Refer Note 32)	110.42	31.03
Loans to employees	0.44	0.46
	110.86	31.49
Total Loans	110.89	31.63

No loans are due from directors or promoters of the Company either severally or jointly with any person.

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	-	0.02
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	8.00	1.14
Total cash and cash equivalents	8.00	1.16

7 (e) Other bank balance

Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit Account		
Held as Margin Money*	0.22	0.03
Total other bank balances	0.22	0.03

* Under lien with bank as Security for Guarantee Facility

Notes to the Standalone Financial Statements

(₹in Crores)

7 (f) Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise specified)		
Non-current		
Security deposits		
Considered Good	18.15	14.26
Doubtful	-	0.02
Less Allowance for Doubtful Deposits	-	(0.02)
	<u>18.15</u>	<u>14.26</u>
Current		
Income receivable	0.09	0.12
Accrued Interest	(Rs. 39,729)	(Rs. 7,182)
Insurance claim receivable	0.38	0.57
	<u>0.47</u>	<u>0.69</u>
Total other financial assets	18.62	14.95

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

Allowance for doubtful deposits

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

Movement in allowance for doubtful advances :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	0.02	-
Add : Adjustment on Business Combination (Refer Note 41)	-	0.02
Less : Write off (Net of recovery)	(0.02)	-
Balance at the end of the year	<u>-</u>	<u>0.02</u>

7 (g) Financial assets by category

Particulars	Cost	FVOCI	Amortised cost
March 31, 2020			
Investments			
- Equity Shares	1,301.48	-	-
Trade Receivables	-	-	185.97
Loans	-	-	110.89
Cash & Bank balances	-	-	8.22
Other financial assets	-	-	18.62
Total Financial Assets	<u>1,301.48</u>	<u>-</u>	<u>323.70</u>
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	<u>1,243.99</u>	<u>(Rs. 13,090)</u>	<u>195.16</u>

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Non-current		
Capital advances	0.19	0.28
	<u>0.19</u>	<u>0.28</u>
Current		
Advance to suppliers	12.66	17.31
Export incentive receivable	0.42	0.36
Returnable Asset (Refer Note 3)	23.72	11.55
Prepaid expenses	2.40	3.91
Balance with Government Authorities (Refer note 1)	8.41	17.26
Other Current Asset	20.22	21.51
	<u>67.83</u>	<u>71.90</u>
Total	<u>68.02</u>	<u>72.18</u>

No advances are due from directors or promoters of the Company either severally or jointly with any person.

Notes :

- Balance with Government Authorities mainly consist of input credit availed.
- Other current assets are given as security for borrowings as disclosed under Note 13
- Returnable Asset are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers

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

Particulars	As at March 31, 2020	As at March 31, 2019
Trims and Accessories	7.62	3.81
Trims in transit	-	0.14
Stock-in-trade	240.29	244.98
Packing materials	0.02	0.21
Total	<u>247.93</u>	<u>249.14</u>

- Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 8.32 Crores (March 31, 2019 Rs. 9.00 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)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax Paid in Advance (Net of Provision)	15.18	13.07
Total	<u>15.18</u>	<u>13.07</u>

Notes to the Standalone Financial Statements

(₹in Crores)

Note 11 : Equity share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Authorised share capital Equity shares of ₹ 4 each (March 31, 2019: Rs. 4 each)	18,75,00,000	75.00	18,75,00,000	75.00
Issued and subscribed share capital Equity shares of ₹ 4 each (March 31, 2019: Rs. 4 each)	5,86,79,364	23.47	5,79,94,673	23.20
Subscribed and fully paid up Equity shares of ₹ 4 each (March 31, 2019: Rs. 4 each)	5,86,79,364	23.47	5,79,94,673	23.20
Total	5,86,79,364	23.47	5,79,94,673	23.20

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹in Crores	No. of shares	₹in Crores
At the beginning of the period	5,79,94,673	23.20	11,58,51,454	23.17
Less: Consolidation of Shares (Refer Note 11.4)	-	-	(5,79,25,727)	-
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan	6,84,691	0.27	2,98,911	0.12
Less: Cancellation of shares under scheme of arrangement (Refer Note 41)	-	-	(5,19,53,379)	(20.78)
Add: Allotment of Shares pursuant to Scheme of Arrangement (Refer Note 41)	-	-	5,17,23,414	20.69
Outstanding at the end of the period	5,86,79,364	23.47	5,79,94,673	23.20

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 after distribution of all preferential amounts, in proportion to their shareholding.

11.3. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Aura Securities Private Limited	1,91,12,362	32.57%	1,91,12,362	32.96%
Plenty Private Equity Fund I Limited	39,35,458	6.71%	39,35,458	6.79%

11.4. Change in Authorised Capital and Consolidation of Shares:

Pursuant to scheme of arrangement approved by NCLT, Ahmedabad with effect from October 26, 2018,

- 2 shares of Rs. 2 each were consolidated into 1 share of Rs. 4 each; and
- Authorised Capital has been increased from Rs. 25 Crores to Rs. 75 Crores.

11.5. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the reporting date:

- The Company has allotted 26,04,676 Equity Shares as bonus shares by capitalization of Securities Premium during the year 2017-18 in the ratio of 0.023 equity shares for 1 existing equity share held.
- The Company has allotted 5,17,23,414 Equity Shares pursuant to the scheme of arrangement during the year 2018-19.

11.6. Change in Authorised Capital and Consolidation of Shares

Refer Note 34 for details of shares to be issued under Employee Stock Option Schemes (ESOPs)

11.7. Objective, policy and procedure of capital management, refer Note 40

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 12 : Other Equity

Balance	As at March 31, 2020	As at March 31, 2019
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements	45.39	-
Add: Adjustment due to business combination (Refer Note 41)	-	45.39
Balance at the end of the year	45.39	45.39
Share application money pending allotment		
Balance as per last financial statements	8.51	-
Add: Addition during the year	-	8.51
Less: Shares issued during the year	(8.51)	-
Balance at the end of the year	-	8.51
Securities premium		
Balance as per last financial statements	1,160.59	1,157.14
Add: Addition during the year	9.03	3.29
Add: Transfer from share based payment reserve	0.90	0.16
Less: Utilized during the year	-	-
Balance at the end of the year	1,170.52	1,160.59
Share based payment reserve (Refer Note 34)		
Balance as per last financial statements	3.60	2.08
Add: Addition during the year	3.73	1.68
Less: Transfer to Securities Premium Account	(0.90)	(0.16)
Balance at the end of the year	6.43	3.60
Surplus in statement of profit and loss		
Balance as per last financial statements	108.61	48.66
Add: Profit/(Loss) for the year	(4.89)	61.51
(Less): Impact on adoption of Ind AS 116	(0.16)	-
Add: Tax Impact on adoption of Ind AS 116	0.06	-
Add: Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	(Rs. 4,272)	-
Add/(Less): OCI for the year	(0.17)	(1.37)
	103.45	108.80
"Less: Share based payment of Employee Stock Option to erstwhile Holding Company"	-	(0.19)
Balance at the end of the year	103.45	108.61
Total reserves & surplus	1,325.79	1,326.70
Note 12.2 Other comprehensive income		
Net Gain/(Loss) on FVOCI Equity Instruments		
Balance as per last financial statements	(Rs. 4,272)	(Rs. 9,555)
Add: Addition during the year	-	(Rs. -5,283)
Less: Transfer to Retained Earnings	(Rs. 4,272)	-
Balance at the end of the year	-	(Rs. 4,272)
Cash Flow Hedge reserve		
Balance as per last financial statements	(0.05)	-
Add: Gain/(Loss) for the year	-	(0.07)
Add/(Less): Tax impact on additions	-	0.02
Less: Reclassified to profit and loss	0.05	-
Balance at the end of the year	-	(0.05)
Total Other comprehensive income	-	(0.05)
Total Other equity	1,325.79	1,326.65

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

Capital reserve

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

Notes to the Standalone Financial Statements

(₹in Crores)

Securities premium

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

Share based payment reserve

This reserve relates to share options granted by the Company to its employees (including subsidiary Companies) and erstwhile Holding Company's employee share option plan. Further information about share-based payments to employees is set out in Note 34.

Net Gain/(Loss) on FVOCI Equity Instruments

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

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 designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 13 : Financial liabilities

13 (a) Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Long-term Borrowings (Refer Note 1(a) below) (At amortised cost)		
Non-current portion		
Secured		
Term loan from Banks	16.06	18.94
Unsecured		
Deferred Payment liabilities from others	4.91	-
	<u>20.97</u>	<u>18.94</u>
Current maturities (Refer Note 13c)		
Secured		
Term loan from Banks	2.89	2.06
	<u>2.89</u>	<u>2.06</u>
Total long-term borrowings	<u>23.86</u>	<u>21.00</u>
Short-term Borrowings (Refer Note 1(b) and 2(a) below) (At amortised cost)		
Secured		
Working Capital Loans repayable on demand from Banks	161.10	24.62
Unsecured		
Under Buyer's Credit Arrangement	23.19	27.08
Intercorporate Deposits		
From Related Parties (Refer Note 32)	50.08	-
From Others	0.05	-
Total short-term borrowings	<u>234.42</u>	<u>51.70</u>
Total borrowings	<u>258.28</u>	<u>72.70</u>

I Secured Borrowings

a Long term

Particulars	Rs. In Crores	Rate of interest	Security	Terms of repayment
Rupee Loans	18.18	8.90%	Secured against first pari passu 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 installments beginning from September 2019
Hire Purchase loans	0.77	8.10 to 9.10%	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans.

Notes to the Standalone Financial Statements

(₹ in Crores)

b Short term

Particulars	Rs. In Crores	Rate of interest	Security
Working Capital loans	161.10	8.65% to 9.25%	First pari passu charge on entire current asset of the Company both present and future. Loans of Rs. 55.13 Crores are secured against second pari passu charge on entire fixed asset of the Company present and future.

2. Unsecured Borrowings

(a) Long Term

Particulars	Rs. In Crores	Rate of interest
Deferred Payment liabilities from others	4.91	6.53% to 8%

b Short term

Particulars	Rs. In Crores	Rate of interest
Buyers' Credit	23.19	1.46% to 2.51%
Intercorporate Deposits	50.08	8.50% to 8.75%

13 (b) Trade payable

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Acceptances	102.16	108.20
Other Trade Payables (Refer Note a below)		
-Total outstanding dues of micro enterprises and small enterprises	57.97	30.28
-Total outstanding dues other than micro enterprises and small enterprises	236.26	235.50
Total	396.39	373.98

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

Particulars	As at March 31, 2020	As at March 31, 2019
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
i) Principal	57.97	30.28
ii) Interest	6.76	2.74
(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;	0.02	-
(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;	6.76	2.74
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	6.76	2.74
(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	6.76	2.74

Notes to the Standalone Financial Statements

(₹in Crores)

13 (c) Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security Deposit	3.52	0.82
Financial Guarantee Contract	0.62	0.38
	4.14	1.20
Current		
Current maturity of long term borrowings (Refer Note 13a)	2.89	2.06
Interest accrued and due on others	7.61	3.30
Interest accrued but not due on borrowings	2.86	2.23
Payable to employees	2.20	3.04
Payable for capital goods	2.84	7.56
Foreign Exchange Forward contracts (Cash flow hedge)	-	0.07
Financial Guarantee Contract	0.50	0.23
	18.90	18.49
Total	23.04	19.69

Notes :

There is no amount due and outstanding to be transfer to the Investor Education and Protection Fund (IEPF).
The Company has given the financial guarantee to Banks on behalf of Subsidiary Company.

13 (d) Financial liabilities by category

Particulars	FVOCI	FVTPL	Amortised cost
March 31, 2020			
Borrowings	-	-	255.39
Current maturity of long term borrowings	-	-	2.89
Trade payables	-	-	396.39
Security Deposits	-	-	3.52
Payable to employees	-	-	2.20
Financial Guarantee Contract	-	1.12	-
Interest accrued but not due	-	-	2.86
Interest accrued and due	-	-	7.61
Payable in respect of Capital goods	-	-	2.84
Total Financial liabilities	-	1.12	673.70
March 31, 2019			
Borrowings	-	-	70.64
Current maturity of long term borrowings	-	-	2.06
Trade payables	-	-	373.98
Security Deposits	-	-	0.82
Financial Guarantee Contract	-	0.61	-
Payable to employees	-	-	3.04
Interest accrued but not due	-	-	2.23
Interest accrued and due	-	-	3.30
Payable in respect of Capital goods	-	-	7.56
Foreign Exchange Forward contracts (Cash flow hedge)	0.07	-	-
Total Financial liabilities	0.07	0.61	463.63

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Notes to the Standalone Financial Statements

(₹in Crores)

Note 14: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Long-term		
Provision for employee benefits (refer Note 31)		
Provision for leave encashment	1.48	2.38
Provision for Gratuity	3.07	2.71
	4.55	5.09
Short-term		
Provision for employee benefits (refer Note 31)		
Provision for leave encashment	0.53	0.57
others		
Short term provision for litigation/disputed matters (Refer Note a below)	1.09	0.64
	1.62	1.21
Total	6.17	6.30

Provision for litigation/ disputed matters

The Company has made provisions for pending disputed matters in respect of Indirect taxes like GST, Sales tax, Excise duty and Customs duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

The movement in the provision account is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	0.64	-
Add: Provision during the year (Refer Note 24)	0.45	0.64
Less: Adjusted during the year	-	-
Balance as at the end of the year	1.09	0.64

Note 15: Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Advance from customers	-	0.37
Statutory dues including provident fund and tax deducted at source etc	2.75	14.08
Deferred income of loyalty program reward points (Refer note (a) below)	0.67	1.32
Deferred Revenue	0.15	0.96
Total	3.57	16.73

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:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	1.32	1.22
Add: Provision made during the year (Net of Expiry)	3.11	7.15
Less: Redemption made during the year	(3.76)	(7.05)
Balance at the end of the year	0.67	1.32

Notes to the Standalone Financial Statements

(₹in Crores)

Note 16 : Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	851.76	1,002.35
Sale of services	(Rs. 48,767)	0.13
Operating income		
Export incentives	0.33	0.25
Foreign exchange fluctuation on vendors and customers (Net)	1.85	4.01
Liability no longer required written back	-	(Rs. 22,084)
Royalty	0.13	3.10
Miscellaneous receipts	0.04	0.06
	2.35	7.42
Total	854.11	1,009.90

I. Disaggregation of revenue from contracts with customers

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Revenue based on Geography		
i. Domestic	840.58	995.15
ii. Export	13.53	14.75
	854.11	1,009.90
B. Revenue based on Business Segment		
Branded Apparels and accessories	854.11	1,009.90

II. Reconciliation of Revenue from Operation with Contract Price :

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract Price	1,126.81	1,409.41
Less:		
Schemes and Discounts	269.59	392.36
Customer Loyalty Program	3.11	7.15
Total Revenue from Operations	854.11	1,009.90

Note 17 : Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on financial assets recognised at amortised cost	8.22	0.19
Financial Guarantee Commission (Refer Note a below)	3.72	1.48
Gain on Reassessment of Lease (Refer Note 35)	0.05	-
Profit on sale of Property, Plant & Equipment (Net)	-	0.01
Miscellaneous income	0.45	0.11
Total	12.44	1.79

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

Notes to the Standalone Financial Statements

(₹in Crores)

Note 18 : Cost of Trims and Accessories consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at the beginning of the year	3.81	1.51
Add: Purchases	8.33	5.02
	12.14	6.53
Less: Inventory at the end of the year	7.62	3.81
Total	4.52	2.72

Note 19 : Purchases of stock-in-trade

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Garments and accessories	577.52	781.64
Total	577.52	781.64

Note 20 : Changes in inventories of stock-in-trade

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at the end of the year		
Stock-in-trade	240.29	244.98
Stock at the beginning of the year		
Stock-in-trade	244.98	103.43
Total	4.69	(141.55)

Note 21 : Employee benefits expense

(₹in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 31)	48.42	57.27
Contribution to provident and other funds (Refer Note 31)	4.31	5.43
Welfare and training expenses	2.89	2.91
Share based payment to employees (Refer Note 34)	0.48	0.72
Total	56.10	66.33

Note 22 : Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expenses on financial liabilities measured at amortised cost		
Term Loans	1.88	0.31
Short Term Loans	11.92	3.03
Lease Liabilities (Refer Note 35)	0.08	-
Others	13.30	5.01
Other borrowing cost	10.14	9.63
Total	37.32	17.98

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 23 : Depreciation and amortization expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
"Depreciation and Amortization on Property, Plant & Equipment (Refer Note 5)"	8.91	4.84
Depreciation on Right-of-use Assets (Refer Note 35)	0.67	-
Amortization on Intangible assets (Refer Note 6)	3.46	10.46
Total	13.04	15.30

Note 24 : Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	0.63	0.84
Insurance	0.78	0.81
Processing charges	1.95	2.76
Printing, stationery & communication	0.95	1.74
Rent		
- Short Term leases and leases of low-value assets (Refer Note 35)	3.71	-
- Rent on Operating Lease	-	11.13
Commission & Brokerage	4.04	6.52
Rates and taxes	0.13	0.33
Repairs:		
To Building	0.16	0.31
To Others	2.18	0.72
Royalty on Sales	43.56	63.08
Freight, insurance & clearing charge	8.80	13.65
Legal & Professional charges	1.08	1.89
Housekeeping Charges	0.93	0.53
Security Charges	1.23	0.87
Computer Expenses	0.04	0.05
Conveyance & Travelling expense	5.42	5.82
Advertisement and Publicity	31.87	39.93
Sales Promotion	0.18	0.09
Charges for Credit Card Transactions	0.09	0.47
Packing Materials Expenses	3.28	4.81
Contract Labour Charges	35.35	37.17
Sundry debits written off	0.28	-
Bad debt written off	0.09	1.29
Allowance for doubtful debts (Refer Note 7b)	0.70	0.95
Provision for Litigation/Disputed Matters (Refer Note 14)	0.45	0.64
Sampling and Testing Expenses	4.88	5.27
Director's sitting fees	0.09	0.06
Auditor's remuneration (Refer Note a below)	0.66	0.48
Business Conducting Fees	0.01	0.02
Bank charges	0.22	0.17
Warehouse Charges	1.06	1.51
Spend on CSR activities (Refer Note 36)	0.89	0.46
Loss on Sale of Property, Plant & Equipment	0.33	-
Exchange Difference Loss (Net)	1.06	0.16
Miscellaneous expenses	4.35	2.51
Total	161.43	207.04

Notes to the Standalone Financial Statements

(₹ in Crores)

(i) Breakup of Auditor's remuneration

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment to Auditors as :		
Auditors	0.30	0.30
For tax audit	0.08	0.08
For other certification work	0.23	0.07
For reimbursement of expenses	0.05	0.03
Total	0.66	0.48

Note 25 : Exceptional Items

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 of readymade garments and accessories. It has a large wholesale network. The operations of the Company has been severely affected by this disruption. The Company's 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 operations.

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Margin on Sales Return Provision	12.52	-
Inventory Dormancy Provision	4.89	-
Allowance for Doubtful Debtors	1.85	-
Total	19.26	-

Note 26 : Income tax

The major component of income tax expense:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statement of Profit and Loss		
Current tax		
Current income tax	-	13.43
Excess provision related to earlier years	(0.17)	-
Deferred Tax		
Deferred tax Charge/(Credit)	(2.27)	(12.71)
Income tax expense reported in the statement of standalone profit & loss	(2.44)	0.72

Notes to the Standalone Financial Statements

(₹in Crores)

OCI section

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
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	(0.09)	(0.74)
Net loss/(gain) on hedging instruments in a cash flow hedge	-	(0.02)
Deferred tax charged to OCI	(0.09)	(0.76)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

A) Current tax

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit/(loss) before tax	(7.33)	62.23
Tax Rate	34.944%	34.944%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	(2.56)	21.75
Adjustments		
Expenditure not deductible for Tax	1.41	0.69
Share based Payment Expense	(0.15)	(18.12)
Guarantee Commission Income	(1.30)	(0.52)
Excess provision for earlier years	-	(0.06)
Others	0.16	(3.02)
At the effective income tax	(2.44)	0.72
Effective Income Tax Rate %	0.00%	1.16%

B) Deferred tax

Particulars	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income	Impact on adoption of Ind AS 116 recognised in Retained Earnings	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income
	As at March 31, 2020	Year Ended March 31, 2020	As on April 1, 2019	As at March 31, 2019	Year Ended March 31, 2019
Accelerated depreciation for tax purposes	5.29	0.16	-	5.45	(3.11)
Expenditure allowable on payment basis over the period	2.18	(0.21)	-	1.97	(0.48)
Expenses on Employee Stock Option	0.47	(0.17)	-	0.30	(0.21)
Allowance for Doubtful Receivables/Advances	2.54	(0.62)	-	1.92	(1.92)
Amortisation of Preliminary Expenses	0.51	0.50	-	1.01	(1.01)
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	6.35	0.33	-	6.68	(6.68)
Unabsorbed Depreciation and Business Loss	2.46	(2.46)	-	-	-
Impact of Ind AS 116	-	0.06	(0.06)	-	-
Others	0.01	0.05	-	0.06	(0.06)
Net deferred tax assets/(liabilities)	19.81	(2.36)	(0.06)	17.39	(13.47)

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.

Notes to the Standalone Financial Statements

(₹ in Crores)

Reconciliation of deferred tax assets / (liabilities), net

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance as at April 1	17.39	3.92
Impact on adoption of Ind AS 116 recognised in Retained Earnings	0.06	-
Deferred Tax income/(expense) during the period recognised in profit or loss	2.27	12.71
Deferred Tax income/(expense) during the period recognised in OCI	0.09	0.76
Closing balance as at March 31	19.81	17.39

Note 27 : Contingent liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities not provided for		
a. Bills discounted	2.32	36.75
b. Disputed demands in respect of VAT/CST Income Tax	0.87	-
	0.22	-
c. Guarantee given by bank on behalf of Company	1.90	-
d. Guarantee given to bank on behalf of Subsidiary	1,046.78	385.79

Notes :

- It is not practical for the company to estimate the timing of cash outflows, if any, respect of the above pending resolution of the respective proceedings
- The company does not expect any reimbursements in respect of the above Contingent liabilities
- The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of the operations
- There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Company will make provision, on receiving further clarity on the subject.

Note 28 : Capital commitment and other commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	2.33	0.58
Other commitments	-	-

Note 29 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of Instrument	Average Exchange rate (in equivalent Rs.)	In FC USD	₹ In Crores
Forward contracts - Purchase			
As at March 31, 2020	-	-	-
As at March 31, 2019	68.57	0.51	34.97

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

Notes to the Standalone Financial Statements

(₹ in Crores)

B. Exposure Not Hedged

Nature of Instrument	In FC USD	₹ In Crores
Receivables		
As at March 31, 2020	0.05	3.43
As at March 31, 2019	0.08	5.74
Payable towards borrowings		
As at March 31, 2020	0.31	23.19
As at March 31, 2019	0.26	17.84
Payable to creditors		
As at March 31, 2020	0.11	8.43
As at March 31, 2019	0.07	5.17

Note 30 : Segment Reporting

Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The company's business activity falls within a single operating business segment of Branded Apparels (Garments and Accessories).

Geographical segment

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

Particulars	Year Ended / As at March 31, 2020	Year Ended / As at March 31, 2019
Segment Revenue*		
a) In India	840.58	995.15
b) Rest of the world	13.53	14.75
Total Sales	854.11	1,009.90
Carrying Cost of Segment Assets**		
a) In India	2,030.39	1,832.37
b) Rest of the world	3.43	4.82
Total	2,033.82	1,837.19
Carrying Cost of Segment Non Current Assets**@		
a) In India	57.89	44.62
b) Rest of the world	-	-
Total	57.89	44.62

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Assets

Information about major customers: Information about major customers:

The Company has one customer contributing Rs. 416.75 Crores (March 31, 2019 : Rs. 316.88 Crores) to the revenue of the Company

(₹ in Crores)

Note 31 : Disclosure pursuant to Employee benefits**A. Defined Contribution Plans**

The following amounts are recognised as expense and included in Note 21 "Employee benefit expenses"

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Provident Fund	1.93	1.66
Contributory Pension Scheme	0.87	1.05
Superannuation Fund	-	0.01
Total	2.80	2.72

Note

- (a) Employees of the Company receive benefits from a provident fund, which is a defined contribution plan. The eligible employees and the company make monthly contributions to the provident fund plan equal to a specified percentage of the employees' salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The remaining portion is contributed to the government-administered pension fund. Employees of the Company receive benefits from a government administered provident fund, which is a defined contribution plan. The Company has no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.
- (b) The Company's Superannuation Fund is administered by Life Insurance Company. The Company has no further obligations to the plan beyond its contribution.

B Defined Benefit Plans

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

Gratuity

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

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

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in other comprehensive income.

Notes to the Standalone Financial Statements

March 31, 2020: Changes in defined benefit obligation and plan assets

Particulars	As at April, 2019		Gratuity cost charged to statement of profit and loss		Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination/transfer	As at March 31, 2020		
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	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	
Defined benefit obligation	0.93	0.36	1.29	(1.25)	-	0.14	(0.07)	0.32	0.39	(0.28)	-	4.55
Fair value of plan assets	-	(0.16)	(0.16)	1.25	(0.65)	-	-	-	(0.65)	-	(0.75)	(1.48)
Total benefit liability	0.93	0.20	1.13	-	(0.65)	0.14	(0.07)	0.32	(0.26)	(0.28)	(0.75)	3.07

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

Particulars	As at April, 2018		Cost charged to statement of profit and loss		Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination/transfer	As at March 31, 2019		
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	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	
Defined benefit obligation	0.66	0.20	0.86	(0.56)	-	(0.04)	(0.86)	(0.60)	(1.50)	0.54	-	5.18
Fair value of plan assets	-	(0.12)	(0.12)	0.56	0.04	-	-	-	0.04	-	(1.95)	(2.47)
Total benefit liability	0.66	0.08	0.74	-	0.04	(0.04)	(0.86)	(0.60)	(1.46)	0.54	(1.95)	2.71

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, 2020	Year ended March 31, 2019
Others (Insurance company Products)	100%	100%
(%) of total plan assets	100%	100%

Notes to the Standalone Financial Statements

(₹in Crores)

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

Particulars	Year ended March31, 2020	Year ended March31, 2019
Discount rate	6.20%	7.30%
Future salary increase	7.40% for Front End Employees 7.60% for others	7.90% for Front End Employees 8.50% for others
Expected rate of return on plan assets	6.20%	7.30%
Attrition rate	27.60% for Front End Employees 16.50% for Others	27.30% for Front End Employees 10.40% for Others
Mortality 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

Particulars	Sensitivity level	increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March31, 2020	Year ended March31, 2019
Gratuity			
Discount rate	50 basis points increase	(0.09)	(0.15)
	50 basis points decrease	0.10	0.16
Salary increase	50 basis points increase	0.08	0.15
	50 basis points decrease	(0.08)	(0.14)
Attrition rate	50 basis points increase	(0.02)	(0.02)
	50 basis points decrease	0.01	0.02

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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

Particulars	Year ended March31, 2020	Year ended March31, 2019
Gratuity		
Within the next 12 months (next annual reporting period)	0.87	0.56
Between 2 and 5 years	3.53	3.65
Beyond 5 years	3.52	5.03
Total expected payments	7.92	9.24

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

Particulars	Year ended March31, 2020	Year ended March31, 2019
Gratuity	4 Years	6 Years

C. Leave encashment

The Company has a policy on leave encashment which are both accumulating and non-accumulating in nature. The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. The liability of leave encashment is funded through Life Insurance Corporation.

Particulars	Year ended March31, 2020	Year ended March31, 2019
Leave encashment	0.26	1.02
	0.26	1.02

Notes to Standalone Financial Statements

Note 32 : Related Party Transactions

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

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Holding Company	up to November 29, 2018
	Enterprise having significant influence by Non-Executive Director	w.e.f. November 30, 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 Private Limited	Fellow Subsidiary Company	up to November 29, 2018
	Enterprise having significant influence by	
	Key Management Personnel	w.e.f. November 30, 2018
Arvind True Blue Limited	Fellow Subsidiary Company	up to November 29, 2018
	Enterprise having significant influence by	
	Key Management Personnel	w.e.f. November 30, 2018
Arvind Premium Retail Limited	Fellow Subsidiary Company	up to November 29, 2018
	Enterprise having significant influence by	
	Key Management Personnel	w.e.f. November 30, 2018
Arvind Goodhill Suit Manufacturing Private Limited	Fellow Subsidiary Company	up to November 29, 2018
	Enterprise having significant influence by Non-Executive Director	w.e.f. November 30, 2018
Aura Securities Private Limited	Enterprise having significant influence by Non-Executive Director	
White Ocean Business Ventures LLP	Enterprise having significant influence by Non-Executive Director	
Multiples Private Equity Fund II LLP	Enterprise having significant influence by Non-Executive Director	up to October 10, 2018
Suresh Jayaraman, Managing Director	Key Management Personnel	w.e.f. August 1, 2018
Kannan S., Chief Financial Officer	Key Management Personnel	up to April 1, 2019
Pramod Kumar Gupta, Chief Financial Officer	Key Management Personnel	w.e.f. April 2, 2019
Vijay Kumar BS, Company Secretary	Key Management Personnel	
Sanjaybhai Srenikbhai Lalbhai	Non Executive Director	
Jayesh Kantil Shah	Non Executive Director	
Renuka Ramnath	Non Executive Director	up to October 10, 2018
Nithya Easwaran	Non Executive Director	
Kulin S. Lalbhai	Non Executive Director	
Punit S. Lalbhai	Non Executive Director	w.e.f. April 2, 2019
Nilesh D. Shah	Non Executive Director	
Kamal Singal	Non Executive Director	
Abanti Sankaranarayanan	Non Executive Director	w.e.f. October 10, 2018
Vallabh R. Bhanshali	Non Executive Director	
Nagesh D. Pinge	Non Executive Director	w.e.f. October 10, 2018
Achal A. Bakeri	Non Executive Director	w.e.f. October 10, 2018
Vani Kola	Non Executive Director	w.e.f. April 2, 2019
Arvind Fashions Limited Employee company Gratuity Trust	Trust	

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

Notes to Standalone Financial Statements

b Transactions with related parties for the years ended March 31, 2020 and years ended March 31, 2019.

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Trust
Purchase of Goods and Materials						
March 31, 2020	-	-	-		14.66	
March 31, 2019	3.23	-	6.81	-	15.42	-
Purchase of Property, Plant & Equipment and Intangible Assets						
March 31, 2020	-	-	-	-	13.50	-
March 31, 2019	0.03	3.97	-	-	-	-
Net Sales of Goods and Materials						
March 31, 2020	-	416.75	-	-	4.97	-
March 31, 2019	1.02	316.88	-	-	(7.77)	-
Receiving of Services-Royalty						
March 31, 2020	-	21.94	-	-	-	-
March 31, 2019	-	42.53	-	-	-	-
Receiving of Services-Shared services						
March 31, 2020	-	2.76	-	-	0.29	-
March 31, 2019	-	4.35	-	-	2.09	-
Receiving of Services-Commission and Others						
March 31, 2020	-	2.99	-	-	0.38	-
March 31, 2019	-	0.02	-	-	-	-
Guarantee Commission Income/(Expenses)						
March 31, 2020	-	3.72	-	-	(0.40)	-
March 31, 2019	-	1.48	-	-	-	-
Rendering of Services-Shared service and Other Income						
March 31, 2020	-	0.05	-	-	9.87	-
March 31, 2019	1.88	-	-	-	-	-
Interest Income						
March 31, 2020	-	7.99	-	-	-	-
March 31, 2019	-	0.04	-	-	-	-

b Transactions with related parties for the years ended March 31, 2020 and years ended March 31, 2019

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Trust
Interest Expenses						
March 31, 2020	-	-	-	-	0.09	-
March 31, 2019	-	-	-	-	-	-
Remuneration						
March 31, 2020	-	-	-	6.07	-	-
March 31, 2019	-	-	-	4.43	-	-
Sitting Fees						
March 31, 2020	-	-	-	-	-	-
March 31, 2019	-	-	-	0.05	-	-

Notes to Standalone Financial Statements

b Transactions with related parties for the years ended March 31, 2020 and years ended March 31, 2019

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Trust
Contribution Given for Employee Benefit Plans						
March 31, 2020	-	-	-	-	-	0.75
March 31, 2019	-	-	-	-	-	1.94
Loan Given/(Repaid)						
March 31, 2020	-	72.20	-	-	-	-
March 31, 2019	-	31.00	-	-	-	-
Loan Taken/(Repaid)						
March 31, 2020	-	-	-	-	50.00	-
March 31, 2019	-	-	-	-	-	-
Share Capital Cancelled under scheme of Arrangements						
March 31, 2020	-	-	-	-	-	-
March 31, 2019	20.78	-	-	-	-	-
Issue of Equity shares under scheme of Arrangements						
March 31, 2020	-	-	-	-	-	-
March 31, 2019	-	-	-	-	7.64	-
Investments made						
March 31, 2020	-	54.08	-	-	-	-
March 31, 2019	-	102.78	-	-	-	-
Transfer of Assets under scheme of Arrangements						
March 31, 2020	-	-	-	-	-	-
March 31, 2019	462.22	-	-	-	-	-

c Balances

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Trust
Guarantee Given						
March 31, 2020	-	1,046.78	-	-	-	-
March 31, 2019	-	385.79	-	-	-	-
Trade and Other Receivable						
March 31, 2020	-	115.91	-	-	-	-
March 31, 2019	-	154.32	-	-	0.15	-
Trade and Other Payable						
March 31, 2020	-	0.69	-	-	8.19	-
March 31, 2019	-	-	-	-	4.88	-
Payable in respect of Loans						
March 31, 2020	-	-	-	-	50.08	-
March 31, 2019	-	-	-	-	-	-
Receivable in respect of Loans						
March 31, 2020	-	110.42	-	-	-	-
March 31, 2019	-	31.03	-	-	-	-
Investment						
March 31, 2020	-	1301.48	-	-	-	-
March 31, 2019	-	1243.99	-	-	-	-

Notes to Standalone Financial Statements

(₹in Crores)

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 by related party carries interest rate of 8.5% (March 31, 2019: 8.5%)

e Commitments with related parties

The Company has not provided any commitment to the related party (March 31, 2019: Rs. Nil)

f Transactions with key management personnel

Compensation of key management personnel of the company

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Short-term employee benefits	5.55	3.86
Termination benefits	0.09	0.38
Share based payments	0.43	0.19
Total compensation paid to key management personnel	6.07	4.43

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The amount recognised as an expense during the year for share based payment in respect of Directors is Rs 0.06 Crores (March 31, 2019 Rs. 0.03 Crores)

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

Loans and Advances in the nature of loans

Name of Related Party	Purpose	Balance as at March 31, 2020	Balance as at March 31, 2019	Maximum Outstanding during March 31, 2020	Maximum Outstanding during March 31, 2019
Loans and Advances					
Arvind Lifestyle Brands Limited	General Business	53.34	-	53.34	-
Arvind Beauty Brands Retail Private Limited	General Business	57.08	31.03	57.08	31.03
Corporate Guarantee given on behalf of					
Arvind Lifestyle Brands Limited	Facilitate Trade Finance	1,046.78	385.79		

Note 33 : Earnings per share - EPS (Basic and Diluted)

Particulars	Year Ended / As at March 31, 2020	Year Ended / As at March 31, 2019
Profit/(Loss) attributable to ordinary equity holders	(4.89)	61.51
Total no. of equity shares at the end of the year	5,86,79,364	5,79,94,673
Weighted average number of equity shares (Refer Note a)		
For basic EPS	5,86,25,498	5,77,96,491
For diluted EPS	5,90,42,632	5,91,38,299
Nominal value of equity shares	4	4
Basic earnings per share	(0.84)	10.64
Diluted earnings per share	(0.83)	10.40
Weighted average number of equity shares (Refer Note a)		
Weighted average number of equity shares for basic EPS	5,86,25,498	5,77,96,491
Effect of dilution: Share options	4,17,134	13,41,808
Weighted average number of equity shares adjusted for the effect of dilution	5,90,42,632	5,91,38,299

Notes to the Standalone Financial Statements

(₹in Crores)

Note 34 : 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. ESOP Schemes were amended pursuant to Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and creditors (“the Scheme”) and approved by shareholders on July 16, 2018. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOP 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. During the year 2019-20, the Company has issued 3,35,000 options under ESOP 2016.

The following table sets forth the particulars of ESOP 2016 and ESOP 2018 :

Scheme	ESOP 2016			ESOP 2018		
Date of grant	03-May-18	12-Nov-18	05-Sep-19	05-Sep-19	12-Feb-19	12-Feb-19
Number of options granted	83,886	5,00,000	2,45,000	90,000	1,80,000	1,35,200
Exercise price per option	Rs. 212	Rs. 1381.08	Rs. 468.80	Rs. 100	Rs. 669.51	Rs.1,057.11
Vesting period	Over a period of 4 years		Over a period of 4 years		Vested	Vesting on 30-Apr-19
Vesting requirements	Performance based vesting	Time 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.		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		Equity	

The following tables set forth a summary of the activity of options:

Particulars	ESOP 2016	
	2019-20	2018-19
Options		
Outstanding at the beginning of the period	16,87,193	34,72,179
Issued during the year	3,35,000	5,83,886
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	-
Forfeited/Lapsed during the period	(1,80,057)	(83,886)
Exercised during the period	(6,84,691)	(5,97,822)
Reduction in options due to consolidation of shares	-	(16,87,164)
Outstanding at the end of the period	11,57,445	16,87,193
Exercisable at the end of the period	1,24,178	6,85,396
Weighted average exercise price per option (Rs.)	471.77	343.41

Particulars	ESOP 2018	
	2019-20	2018-19
Options		
Outstanding at the beginning of the period	3,15,200	-
Issued during the year	-	3,15,200
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the year	3,15,200	3,15,200
Exercisable at the end of the year	3,15,200	1,80,000
Weighted average exercise price per option (Rs.)	890.86	890.86

Notes to the Standalone Financial Statements

(₹ in Crores)

Share Options Exercised during the year

Option Series	No. of Options	Exercise Date	Weighted Average Share Price at Exercise Date
ESOS 2016	5,97,822	09-Nov-18	486.00
ESOS 2016*	1,58,725	12-Mar-19	121.58
ESOS 2016*	2,94,510	13-Mar-19	127.28
ESOS 2016*	75,242	14-Mar-19	144.72
ESOS 2016*	7,417	15-Mar-19	179.92
ESOS 2016*	68,477	18-Mar-19	169.21
ESOS 2016*	25,647	19-Mar-19	105.58
ESOS 2016*	8,688	20-Mar-19	177.90
ESOS 2016*	1,279	26-Mar-19	189.64
ESOS 2016	8,308	16-Aug-19	105.58
ESOS 2016	1,279	21-Aug-19	189.64
ESOS 2016	21,470	26-Aug-19	189.64
ESOS 2016	1,023	29-Aug-19	189.64
ESOS 2016	2,046	04-Sep-19	189.64
ESOS 2016	1,279	09-Sep-19	212.00
ESOS 2016	2,046	10-Sep-19	189.64
ESOS 2016	5,755	11-Sep-19	212.00
ESOS 2016	1,500	5-Sep-19	189.64

* Allotment of Shares made in April 2019

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 6.91 years (March 31, 2019: 4.3 years). The range of exercise price is from Rs. 100.00 to Rs. 1,381.08

The share options outstanding at the end of the year under ESOP 2018 have a weighted average remaining contractual life of 2.26 years (March 31, 2019: 3.26 years). The range of exercise price is from Rs. 669.51 to Rs. 1,057.11

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date (INR per share)	Rs. 460.45	
Expected volatility	42.42%	
Expected life (years)	3.65 years	No grants made during the period
Dividend yield	0%	
Risk-free interest rate (%)	5.97%	

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:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Employee option plan	0.48	0.72
Total employee share based payment expense	0.48	0.72

Note 35 : Leases

- A. Effective from April 1, 2019, the Company has adopted Ind AS 116 "Leases" to its leases. For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Standalone Financial Statements

(₹ in Crores)

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. The weighted average incremental borrowing rate of 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Company has adopted modified retrospective approach as per para C8 (C) (i) of Ind-AS 116 "Leases" 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.

- B.** The Company has taken Buildings and other facilities on lease period of 1 to 9 years.

Disclosures as per Ind AS 116 - Leases are as follows:

C. Changes in the carrying value of right of use assets (Showrooms)

Particulars	Year Ended March 31, 2020
Balance at the beginning of the year	-
Recognition of right of use asset on adoption of Ind AS 116	2.31
Additions	-
Deletions	(1.64)
Depreciation	(0.67)
Balance at the end of the year	-

D. Movement in lease liabilities

Particulars	Year Ended March 31, 2020
Balance at the beginning of the year	-
Recognition of Lease Liability on adoption of Ind AS 116	2.47
Additions	-
Deletions	(1.69)
Finance cost accrued during the year	0.08
Payment of lease liabilities	(0.86)
Balance at the end of the year	-

- E.** The Company incurred Rs. 3.71 Crores for the year ended March 31, 2020 towards expenses relating to leases of low-value assets and short term rent.

Note 36 : Corporate Social Responsibility (CSR) Activities

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Gross amount required to be spent by the Company during the year	0.89	0.46
b) Amount spent during the year on,		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.89	0.46
c) Amount unspent during the year	-	-

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 37 : Fair value disclosures for financial assets and financial liabilities

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

Particulars	As at March 31, 2019	As at March 31, 2018
Financial assets		
Investments measured at fair value through OCI		
Carrying Amount	-	(Rs. 13,090)
Fair Value	-	(Rs. 13,090)
Financial liabilities		
Borrowings		
Carrying Amount	258.28	72.70
Fair Value	258.28	72.70

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 and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

Note 38 : Fair value hierarchy

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

Particulars	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)
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity Shares, Quoted	March 31, 2020	-	-	-	-
	March 31, 2019	(Rs. 13,090)	(Rs. 13,090)	-	-
Liabilities measured at Fair Value					
Financial Guarantee Contract	March 31, 2020	1.12	-	1.12	-
	March 31, 2019	0.61	-	0.61	-
Fair value through Other Comprehensive Income					
Foreign Exchange Forward Contracts (Cash Flow Hedge)	March 31, 2020	-	-	-	-
	March 31, 2019	0.07	-	0.07	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Notes to the Standalone Financial Statements

(₹in Crores)

Note 39 : 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. 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 two types of risk: interest rate risk and currency 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: in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2020, approximately 31% of the Company's Borrowings are at fixed rate of interest (March 31, 2019: 39%)

(c) Interest rate sensitivity

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

Particulars	Effect on profit before tax
March 31, 2020	
Increase in 50 basis points	(0.90)
Decrease in 50 basis points	0.90
March 31, 2019	
Increase in 50 basis points	(0.22)
Decrease in 50 basis points	0.22

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.

Notes to the Standalone Financial Statements

(₹in Crores)

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 or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate.

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 29.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD rates to the functional currency of entity, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Change in USD rate	Effect on profit before tax
March 31, 2020	+2%	(0.56)
	-2%	0.56
March 31, 2019	+2%	(0.35)
	-2%	0.35

Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

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

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are Companyed into homogenous Companies 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 7b. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as is the carrying amount as disclosed in Note 37.

(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.

Notes to the Standalone Financial Statements

(₹ in Crores)

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

Particulars	Less than 1 year	1 year or More
As at March 31, 2020		
Interest bearing borrowings*	237.31	20.97
Trade payables	396.39	-
Other financial liabilities#	16.01	4.14
	649.71	25.11
As at March 31, 2019		
Interest bearing borrowings*	53.76	18.94
Trade payables	373.98	-
Other financial liabilities#	16.43	1.20
	444.17	20.14

Other financial liabilities includes interest accrued but not due of Rs. 2.86 Crores (March 31, 2019 : Rs. 2.23 Crores)

Excessive risk concentration

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

Note 40 : Capital management

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

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest-bearing loans and borrowings (Note 13)	258.28	72.70
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft)	(8.22)	(1.19)
Net debt	250.06	71.51
Equity share capital (Note 11)	23.47	23.20
Other equity (Note 12)	1,325.79	1,326.65
Total capital	1,349.26	1,349.85
Capital and net debt	1,599.32	1,421.36
Gearing ratio	15.64%	5.03%

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 and other ratios. Breaches in meeting the financial covenants would permit the bank to charge penal interest or immediately call borrowings. There have been breaches in the financial covenants of borrowing as at March 31, 2020 but it don't require accelerated payments. Accordingly, the management has considered the classification of loan based upon the original repayment schedule.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Notes to the Standalone Financial Statements

Note 41 : Business Combination

Summary of business combination during the year ended March 31, 2020

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 Arvind Lifestyle Brands Limited 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..

Summary of acquisition during the year ended March 31, 2019

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. Additionally, Investments of Company were written off against Capital Reserve. Company's existing shares issued to Arvind Limited 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 Equipment	16.52
Current Assets	58.58
Cash and cash equivalents	18.10
Investment	416.92
Total Assets acquired (A)	510.12
Liabilities:	
Current Liabilities	29.19
Borrowing	18.71
Total Liabilities assumed (B)	47.90
Net Identifiable Assets Acquired (A-B)	462.22

Particulars	Rs. In Crores
Total Identifiable assets acquired	462.22
Investment written off as per Scheme	(416.92)
Cancellation of shares under scheme of arrangement	20.78
Allotment of Shares pursuant to Scheme of Arrangement	(20.69)
Capital Reserve	45.39

Note 42 : New Accounting Pronouncements to be adopted on or after April 1, 2020

There are no standards or interpretations which are notified but not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

Note 43 : Regrouped, Recast, Reclassified

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

In terms of our report attached

For Sorab S. Engineer & Co.

Chartered Accountants

Firm's Registration No. 110417W

C.A. Chokshi Shreyas B.

Partner

Membership no. 100892

Place: Ahmedabad

Date: July 9, 2020

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

Sanjay S. Lalbhai

Chairman & Director

(DIN: 00008329)

Place: Ahmedabad

Pramod Kumar Gupta

Chief Financial Officer

Place: Bangalore

Date: July 9, 2020

Suresh Jayraman

Managing Director & CEO

(DIN - 03033110)

Place: Bangalore

Vijay Kumar B.S.

Company Secretary

Place: Bangalore

Independent Auditor's Report

TO THE MEMBERS OF ARVIND FASHIONS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arvind Fashions Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and the notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 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 consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements.

Emphasis of Matter Paragraph

We draw your attention to Note 25 of the consolidated financial statements 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial

statements of the current period. These matters were addressed in the context of our audit of the consolidated 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.

A. Recognition of Revenue from Contracts with Customers

Key Audit Matter Description

Revenue recognition 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 that is amount of returns, and discounts that have been incurred and not yet settled with the customer. 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 4 and 16 to the Consolidated Financial Statements

How the Key Audit Matter Was Addressed in the Audit

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, re-performance 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 and compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine (a) 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; (b) 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.
- Analysed returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.
- 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.

B. Valuation of Inventory

Key Audit Matter Description

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 with the risk increased due to recent situation of COVID 19 and estimated net realisable value at the time the product is expected to be sold based upon a detailed analysis of old season inventory.

Refer Note 4 and 9 to the Consolidated Financial Statements

How the Key Audit Matter Was Addressed in the Audit

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 specifically in relation to validity and completeness of the inventory flags and season codes applied;
- 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.

C. Adoption of Ind AS 116 – “Leases”

Key Audit Matter Description

Effective from April 1, 2019, the Company has adopted Ind AS 116 “Leases” using modified retrospective approach which substantially modifies accounting for Leases. Due to large volume of leases in which the Company act as lessee, this standard had a significant impact on the financial statements. A number of judgements have been applied and estimates made in determining the impact of the standard.

The Company designed an implementation plan for the adoption of this standard which, among other actions, analysed and defined the criteria to be applied in the transition process, the lease identification processes, the monitoring and control of the leases in force and the development of the methodology to be applied in the measurement of the leases.

The large volume of leases, the diverse nature thereof and the significance and impact of the estimates made (mainly to assess the term of each lease and the applicable discount rate), lead us to consider this matter to be a key matter in our audit.

Refer Note 35 to the Consolidated Financial Statements

Our key audit matter was focused on the following areas of risk:

- Leasing arrangements within the scope of IND AS 116 are not identified or appropriately included in the calculation of the transitional impact;
- Specific assumptions applied to determine the discount rates for each lease are inappropriate;
- The underlying lease data used to calculate the transitional impact is incomplete and/or inaccurate;
- The mechanical accuracy of lease calculations is flawed; and
- The disclosures in the financial statements are insufficient, precluding investors from obtaining a clear understanding as to the transitional impact of the change in accounting standard.

How the Key Audit Matter Was Addressed in the Audit

In responding to the identified key audit matter, we completed the following audit procedures:

- An evaluation of the design, implementation and operating effectiveness of the relevant controls established by the Company in relation to the methodologies developed and estimates made in order to evaluate the main impacts of the standard.
 - Assessed the appropriateness of the discount rates applied in determining lease liabilities;
 - Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked the integrity and mechanical accuracy of the IND AS 116 calculations for each lease sampled through

- recalculating the expected IND AS 116 adjustment;
- Considered completeness by testing the reconciliation to the Company's operating lease commitments (disclosed per note 25 to the financial statements), and by investigating key service contracts to assess whether they contained a lease under IND AS 116;
- Assessed whether the disclosures within the financial statements are in conformity with the applicable regulatory framework.

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

The Holding 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 consolidated financial statements 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 statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Holding Company and its subsidiary companies which are companies incorporated in India, 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 ability of the Group 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated 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 consolidated 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.

Other Matters

- 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 statements.

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

- We did not audit the financial information of two subsidiaries, whose financial statements reflect total assets of Rs. 3,264.90 Crores as at March 31, 2020, total revenue of Rs. 2854.94, total net loss after tax of Rs. 342.43 Crores, total comprehensive loss of Rs. 340.12 Crores and cash flows (net) of Rs. 2.30 Crores for the year ended March 31, 2020, as considered in the consolidated financial

statements. These financial information have been audited by other auditors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

- We did not audit the financial information of two subsidiaries, whose financial statements reflect total assets of Rs. 0.02 Crores as at March 31, 2020, total revenue of Rs. Nil, total net loss after tax of Rs. Nil, total comprehensive income/loss of Rs. Nil and cash flows (net) of Rs. 0.02 Crores for the year ended March 31, 2020, as considered in the consolidated financial statements. 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 this subsidiary is 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.

Report on Other Legal and Regulatory Requirements

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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditor’s reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- 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 Parent 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 Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Sorab S. Engineer & Co.

Chartered Accountants

Firm’s Registration No. 110417W

CA. Chokshi Shreyas B.

Partner

Membership No.100892

UDIN: 20100892AAAAOT6435

Place : Ahmedabad

Date : July 09, 2020

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 Holding Company”) and its subsidiary companies incorporated in India, for the year ended March 31, 2020 in conjunction with our audit of the Consolidated Ind AS financial statements of the Holding Company.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are 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 (“ the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and , both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 Ind AS financial statements, whether due to fraud or error.

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

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 Ind AS 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 Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorisations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding Company’s assets that could have a material effect on the Ind AS financial statements.

Inherent 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 the Holding Company and its subsidiary companies, which are companies incorporated in India, have 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, 2020, 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

Place : Ahmedabad
Date : July 09, 2020

Consolidated Balance Sheet as at March 31, 2020

(₹ in Crores)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	298.87	373.10
(b) Capital work-in-progress	-	1.44	5.74
(c) Right-of-use asset	35	733.69	
(d) Goodwill on consolidation	6	111.23	111.23
(e) Intangible assets	6	90.37	53.13
(f) Intangible assets under development	-	-	5.70
(g) Financial assets			
(i) Investments	7 (a)	-	0.02
(ii) Loans	7 (c)	0.07	0.31
(iii) Other financial assets	7 (f)	206.65	235.97
(g) Deferred tax assets (net)	26	440.06	269.18
(h) Other non-current assets	8	7.75	11.04
Total non-current assets		1,890.13	1,065.42
II. Current assets			
(a) Inventories	9	1,305.83	1,184.16
(b) Financial assets			
(i) Trade receivables	7 (b)	781.35	878.72
(ii) Cash and cash equivalents	7 (d)	10.09	7.72
(iii) Bank balance other than (ii) above	7 (e)	1.54	4.35
(iv) Loans	7 (c)	4.17	3.65
(v) Others financial assets	7 (f)	47.13	27.82
(c) Current tax assets (net)	10	38.38	30.23
(d) Other current assets	8	372.62	322.27
Total current assets		2,561.11	2,458.92
Total Assets		4,451.24	3,524.34
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	23.47	23.20
(b) Other equity	12	575.03	1,106.21
Equity attributable to Equity holders of the Parent		598.50	1,129.41
Non controlling Interest		88.86	91.17
Total equity		687.36	1,220.58
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	162.78	86.30
(ii) Lease Liabilities	35	830.62	
(ii) Other financial liabilities	13 (c)	79.00	66.94
(b) Long-term provisions	14	19.65	21.36
(c) Other non current liabilities	15	0.23	-
Total non-current liabilities		1,092.28	174.60
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	1,047.61	704.50
(ii) Lease Liabilities	35	87.70	
(iii) Trade payables	13 (b)		
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	13 (c)	141.05	104.47
(b) Other current liabilities	15	47.70	59.94
(c) Short-term provisions	14	22.24	21.29
Total current liabilities		2,671.60	2,129.16
Total Equity and Liabilities		4,451.24	3,524.34
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated Financial Statements
In terms of our report attached

For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W
C.A. Chokshi Shreyas B.
Partner
Membership no. 100892

Place: Ahmedabad
Date: July 9, 2020

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)
Place: Ahmedabad
Pramod Kumar Gupta
Chief Financial Officer
Place: Bangalore
Date: July 9, 2020

Suresh Jayraman
Managing Director & CEO
(DIN: 03033110)
Place: Bangalore
Vijay Kumar B.S.
Company Secretary
Place: Bangalore

Consolidated Statement of profit and loss for the year ended March 31, 2020

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I Income			
Revenue from operations			
Sale of Products	16	3,830.51	4,589.80
Sale of Services	16	31.75	30.14
Operating Income	16	4.04	23.92
Revenue from operations		3,866.30	4,643.86
Other income	17	59.78	4.13
Total income (I)		3,926.08	4,647.99
II Expenses			
Cost of trims and accessories consumed	18	5.15	5.85
Purchases of stock-in-trade	19	2,211.17	2,739.07
Changes in inventories of stock-in-trade	20	(84.83)	(456.20)
Employee benefits expense	21	349.23	407.76
Finance costs	22	289.11	126.21
Depreciation and amortisation expense	23	437.51	153.16
Other expenses	24	1,154.47	1,659.26
Total expenses (II)		4,361.81	4,635.11
III Profit/(Loss) before exceptional items and tax (I-II)		(435.73)	12.88
IV Exceptional items		(60.69)	-
V Profit/(Loss) before tax (III-IV)		(496.42)	12.88
VI Tax expense	25		
Current tax		3.19	21.16
(Excess)/short provision related to earlier years		(0.17)	-
Deferred Tax charge/(credit)	26	(100.08)	(29.76)
Total tax expense		(97.06)	(8.60)
VII Profit/(Loss) for the year (V-VI)		(399.36)	21.48
VIII Other comprehensive income			
A. Items that will not to be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans	31	1.04	(6.58)
Income tax effect on above	26	(0.33)	2.45
Net gain/(loss) on FVOCI equity instruments		0.71	(4.13)
Net gain/(loss) on FVOCI equity instruments		-	(Rs. -5,283)
Net other comprehensive income/(loss) not to be reclassified to profit or loss (A)		0.71	(4.13)
B. Items that will be reclassified to profit or loss:			
Net gains/(loss) on hedging instruments in a cash flow hedge		5.77	(3.32)
Income tax effect on above	26	(1.04)	0.77
Net other comprehensive income/(loss) that will be reclassified to profit or loss (B)		4.73	(2.55)
Total other comprehensive income/(loss) for the year, net of tax (A+B)		5.44	(6.68)
IX Total comprehensive income for the year, net of tax (VII+VIII)		(393.92)	14.80
X Profit/(Loss) for the year attributable to:			
Equity holders of the parent		(400.82)	16.61
Non-controlling interest		1.46	4.87
		(399.36)	21.48
XI Other Comprehensive Income/(Loss) for the year attributable to:			
Equity holders of the parent		2.87	(5.67)
Non-controlling interest		2.57	(1.01)
		5.44	(6.68)
XII Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		(397.95)	10.94
Non-controlling interest		4.03	3.86
		(393.92)	14.80
XIII Earning per equity share			
Nominal Value per share - Rs. 4 (Previous Year Rs. 4)			
Basic Rs.	33	(68.37)	2.87
Diluted Rs.	33	(67.89)	2.81
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated Financial Statements

In terms of our report attached
For Sorab S. Engineer & Co.

Chartered Accountants
Firm's Registration No. 110417W
C.A. Chokshi Shreyas B.
Partner
Membership no. 100892

Place: Ahmedabad
Date: July 9, 2020

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)
Place: Ahmedabad
Prmod Kumar Gupta
Chief Financial Officer
Place: Bangalore
Date: July 9, 2020

Suresh Jayraman
Managing Director & CEO
(DIN: 03033110)
Place: Bangalore
Vijay Kumar B.S.
Company Secretary
Place: Bangalore

Consolidated Statement of cash flows for the year ended March 31, 2020

(₹ in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A Operating activities		
Profit 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)
Gain on Reassessment of Lease	(52.61)	-
Interest and Other Borrowing Cost	289.11	126.21
Sundry debits written off	2.32	0.19
Allowance for doubtful debts	11.50	2.41
Investments written off	0.02	-
Provision for Litigation/Disputes	2.01	4.30
Bad debts written off	0.64	10.50
Foreign Exchange Difference	1.59	(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
Operating Profit before Working Capital Changes	195.60	308.16
Working Capital Changes:		
(Increase)/Decrease in Inventories	(121.67)	(250.92)
(Increase)/Decrease in trade receivables	85.23	(72.48)
(Increase)/Decrease in other assets	(58.80)	86.68
(Increase)/Decrease in other financial assets	15.69	(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)
Net Changes in Working Capital	21.26	(96.19)
Cash Generated from Operations	216.86	211.97
Direct Taxes paid (Net of Income Tax refund)	(11.17)	(36.88)
Net Cash flow received/ (used in) Operating Activities	205.69	175.09
B Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment/Intangible assets	(129.80)	(154.91)
Proceeds from disposal of Property, Plant & Equipment/Intangible assets	9.72	1.47
Changes in Loans and Advances	(0.28)	1.10
Interest Received	2.70	2.41
Net Cash flow received/ (used in) Investing Activities	(117.66)	(149.93)
C Cash Flow from Financing Activities		
Proceeds from Issue of share capital	9.30	3.41
Changes in Share application money	(8.51)	8.51
Changes in long term borrowings	76.61	(34.84)
Changes in short term borrowings	341.52	96.76
Repayment of lease liabilities	(238.58)	-
Interest and Other Borrowing Cost Paid	(265.67)	(119.78)
Net Cash flow received/ (used in) Financing Activities	(85.33)	(45.94)
Net Increase/(Decrease) in cash & cash equivalents	2.70	(20.78)
Cash & Cash equivalent at the beginning of the year	7.24	9.92
Add: Adjustment due to Business Combination (Refer Note 41)	-	18.10
	7.24	28.02
Cash & Cash equivalent at the end of the year	9.94	7.24

Figures in brackets indicate outflows.

Consolidated Statement of cash flows for the year ended March 31, 2020

(₹ in Crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash and cash equivalents comprise of:		
Cash on Hand	0.01	0.04
Balances with Banks	10.08	7.68
Cash and cash equivalents as per Balance Sheet (Note 7d)	10.09	7.72
Less: Book Overdraft (Note 13 c)	0.15	0.48
Cash and cash equivalents	9.94	7.24

The accompanying notes are an integral part of these Consolidated 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 April 1, 2019	Net cash flows	Non Cash Changes			As at March 31, 2020
				Adjustment on account of Business Combination	Effect of change in Foreign Currency Rates	Other changes *	
As at March 31, 2020							
Borrowings:							
Long term borrowings	13(a)	119.62	76.61	-	-	-	196.23
Short term borrowings	13(a)	704.50	341.52	-	1.59	-	1,047.61
Interest accrued on borrowings	13(c)	6.37	(6.37)	-	-	12.72	12.72
Total		830.49	411.76	-	1.59	12.72	1,256.56

Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2018	Net cash flows	Non Cash Changes			As at March 31, 2019
				Adjustment on account of Business Combination	Effect of change in Foreign Currency Rates	Other changes *	
Borrowings:							
Long term borrowings	13(a)	154.46	(34.84)	-	-	-	119.62
Short term borrowings	13(a)	590.22	96.76	18.71	(1.19)	-	704.50
Interest accrued on borrowings	13(c)	10.52	(10.52)	-	-	6.37	6.37
Total		755.20	51.40	18.71	(1.19)	6.37	830.49

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

Notes:

- The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of cash flows".
- Purchase of property plant and equipment/Intangible Assets include movement of Capital Advances, Capital work-in-progress and intangible assets under development during the year

In terms of our report attached
For Sorab S. Engineer & Co.
 Chartered Accountants
 Firm's Registration No. 110417W
C.A. Chokshi Shreyas B.
 Partner
 Membership no. 100892

Place: Ahmedabad
Date: July 9, 2020

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

Sanjay S. Lalbhai
 Chairman & Director
 (DIN: 00008329)
Place: Ahmedabad
Pramod Kumar Gupta
 Chief Financial Officer
Place: Bangalore
Date: July 9, 2020

Suresh Jayraman
 Managing Director & CEO
 (DIN: 03033110)
Place: Bangalore
Vijay Kumar B.S.
 Company Secretary
Place: Bangalore

Consolidated Statement of changes in equity for the year ended March 31, 2020

₹ in Crores

Consolidated Statement of Changes in Equity

A. Equity share capital

Balance	Amount Note 11
As at April 1, 2018	23.17
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan	0.12
Less: Cancellation of Shares under scheme of arrangement (Note No 41)	(20.78)
Add: Allotment of Shares pursuant to Scheme of Arrangement (Note No 41)	20.69
As at March 31, 2019	23.20
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan	0.27
As at March 31, 2020	23.47

B. Other equity

Particulars	Share Application Money Pending Allotment		Share based payment reserve		Securities premium		Retained Earnings		Capital Reserve		Capital Reserve on Consolidation		Cash Flow hedge Reserve		Items of Other Comprehensive income		Total Other Equity (A)	Non Controlling interest (B)	Total equity
	No. 12	Note	No. 12	Note	No. 12	Note	No. 12	Note	No. 12	Note	No. 12	Note	No. 12	Note	No. 12	Note			
Balance as at April 1, 2018	-	-	2.08	-	1,157.14	-	24.30	-	(337.08)	-	-	-	90.16	-	90.16	-	1,036.60	87.31	1,123.91
Profit/ (Loss) for the year	-	-	-	-	-	-	16.61	-	-	-	-	-	-	-	-	-	16.61	4.87	21.48
Other comprehensive income for the year	-	-	-	-	-	-	(4.36)	-	-	-	-	-	(Rs. 5,283)	-	(4.36)	-	(4.36)	(1.01)	(5.37)
Total Comprehensive income for the year	-	-	2.08	-	1,157.14	-	36.55	-	(337.08)	-	-	-	90.16	-	90.16	-	1,048.85	91.17	1,140.02
Addition during the year	8.51	-	1.67	-	3.29	-	-	-	-	-	-	(2.55)	1.24	-	-	-	10.92	-	10.92
Share of Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	1.24	-	-	-	-	1.24	-	1.24
Addition due to Business Combination (Refer Note 41)	-	-	-	-	-	-	-	45.39	-	-	-	-	-	-	-	-	45.39	-	45.39
Transfer to securities premium	-	-	(0.16)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.16)	-	(0.16)
Transfer from share based payment reserve	-	-	-	-	0.16	-	-	-	-	-	-	-	-	-	-	-	0.16	-	0.16
Share based payment of Employee Stock Option to erstwhile Holding Co.	-	-	-	-	-	-	(0.19)	-	-	-	-	-	-	-	-	-	(0.19)	-	(0.19)
Balance as at March 31, 2019	8.51	-	3.59	-	1,160.59	-	36.36	-	(337.08)	-	-	-	90.16	-	90.16	-	1,106.21	91.17	1,197.38
Balance as at April 1, 2019	8.51	-	3.59	-	1,160.59	-	36.36	-	(337.08)	-	-	-	90.16	-	90.16	-	1,106.21	91.17	1,197.38
Profit/ (Loss) for the year	-	-	-	-	-	-	(400.82)	-	-	-	-	-	-	-	-	-	(400.82)	1.46	(399.36)
Other comprehensive income for the year	-	-	-	-	-	-	0.51	-	-	-	-	-	-	-	-	-	0.51	2.57	3.08
Total Comprehensive income for the year	8.51	-	3.59	-	1,160.59	-	(363.95)	-	(337.08)	-	-	-	90.16	-	90.16	-	705.90	95.20	801.10
Addition during the year	-	-	3/4	-	9.03	-	-	-	-	-	-	4/3	-	-	-	-	17.50	-	17.50
Share of Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.36)	-	(2.36)
Shares issued during the year	(8.51)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.51)	-	(8.51)
Impact on adoption of Ind AS 116	-	-	-	-	-	-	(209.67)	-	-	-	-	-	-	-	-	-	(209.67)	-	(216.01)
Tax impact on adoption of Ind AS 116	-	-	-	-	-	-	72.17	-	-	-	-	-	-	-	-	-	72.17	-	72.17
Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	-	-	-	-	-	-	(Rs. 4,272/-)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to securities premium	-	-	(0.90)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.90)	-	(0.90)
Transfer from share based payment reserve	-	-	-	-	0.90	-	-	-	-	-	-	-	-	-	-	-	0.90	-	0.90
Balance as at March 31, 2020	-	-	6.43	-	1,170.52	-	(501.45)	-	(337.08)	-	-	-	1.06	-	90.16	-	575.03	88.86	663.89

The accompanying notes are an integral part of these Consolidated Financial Statements

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

C.A. Chokshi Shreyas B.
Partner
Membership no. 100892
Place: Ahmedabad

Date: July 9, 2020

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

Suresh Jayaraman
Managing Director & CEO
(DIN: 03033110)
Place: Bangalore

Pramod Kumar Gupta
Chief Financial Officer
Place: Bangalore

Vijay Kumar B.S.
Company Secretary
Place: Bangalore

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2020

1. Corporate Information

Arvind Fashions Limited (“the Group” or “the Company” or “the Parent Company”) is a public limited company incorporated in India under the provisions of the Companies Act, 2013 and has its registered office at Arvind Limited Premises, Naroda Road, Ahmedabad – 380025 having CIN L52399GJ2016PLCo85595. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited (“the Stock Exchanges”).

The Group is operating in branded apparels, beauty and footwear space. The Group is having a portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, Unlimited, Sephora, Hanes, The Children’s Place and others.

The Group has diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, tops, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online). It also operates apparel value retails stores UNLIMITED.

The Group’s Consolidated Financial Statements were approved by Board of Directors in the meeting held on July 09, 2020.

2. Statement of Compliance and Basis of Preparation

2.1 Basis of Preparation and Presentation and Statement of Compliance

The Consolidated Financial Statements have been prepared on a historical cost convention on the accrual basis except for the certain financial assets and liabilities measured at fair value, the provisions of the Companies Act, 2013 to the extent notified (“the Act”).

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standards requires a change in the accounting policy hitherto in use.

The consolidated Financial Statements comprising of Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows as at March 31, 2020 have been prepared in accordance with Indian Accounting Standards (Ind 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) and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to Consolidated financial statement.

2.2 Historical Cost Convention

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

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

2.3 Rounding of Amount

The Consolidated Financials Statement are prepared in Indian Rupees (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.

2.4 Principles of Consolidation of Subsidiaries

The Group consolidates entities which it owns or controls. The Consolidated Financial Statement comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities,

income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses including unrealized gain /loss and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements consistently to all the periods presented:

3.1. Current versus non-current classification

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

Non-Current Assets classified as held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

Discontinued operation

A discontinued operation is a business of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

3.2. Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group 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. Business combinations and goodwill

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

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

Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Consolidated Financial Statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Group's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves. The Group's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition

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

- Deferred tax assets or liabilities, the assets or liabilities related to employee benefit arrangements and related to leases are recognised and measured in accordance with Ind AS 12 "Income Taxes", Ind AS 19 "Employee Benefits" and Ind AS 116 "Leases" respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any

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

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

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

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

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

3.4. Foreign currencies

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

Transactions and balances

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

3.5. Fair value measurement

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

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

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

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

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 Group 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 Group 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 Group'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 Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group'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 Group'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 Group'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 Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Financial instruments (including those carried at amortised cost)

3.6. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the 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
Buildings	30 Years	20 Years
Plant & Machinery	15 Years	6 to 15 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Motor Cars	6 Years	4 Years

However, Leasehold Improvements have been depreciated considering the lease term or useful life whichever is lower.

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.

3.7. Leases

The Group's lease asset classes primarily consist of leases for buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset (ROU) and a corresponding

lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date;
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application;
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

3.8. Borrowing cost

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year. Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

All other borrowing costs are expensed in the period in which they occur.

3.9. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

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

Amortisation

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight Line basis over the period of 5 years.

Value of License Brands/License fees acquired under demerger scheme has been amortized on Straight Line basis over the period of 10 years (in Calvin Klein Arvind Fashion Private Limited – the value of License Brands/License Fees has been amortised over the remaining term of license period or 15 years whichever is less).

Technical Process Development has been amortized on Straight Line basis over the period of 5 years and Product Development has been amortized on Straight Line basis over the period of 3-5 years.

Software and Website are depreciated over management estimate of its useful life of 5 years (over a term of 3-5 years in Tommy Hilfiger Arvind Fashion Private Limited).

3.10. Inventories

Trims and Accessories, Stock-in-trade and Packing Materials 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:

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

3.11. Impairment of non-financial assets

The Group 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 Group 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 Group. 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 Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group'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 Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if

there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

3.12. Revenue Recognition

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

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, i.e., generally on delivery of the goods.

Variable consideration

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

i. Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable

consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

ii. Discounts

Discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future discounts, the Group applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

b) Contract balances

i. Contract assets

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

ii. Trade receivables

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

iii. Contract liabilities

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

c) Assets and liabilities arising from rights of return

i. Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded

for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

ii. Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities

(and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

d) Sale of goods – customer loyalty programme (deferred revenue)

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

e) Rendering of services

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

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

f) Gift Vouchers

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

g) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the

financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

h) Profit or loss on sale of Investments

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

i) Insurance claims

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

j) Export Incentive

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.

3.13. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group 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 Group. 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 Group 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 Group 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 Group 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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

- (iv) **Reclassification of financial assets**

The Group 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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 Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

- (v) **Impairment of financial assets**

In accordance with Ind-AS 109, the Group 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 Group 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 Group applies

- practical expedient to ignore separation of time value of money, and
- Right Of Use Assets resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Group 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 Group 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 Group in accordance with the contract and all the cash flows that the Group 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 Group is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

- Financial assets measured as at amortised cost, contract assets and ROU 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 Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group 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 Group 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 Group'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 Group 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/ losses are not subsequently transferred to P&L. However, the Group 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 Group 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 Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to borrowings.

- (iii) **Derecognition of financial liabilities**

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

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

- c) **Derivative financial instruments and hedge accounting**

- Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is

entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

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

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

- (i) **Fair value hedges**

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

For fair value hedges relating to items carried at

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

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

(ii) Cash flow hedges

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

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

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

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

d) Offsetting of financial instruments

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

3.14. Cash and cash equivalents

Cash and cash equivalents 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 Group's cash management.

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 Group recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Group 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 Group recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Group reviews such tax credit asset at each reporting date and writes down the asset to the extent the Group 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, ex-gratia, 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 Group's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Group 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 Group'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 Group'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 Group 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 Group'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 Group'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 Group 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.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3.19. Provisions and Contingencies

Provisions are recognised when the Group 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 Group 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the

obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent assets are not recognised but disclosed in the Consolidated Financial Statements when an inflow of economic benefits is probable.

3.20. Non-current assets held for sale/ distribution to owners and discontinued operations

The Group classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less cost to sell. A gain is recognised for any subsequent increases in the fair value less cost to sell of an assets but not in excess of the cumulative impairment loss previously recognised, A gain or loss previously not recognised by the date of sale of the non-current assets is recognised on the date of de-recognition.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A discontinued operation qualifies as discontinued operation

if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in Consolidated Statement of Profit and Loss.

3.21. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

3.22. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

3.23. Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts

3.24. Changes in accounting policies and disclosures

New and amended standards

a) Ind AS 116 Leases

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 35.

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

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

- i. Determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the

benefits offered under the plan and the plan assets after that event.

- ii. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to re-measure that net defined benefit liability (asset)

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

The Appendix did not have an impact on the consolidated financial statements of the Group.

d) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

4. Critical accounting Judgements and key source of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

The Group 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 Group has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Group 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.

Customer loyalty program reward points

Customer loyalty program reward points having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the reward point credits granted. The consideration allocated to the reward point credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Group at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

Provision for discount and sales return

The Group provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.

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 31.

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 37 for further disclosures.

Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

Share-based payments

The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 34.

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 Group has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Group has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.

Further details on taxes are disclosed in Note 26.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

Useful lives of Property, Plant and Equipment and Intangible assets

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended March 31, 2019, there were no changes in useful lives of property plant and equipment and intangible assets other than (a) useful lives of leasehold improvements which have been considered lower of the lease term or useful life and (b) those resulting from store closures / shifting of premises.

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 Group 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.

Provisions and contingencies

The assessments undertaken in recognising provisions and

contingencies have been made in accordance with the applicable Ind AS. A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

The Group has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group.

Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Consolidated Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer Note 14 and 27).

Lease Term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 5 : Property, plant and equipment

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office Equipment	Computer, server & network	Total
Gross Carrying Value								
As at April 1, 2018	-	80.39	181.42	6.83	275.42	27.53	32.89	604.48
Additions	-	17.18	39.80	2.96	54.29	8.50	10.07	132.80
Adjustment due to Business Combination (Refer Note No 41)	6.94	0.58	3.94	0.06	1.57	0.48	0.09	13.66
Deductions	-	3.88	6.95	1.29	14.33	0.99	1.15	28.59
As at March 31, 2019	6.94	94.27	218.21	8.56	316.95	35.52	41.90	722.35
Additions	-	9.35	31.90	1.31	34.56	3.84	11.34	92.30
Deductions	-	12.89	31.45	4.56	42.52	3.52	2.04	96.98
As at March 31, 2020	6.94	90.73	218.66	5.31	308.99	35.84	51.20	717.67
Depreciation and Impairment								
As at April 1, 2018	-	35.56	68.53	3.00	112.54	13.03	17.68	250.34
Depreciation for the year	0.06	20.39	37.38	2.06	50.58	6.69	8.94	126.10
Deductions	-	3.94	7.39	0.86	12.97	0.90	1.13	27.19
As at March 31, 2019	0.06	52.01	98.52	4.20	150.15	18.82	25.49	349.25
Depreciation for the year	0.21	18.79	46.24	1.59	75.29	7.14	8.81	158.07
Deductions	-	12.44	29.16	3.90	37.83	3.18	2.01	88.52
As at March 31, 2020	0.27	58.36	115.60	1.89	187.61	22.78	32.29	418.80
Net Carrying Value								
As at March 31, 2020	6.67	32.37	103.06	3.42	121.38	13.06	18.91	298.87
As at March 31, 2019	6.88	42.26	119.69	4.36	166.80	16.70	16.41	373.10

Notes:

- 1) In respect of Building, registration is pending in favour of the Holding Company.
- 2) W.e.f. April 1, 2019, The life of immovable fixed assets have been aligned with the lease term considered for Ind AS 116 and 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 store closures of Rs. 11.47 Crores for year ending March 31, 2020
- 3) For Properties pledged as security Refer Note 13.
- 4) Refer Note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 6: Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development	Product Development	Website	Total Intangible Assets	Intangible assets under development	Goodwill on Consolidation
Gross Carrying Value									
As at April 1, 2018	21.71	42.01	2.09	24.74	-	36.89	-	127.44	111.23
Additions	2.75	-	-	8.00	-	-	-	10.75	-
Adjustment due to Business Combination (Refer Note No 41)	0.40	-	-	-	-	-	2.46	2.86	-
Deductions	0.09	-	-	-	-	-	-	0.09	-
As at March 31, 2019	24.77	42.01	2.09	32.74	-	36.89	2.46	140.96	111.23
Additions (Refer Note 3 below)	27.92	-	-	7.48	18.58	-	-	53.98	-
Deductions	0.13	-	-	-	-	-	-	0.13	-
As at March 31, 2020	52.56	42.01	2.09	40.22	18.58	36.89	2.46	194.81	111.23
Amortisation and Impairment									
As at April 1, 2018	13.95	27.10	2.09	9.90	-	7.81	-	60.85	-
Amortisation for the Year	3.47	13.98	-	6.00	-	3.08	0.53	27.06	-
Deductions	0.08	-	-	-	-	-	-	0.08	-
As at March 31, 2019	17.34	41.08	2.09	15.90	-	10.89	0.53	87.83	-
Amortisation for the Year	5.17	0.64	-	6.54	0.39	3.09	0.85	16.68	-
Deductions	0.07	-	-	-	-	-	-	0.07	-
As at March 31, 2020	22.44	41.72	2.09	22.44	0.39	13.98	1.38	104.44	-
Net Carrying Value									
As at March 31, 2020	30.12	0.29	-	17.78	18.19	22.91	1.08	90.37	111.23
As at March 31, 2019	7.43	0.93	-	16.84	-	26.00	1.93	53.13	111.23

Note:

- On March 23, 2018, one of the Group Company has entered into an addendum to the license agreements dated December 1, 2015 and March 19, 2014 with Calvin Klein Inc., to add certain product categories to licensed products for a consideration of Rs. 7.14 Crores (equivalent to USD 1.1 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets".
The initial term of license shall end on December 31, 2023. However, the same can be renewed for a further period of 10 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Group would renew the license agreement for a further period of 10 years. Accordingly, the Group is amortising the trademark license fee over remaining term of license agreement (including renewal period) till December 31, 2023.
- On September 7, 2011, one of the Group Company has entered into a License Agreement with Tommy Hilfiger Europe BV and obtained an exclusive and assignable license to use the Trademark Tommy Hilfiger, in connection with the manufacture, import, distribution, promotion, advertising and sale of Tommy Hilfiger products in India for a consideration of Rs. 37.80 Crores (equivalent to USD 7.5 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets". The ownership of aforesaid Trademark rests with Tommy Hilfiger Europe BV.
Under the aforesaid agreement, the Company must achieve certain minimum sales level with respect to the licensed products and pay royalty on higher of the actual and minimum sales value of license products. As at March 31, 2020: Rs. 34.95 Crores (March 31, 2019: Rs. 49.04 Crores) is the total minimum royalty to be paid under this agreement over the balance period of the term. The Company is required to spend 1% of net sales on advertising the license products and trademarks on an annual basis. As per the agreements entered by the Company with sub-franchisees, certain minimum sales level with respect to the licensed products must be achieved by the sub-franchisees and royalty is earned on the higher of the actual and minimum sales value of the licensed products.
The initial term of license is for a period of 10 years. However, the same can be renewed for a further period of 5 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Company would renew the license agreement for a further period of 5 years. Accordingly, the Company has amortised the trademark over a period of 15 years.
- Product Developments, Software and Intangible Assets under development includes development cost being internally generated intangible assets.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 7 : Financial assets**7 (a) Investments**

Particulars	Face Value	As at March 31, 2020	As at March 31, 2019
Non-current investment			
(a) Investment in equity shares (fully paid up)			
I. Others - Fair Value through Other Comprehensive Income (FVOCI)			
Arvind SmartSpaces Limited	10	-	(Rs. 13,090)
(March 31, 2020: Nil, March 31, 2019: 100)			
(b) Investment in government securities - measured at amortised cost			
National Saving Certificates		-	0.02
Total Investments		-	0.02
Aggregate amount of quoted investments		-	(Rs. 13,090)
Aggregate amount of unquoted investments		-	0.02
Aggregate impairment in value of investment		-	-

7 (b) Trade receivables - Current

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	897.88	939.32
Credit Impaired	23.27	16.33
Less: Allowance for doubtful debts	(23.27)	(16.33)
	897.88	939.32
Less: Refundable Liability - Refer Note 3	(116.53)	(60.60)
Total Trade receivables	781.35	878.72

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

Trade receivables are given as security for borrowings as disclosed under Note 13

Refundable Liability are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers

Allowance for doubtful debts

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

Movement in allowance for doubtful debt:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	16.33	15.48
Add: Adjustment on Consolidation/Business Combination (Note No 41)	-	4.53
Add: Allowance for the year (Note No 24 and Note No 25)	11.50	2.41
Less: Write off of bad debts (Net of recovery)	(4.56)	(6.09)
Balance at the end of the year	23.27	16.33

Notes to the Consolidated Financial Statements

(₹in Crores)

7 (c) Loans

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Non-current		
Loans to employees	0.07	0.31
	<u>0.07</u>	<u>0.31</u>
Current		
Loans to employees	4.17	3.65
	<u>4.17</u>	<u>3.65</u>
Total Loans	<u>4.24</u>	<u>3.96</u>

No loans are due from directors or promoters of the Group either severally or jointly with any person.

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.01	0.04
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	10.08	7.67
In Deposit Account	-	0.01
Total cash and cash equivalents	<u>10.09</u>	<u>7.72</u>

7 (e) Other bank balance

Particulars	As at March 31, 2020	As at March 31, 2019
In Deposit Account		
Held as Margin Money*	1.52	4.34
Lodged with Sales Tax Department	0.02	0.01
Total other bank balances	<u>1.54</u>	<u>4.35</u>

* Under lien with bank as Security for Guarantee Facility

Notes to the Consolidated Financial Statements

(₹in Crores)

7 (f) Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Non-current		
Security deposits		
Considered Good	204.62	234.50
Doubtful	-	0.02
Less: Allowance for Doubtful Deposits	-	(0.02)
	<u>204.62</u>	<u>234.50</u>
Bank deposits with maturity of more than 12 months	2.03	1.47
	<u>206.65</u>	<u>235.97</u>
Current		
Security deposits- Current	20.60	4.25
Doubtful	0.66	0.93
Less: Allowance for Doubtful Deposits	(0.66)	(0.93)
	<u>20.60</u>	<u>4.25</u>
Income receivable	1.46	1.46
Accrued Interest	0.15	0.24
Mark to market of derivative financial instruments	4.42	-
Insurance claim receivable	0.80	1.17
Other Receivables	19.70	20.70
	<u>47.13</u>	<u>27.82</u>
Total other financial assets	<u>253.78</u>	<u>263.79</u>

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

Allowance for doubtful deposits

The Group has provided allowance for doubtful deposits based on the lifetime expected credit loss model using provision matrix. Movement in allowance for doubtful advances:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	0.95	2.35
Add: Adjustment on Consolidation/Business Combination (Refer Note 41)	-	0.02
Add: Allowance for the year	-	-
Less: Write off (Net of recovery)	0.29	1.42
Balance at the end of the year	<u>0.66</u>	<u>0.95</u>

Notes to the Consolidated Financial Statements

7 (g) Financial assets by category

(₹ in Crores)

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2020			
Trade Receivables	-	-	781.35
Loans	-	-	4.24
Cash & Bank balance	-	-	11.63
Mark to market of derivative financial instruments	-	4.42	-
Other financial assets	-	-	249.36
Total Financial Assets	-	4.42	1,046.58
March 31, 2019			
Investments			
- Equity Shares	-	(Rs. 13,090)	-
- Government Securities	-	-	0.02
Trade Receivables	-	-	878.72
Loans	-	-	3.96
Cash & Bank balance	-	-	12.07
Other financial assets	-	-	263.79
Total Financial Assets	-	(Rs. 13,090)	1,158.56

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 8 : Other current

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
Non-current		
Capital advances	2.03	8.51
GST/Sales tax/VAT /service tax receivable (net)	5.72	-
Prepaid expenses-non current	-	2.53
	7.75	11.04
Current		
Advance to suppliers		
Considered Good	74.54	69.47
Doubtful	1.66	4.26
Less : Provision for doubtful advances	(1.66)	(4.26)
	74.54	69.47
Balance with Government Authorities (Refer Note 1)	109.70	125.60
Export incentive receivable	0.52	1.18
Returnable Asset (Refer Note 3)	60.92	31.88
Prepaid expenses	11.46	13.08
Sales tax paid under protest	38.62	40.98
Prepaid Gratuity	0.21	-
Other Current Assets	76.65	40.08
	372.62	322.27
Total	380.37	333.31

Advance to directors or to firm/private company where director is interested

Note

1. Balance with Government Authorities mainly consist of input credit availed

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

3. Returnable Asset are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers

Notes to the Consolidated Financial Statements

(₹ in Crores)

Provision for Doubtful Advances

Movement in provision for doubtful advances:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	4.26	9.64
Less: Write off of doubtful advances	(2.60)	(5.38)
Balance at the end of the year	1.66	4.26

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

Particulars	As at March 31, 2020	As at March 31, 2019
Trims and Accessories	37.38	7.15
Trims in transit	-	3.92
Stock-in-trade	1,250.29	1,165.46
Stock-in-trade in transit	4.14	-
Packing materials	14.02	7.63
Total	1,305.83	1,184.16

- Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 61.79 Crores (March 31, 2019 Rs. 47.18 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)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Tax Assets (Net)		
Tax Paid in Advance (Net of Provision)	38.38	30.23
Total	38.38	30.23

Note 11 : Equity share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Authorised share capital				
Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each)	18,75,00,000	75.00	18,75,00,000	75.00
Issued and subscribed share capital				
Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each)	5,86,79,364	23.47	5,79,94,673	23.20
Subscribed and fully paid up				
Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each)	5,86,79,364	23.47	5,79,94,673	23.20
Total	5,86,79,364	23.47	5,79,94,673	23.20

Notes to the Consolidated Financial Statements

(₹in Crores)

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹in Crores	No. of shares	₹in Crores
At the beginning of the period	5,79,94,673	23.20	11,58,51,454	23.17
Less: Consolidation of Shares (Refer Note 11.6)	-	-	(5,79,25,727)	-
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan	6,84,691	0.27	2,98,911	0.12
Less: Cancellation of shares under scheme of arrangement (Refer Note 41)	-	-	(5,19,53,379)	(20.78)
Add: Allotment of Shares pursuant to Scheme of Arrangement (Refer Note 41)	-	-	5,17,23,414	20.69
Outstanding at the end of the year	5,86,79,364	23.47	5,79,94,673	23

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 after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Aura Securities Pvt Limited	1,91,12,362	32.57%	1,91,12,362	32.96%
Plenty Private Equity Fund I Limited	39,35,458	6.71%	39,35,458	6.79%

11.4. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the reporting date:

- 1) The Company has allotted 26,04,676 Equity Shares as bonus shares by capitalization of Securities Premium during the year 2017-18 in the ratio of 0.023 equity shares for 1 existing equity share held.
- 2) The Company has allotted 5,17,23,414 Equity Shares pursuant to the scheme of arrangement during the year 2018-19.

11.5. Shares reserved for issue under options and contracts

Refer Note 34 for details of shares to be issued under Employee Stock Option Schemes (ESOPs)

11.6. Change in Authorised Capital and Consolidation of Shares

Pursuant to scheme of arrangement approved by NCLT, Ahmedabad with effect from October 26, 2018,

- (a) 2 shares of Rs. 2 each were consolidated into 1 share of Rs. 4 each; and
- (b) Authorised Capital has been increased from Rs. 25 Crores to Rs. 75 Crores.

11.7. Objective, policy and procedure of capital management, refer Note 40

Notes to the Consolidated Financial Statements

(₹ in Crores)

Balance	As at March 31, 2020	As at March 31, 2019
Note 12.1 Reserves & Surplus		
Capital reserve on Consolidation		
Balance as per last financial statements	(237.08)	(237.08)
Balance at the end of the year	(237.08)	(237.08)
Capital reserve		
Balance as per last financial statements	45.39	-
Add: Adjustment due to business combination (Refer Note 41)	-	45.39
Balance at the end of the year	45.39	45.39
Share application money pending allotment		
Balance as per last financial statements	8.51	-
Add: Addition during the year	-	8.51
Less: Shares issued during the year	(8.51)	-
	-	8.51
Securities premium		
Balance as per last financial statements	1,160.59	1,157.14
Add: Addition during the year	9.03	3.29
Add: Transfer from share based payment reserve	0.90	0.16
Less: Utilized during the year	-	-
Balance at the end of the year	1,170.52	1,160.59
Share based payment reserve (Refer Note 34)		
Balance as per last financial statements	3.59	2.08
Add: Addition during the year	3.74	1.67
Less: Transfer to Securities Premium Account	(0.90)	(0.16)
Balance at the end of the year	6.43	3.59
Surplus in statement of profit and loss		
Balance as per last financial statements	36.36	24.30
Add: Profit/(Loss) for the year	(400.82)	16.61
(Less): Impact on adoption of Ind AS 116	(209.67)	-
Add: Tax impact on adoption of Ind AS 116	72.17	-
Add: Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	(Rs. 4,272/-)	-
Add/(Less): OCI for the year	0.51	(4.36)
	(501.45)	36.55
Less: Share based payment of Employee Stock Option to erstwhile Holding Co.	-	(0.19)
Balance at the end of the year	(501.45)	36.36
Total reserves & surplus	483.81	1,017.36
Note 12.2 Other comprehensive income		
Net Gain/(Loss) on FVOCI Equity Instruments		
Balance as per last financial statements	90.16	90.16
Add: Addition during the year	-	(Rs. -5,283)
Less: Transfer to Retained Earnings	(Rs. 4,272/-)	-
Balance at the end of the year	90.16	90.16
Cash Flow Hedge reserve		
Balance as per last financial statements	(1.31)	-
Add: Gain/(Loss) for the year	5.77	(3.32)
Add/(Less): Tax impact	(1.04)	0.77
Less: Share of Non Controlling Interest	(2.36)	1.24
Balance at the end of the year	1.06	(1.31)
Total Other comprehensive income	91.22	88.85
Total Other equity	575.03	1,106.21

Notes to the Consolidated Financial Statements

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

(₹ in Crores)

a Capital reserve on consolidation

Gain on purchase, i.e. excess of fair value of net assets acquired over the fair value of consideration in a business combination or on acquisition of interest in subsidiary is recognised as capital reserve on Consolidation.

b 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 Group.

c Securities premium

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

d Share based payment reserve

This reserve relates to share options granted by the Group to its and erstwhile Holding Company's employee share option plan.

Further information about share-based payments to employees is set out in Note 34

e Net Gain/(Loss) on FVOCI Equity Instruments

The Group has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

f 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 designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 13 : Financial liabilities

13 (a) Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Long-term Borrowings (Refer Note 1(a) below)		
(At amortised cost)		
Non-current portion		
Secured		
Term loan from Banks	156.79	86.30
	156.79	86.30
Unsecured		
Deferred payment liabilities - from others	5.99	-
	5.99	-
Current maturities (Refer Note 13c)		
Secured		
Term loan from Banks	33.45	33.32
Term loan from Financial Institution and Others	-	-
	33.45	33.32
Total long-term borrowings	196.23	119.62
Short-term Borrowings (Refer Note 1(b) and 2(a) below)		
(At amortised cost)		
Secured		
Working Capital Loans repayable on demand from Banks	937.75	611.00
Under Buyer's Credit Arrangement	1.09	-
Unsecured		
Under Buyer's Credit Arrangement	38.51	58.50
Working Capital Loans repayable on demand from Banks	20.00	-
Intercompany Deposits		
From Related Parties (Refer Note 32)	50.08	-
From Others	0.18	-
Commercial Paper	35.00	-
Total short-term borrowings	1,047.61	704.50
Total borrowings	1,243.84	824.12

Notes to the Consolidated Financial Statements

(₹ in Crores)

1. Secured Borrowings

(a) Long term

Particulars	Rupees in Crores	Rate of interest	Security	Terms of repayment
Rupee Loans	3.85	8.50% to 13.65%	1. Secured against pari passu first charge over the entire fixed assets of the subsidiary Company both present and future, and second charge is created over the entire stock, receivables and other current assets of the subsidiary company 2. Corporate Guarantee given by Holding Company	Repayable in monthly/ quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Rupee Loans	18.18	8.90%	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 beginning from September, 2019
Rupee Loans	64.76	11.65%	1. First Pari-passu charge over the entire fixed assets (present and future) of the Company and proposed project, comprising electrical, data processing, furniture & fixture, office equipments, plant & machineries, other leasehold improvements with other term lenders. 2. Second Charge over entire stock of raw material, stock in process, finished goods, stores & spares, goods in transit, receivable and other current assets of the company with other WC lenders. 3. Corporate Guarantee given by Holding Company	Repayable in 22 instalments in 5 years beginning from December, 2019
Rupee Loans	99.9	10.45%	1. First Pari-passu charge over the entire fixed assets of the Borrower (both present and future) 2. Second Charge over current assets of the Borrower 3. Corporate Guarantee given by Holding Company	Repayable in 17 quarterly instalments starting from March 31, 2020
Hire Purchase loans	3.55	8.10% to 10.15%	Secured by hypothecation of related vehicles	Payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

Notes to the Consolidated Financial Statements

(₹ in Crores)

(b) Short term

Particulars	Rupees in Crores	Rate of interest	Security
Working Capital loans	568.58	8.45% - 11.00%	1. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future 2. Corporate Guarantee given by Holding Company
Working Capital loans	105.97	8.65% to 9.15%	First pari passu charge on entire current assets of the borrower present and future
Working Capital loans	55.13	9.25%	1. First pari passu charge on entire current assets of the borrower present and future 2. Second pari passu charge on entire fixed assets of the borrower present and future
Working Capital loans	117.93	8.4% to 8.8%	The loans are secured by hypothecation of subsidiary company's entire stocks and receivables
Cash Credits	21.23	9% to 9.05%	
Working Capital loans	70.00	8.7% to 10.30%	1. First exclusive charge over subsidiary company's current assets of Rs. 80 Cr, both present & future 2. Corporate Guarantee from PVH Corp, USA for Rs 28.05 Cr 3. Letter of comfort from PVH Corp., USA

2. Unsecured Borrowings**(a) Long Term**

Particulars	Rupees in Crores	Rate of interest
Deferred Payment Liabilities - From Others	5.99	6.53% to 8%

(b) Short Term

Particulars	Rupees in Crores	Rate of interest	Other Conditions
Buyers' Credit	38.51	1.46% to 2.78%	-
Working Capital Loans repayable on demand from Banks	20.00	9.50%	Corporate Guarantee given by Holding Company
Intercompany Deposits	50.28	8.50% to 8.75%	-

Notes to the Consolidated Financial Statements

(₹ in Crores)

13 (b) Trade payable

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Acceptances	259.05	324.86
Other Trade Payables (Refer Note a below)		
-Total outstanding dues of micro enterprises and small enterprises	177.32	135.41
-Total outstanding dues other than micro enterprises and small enterprises	888.93	778.69
Total	1,325.30	1,238.96

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

Particulars	As at March 31, 2020	As at March 31, 2019
(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	177.32	135.41
ii) Interest	29.17	15.30
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	1.83	-
(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;	29.17	15.30
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	29.17	15.30
(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	29.17	15.30

13 (c) Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security Deposit	79.00	66.94
	79.00	66.94
Current		
Security Deposit	1.87	0.77
Current maturity of long term borrowings (Refer Note 13a)	33.45	33.32
Interest accrued and due on others	34.07	16.98
Interest accrued but not due on borrowings	12.72	6.37
Payable to employees	29.94	23.16
Book overdraft	0.15	0.48
Payable for capital goods	28.85	19.61
Foreign Exchange Forward contracts (Cash flow hedge)	-	3.32
Other Financial Liabilities	-	0.46
Total	141.05	104.47
	220.05	171.41

Note : There is no amount due and outstanding to be transfer to the Investor Education and Protection Fund (IEPF).

Notes to the Consolidated Financial Statements

(₹in Crores)

13 (d) Financial liabilities by category

Particulars	FVOCI	Amortised cost
March 31, 2020		
Borrowings	-	1,210.39
Current maturity of long term borrowings	-	33.45
Trade payables	-	1,325.30
Security Deposits	-	80.87
Payable to employees	-	29.94
Interest accrued but not due	-	12.72
Interest accrued and due	-	34.07
Payable in respect of Capital goods	-	28.85
Lease Liabilities	-	918.32
Book overdraft	-	0.15
Total Financial liabilities	-	3,674.06

Particulars	FVOCI	Amortised cost
March 31, 2019		
Borrowings	-	790.80
Current maturity of long term borrowings	-	33.32
Trade payables	-	1,238.96
Security Deposits	-	67.71
Payable to employees	-	23.16
Interest accrued but not due	-	6.37
Interest accrued and due	-	16.98
Payable in respect of Capital goods	-	19.61
Book overdraft	-	0.48
Foreign Exchange Forward contracts (Cash flow hedge)	3.32	-
Other Financial Liabilities	-	0.46
Total Financial liabilities	3.32	2,197.85

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 14: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Long-term		
Provision for employee benefits (refer Note 31)		
Provision for leave encashment	7.80	10.38
Provision for Gratuity	11.85	10.98
	19.65	21.36
Short-term		
Provision for employee benefits (refer Note 31)		
Provision for leave encashment	4.38	5.31
Provision for Gratuity	0.07	0.20
Others		
Provision for Wealth tax	0.01	0.01
Short term provision for litigation/disputed matters (Refer Note a below)	17.78	15.77
	22.24	21.29
Total	41.89	42.65

Notes to the Consolidated Financial Statements

(₹in Crores)

a. Provision for litigation/ disputed matters

The group has made provisions for pending disputed matters in respect of Indirect taxes like GST, Sales tax, Excise duty and Customs duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

The movement in the provision account is as under :

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	15.77	13.47
Add: Provision during the year (Refer Note 24)	2.01	4.30
Less: Adjusted during the year	-	(2.00)
Balance as at the end of the year	17.78	15.77

Note 15 : Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Fair valuation of security deposits from customers	0.23	-
	0.23	-
Current		
Advance from customers	21.47	9.41
Statutory dues including provident fund and tax deducted at source etc	20.01	42.78
Fair valuation of security deposits from customers	0.18	0.68
Unaccrued Sale	1.15	2.10
Deferred income of loyalty program reward points (Refer note (a) below)	4.89	4.97
	47.70	59.94
Total	47.93	59.94

a Deferred income of Loyalty Program Reward Points

The Group has deferred the revenue related to the customer loyalty program reward points. The movement in deferred revenue for those reward points are given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as per last financial statements	4.97	7.39
Add: Provision Made during the year (Net of expiry) (Refer Note 16)	14.05	13.21
Less: Deferment/Redeemed during the year (Net)	(14.13)	(15.63)
Balance at the end of the year	4.89	4.97

Note 16 : Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of products	3,830.51	4,589.80
Sale of services	31.75	30.14
Operating income		
Export incentives	0.44	0.35
Gift Voucher Income	1.08	1.29
Foreign Exchange fluctuation on Vendors and Customers (Net)	0.01	8.57
Royalty	0.48	5.61
Miscellaneous receipts	2.03	8.10
	4.04	23.92
Total	3,866.30	4,643.86

Notes to the Consolidated Financial Statements

(₹in Crores)

I. Disaggregation of revenue from contracts with customers

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Revenue based on Geography		
i. Domestic	3,843.72	4,618.89
ii. Export	22.58	24.97
	3,866.30	4,643.86
B. Revenue based on Business Segment		
Branded Apparels, Cosmetics and Accessories	3,866.30	4,643.86

II. Reconciliation of Revenue from Operation with Contract Price

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract Price	4,498.45	5,300.95
Less:		
Schemes and Discounts	618.10	643.88
Customer Loyalty Program	14.05	13.21
Total Revenue from Operations	3,866.30	4,643.86

Note 17 : Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on financial assets recognised at amortised cost	2.61	2.21
Gain on Reassessment of Lease (Refer Note 35)	52.61	-
Profit on sale of Property, Plant & Equipment (Net)	1.79	0.07
Miscellaneous income	2.77	1.85
Total	59.78	4.13

Note 18 : Cost of Trims and Accessories consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at the beginning of the year	7.15	6.08
Add: Purchases	35.38	6.92
	42.53	13.00
Less: Inventory at the end of the year	37.38	7.15
Total	5.15	5.85

Note 19 : Purchases of stock-in-trade

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Garments, Cosmetics & Accessories	2,211.17	2,739.07
Total	2,211.17	2,739.07

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 20 : Changes in inventories of stock-in-trade

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stock at the end of the year		
Stock-in-trade	1,250.29	1,165.46
Stock at the beginning of the year		
Stock-in-trade	1,165.46	709.26
Total	(84.83)	(456.20)

Note 21 : Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 31)	299.87	342.06
Contribution to provident and other funds (Refer Note 31)	22.82	31.35
Welfare and training expenses	22.80	32.87
Share based payment to employees (Refer Note 34)	3.74	1.48
Total	349.23	407.76

Note 22 : Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expenses on financial liabilities measured at amortised cost		
Loans	81.07	24.22
Lease Liabilities (Refer Note 35)	109.67	-
Others	64.06	70.55
Other borrowing cost	34.31	31.44
Total	289.11	126.21

Note 23 : Depreciation and amortization expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and Amortization on Property, Plant & Equipment (Refer Note 5)	158.07	126.10
Depreciation on Right-of-use Assets (Refer Note 35)	262.76	-
Amortization on Intangible assets (Refer Note 6)	16.68	27.06
Total	437.51	153.16

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 24 : Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	42.22	43.31
Insurance	6.22	5.11
Processing charges	4.18	4.60
Printing, stationery & communication	12.84	16.75
Rent		
- Short Term leases and leases of low-value assets (Refer Note 35)	17.44	-
- Rent on Operating Leases	-	342.43
Commission & Brokerage	286.96	379.97
Rates and taxes	6.90	3.00
Repairs:		
To Building	1.33	2.10
To Others	64.20	65.89
Royalty on Sales	143.91	170.77
Freight, insurance & clearing charge	60.42	60.24
Legal & Professional charges	18.76	21.29
Housekeeping Charges	15.43	17.21
Security Charges	17.97	17.85
Computer Expenses	10.57	12.83
Conveyance & Travelling expense	29.08	37.48
Advertisement and Publicity	151.73	174.78
Charges for Credit Card Transactions	10.46	14.52
Packing Materials Expenses	15.13	23.23
Contract Labour Charges	170.60	158.40
Sundry debits written off	2.32	0.19
Investment written off	0.02	-
Bad debt written off	0.64	10.50
Allowance for doubtful debts (Refer Note 7b)	1.49	2.41
Provision for Litigation/Disputed Matters (Refer Note 14)	2.01	4.30
Sampling and Testing Expenses	11.23	12.66
Director's sitting fees	0.11	0.08
Auditor's remuneration (Refer Note a below)	1.96	2.02
Business Conducting Fees	1.46	1.72
Bank charges	4.63	5.15
Warehouse Charges	14.32	19.32
Spend on CSR activities (Refer Note 36)	1.12	0.84
HVAC Charges	7.58	8.17
Property, Plant & Equipment written off	0.59	0.50
Exchange Difference Loss (Net)	2.11	-
Termination fees	3.82	-
Miscellaneous expenses	12.71	19.64
Total	1,154.47	1,659.26

Payments to Auditors (Net of taxes)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payment to Auditors as		
Auditors	1.38	1.46
For taxation matters	0.20	0.29
For Other certification work	0.30	0.15
For reimbursement of expenses	0.08	0.12
Total	1.96	2.02

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 25 : Exceptional Items

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 readymade garments, cosmetics and accessories. It has a large retail and wholesale network. The operations of the Group 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 Group 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 Group 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 Group 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	Year ended March 31, 2019	Year ended March 31, 2018
Margin on Sales Return Provision	35.15	-
Inventory Dormancy Provision	13.19	-
Allowance for Doubtful Debtors	10.01	-
Provision for Schemes and Discounts	2.34	-
Total	60.69	-

Note 26 : Income tax

The major component of income tax expense:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statement of Profit & Loss		
Current Tax		
Current income tax	3.19	21.16
Excess provision related to earlier years	(0.17)	-
Deferred Tax		
Deferred tax Charge/(Credit)	(100.08)	(29.76)
Income tax expense reported in the statement of consolidated profit & loss	(97.06)	(8.60)

OCI section

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Statement to Other comprehensive income (OCI)		
Deferred tax Charge/(Credit)	1.37	(3.22)
Deferred tax charged to OCI	1.37	(3.22)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

Notes to the Consolidated Financial Statements

(₹in Crores)

A) Current tax

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit/(loss) before tax	(496.42)	12.88
Tax Rate	34.944%	34.944%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	(173.47)	4.50
Adjustments		
Difference in Tax Rates for certain entities of the Group	0.78	1.10
Expenditure not deductible for Tax	4.59	7.89
Share based payment expense	(0.15)	(18.12)
Deferred tax assets not recognised as realisation is not probable	72.55	-
Others	(1.36)	(3.97)
At the effective income tax	(97.06)	(8.60)
Effective Income Tax Rate %	0.00%	0.00%

B) Deferred tax

Particulars	Consolidated Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income	Impact on adoption of Ind AS 116 recognised in Retained Earnings	Consolidated Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income
	As at March 31, 2020	Year Ended March 31, 2020	As on April 1, 2019	As at March 31, 2019	Year Ended March 31, 2019
Accelerated depreciation for tax purposes	117.77	25.45	-	92.32	20.24
Expenditure allowable on payment basis/ over the period	14.13	0.03	-	14.10	4.78
Expenses on Employee Stock Option	0.47	0.17	-	0.30	0.21
Unused losses available for offsetting against future taxable income	155.75	66.37	-	89.38	(25.40)
Allowance for Doubtful Receivables/Advances	2.67	0.57	-	2.10	1.93
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	15.79	(0.33)	-	16.12	6.29
Deferred Tax on unrealised profit	66.18	17.82	-	48.36	21.10
Impact on adoption of Ind AS 116	61.36	(10.81)	72.17	-	-
Others	5.94	(0.56)	-	6.50	3.83
Net deferred tax assets/(liabilities)	440.06	98.71	72.17	269.18	32.98

The Group 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.

The Group has unused carried forward losses of Rs. 660.23 Crores as at March 31, 2020 (March 31, 2019: Rs. 266.53 Crores). Out of the same, tax credits on losses of Rs. 208.81 Crores (March 31, 2019: Rs. Nil) have not been recognized on the basis that recovery is not probable in the foreseeable future.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance as at April 1	269.18	236.20
Impact on adoption of Ind AS 116 recognised in Retained Earnings	72.17	-
Deferred Tax income/(expense) during the period recognised in profit or loss	100.08	29.76
Deferred Tax income/(expense) during the period recognised in OCI	(1.37)	3.22
Closing balance as at March 31	440.06	269.18

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 27 : Contingent liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities not provided for		
a. Bills discounted	7.11	36.75
b. Claims against the Group not acknowledged as debts	10.09	9.87
c. Disputed demands in respect of Excise/Customs duty (Refer Note d)	25.41	25.16
Sales tax/GST (Refer Note e)	50.01	68.03
Income tax	4.59	8.60
Textile Committee Cess	0.11	0.11
Provident Fund	0.76	0.80
d. Guarantee given by bank on behalf of the group	1.97	0.87

Notes :

- (a) It is not practical for the Group to estimate the timing of cash outflows, if any, respect of the above pending resolution of the respective proceedings
- (b) The Group does not expect any reimbursements in respect of the above Contingent liabilities
- (c) The Group believes that the ultimate outcome of these proceedings will not have a material adverse effect on is considered necessary for the same.
- (d) Two of the Group companies had received demand cum show cause notice under section 28(4) read with section 124 of the Customs Act, 1962 from the Directorate of Revenue Intelligence ('DRI'), for short payment of duty due to non-inclusion of certain payments to vendors for determining assessable value for payment of Custom Duty.
The Company is confident that its position will likely be upheld in the appellate process against the above demand.
However, the Company had deposited Rs.1.69 Crores under protest in previous year.
- (e) Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the company has collected forms covering substantial amount of demand. The company is in the process of collecting balance forms and hence no provision is considered necessary for the same.
- (f) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Group will make provision, on receiving further clarity on the subject.

Note 28 : Capital commitment and other commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	38.74	9.80
Other commitments	-	-

Note 29 : Foreign Exchange Derivatives and Exposures not hedged**A. Foreign Exchange Derivatives**

Nature of Instrument	Average Exchange rate (in equivalent Rs.)	In FC USD	₹ In Crores
Forward contracts - Purchase			
As at March 31, 2020	73.70	1.18	86.97
As at March 31, 2019	70.60	2.90	204.75

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

B. Exposure Not Hedged

Nature of Instrument	In FC	₹ in Crores	In FC	₹ in Crores	In FC	₹ in Crores	In FC	₹ in Crores
	USD		EURO		SEK		AED	
Receivables								
As at March 31, 2020	0.05	4.14	-	-	-	-	-	-
As at March 31, 2019	0.10	6.70	-	-	-	-	-	-
Payable towards borrowings								
As at March 31, 2020	0.52	39.60	-	-	-	-	-	-
As at March 31, 2019	0.62	43.15	-	-	-	-	-	-
Payable to creditors								
As at March 31, 2020	0.78	59.30	0.03	2.40	0.05	0.40	0.01	0.13
As at March 31, 2019	0.51	35.15	0.03	2.27	0.10	0.74	-	-

Note 30 : Segment Reporting

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

The Group’s business activity falls within a single operating business segment of Branded Apparels (Garments and Accessories) through Retail and Departmental Store facilities.

Geographical segment

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

Particulars	Year Ended / As at March 31, 2020	Year Ended / As at March 31, 2019
Segment Revenue*		
a) In India	3,843.72	4,618.89
b) Rest of the world	22.58	24.97
Total Sales	3,866.30	4,643.86
Carrying Cost of Segment Assets**		
a) In India	4,447.10	3,517.64
b) Rest of the world	4.14	6.70
Total	4,451.24	3,524.34
Carrying Cost of Segment Non Current Assets**@		
a) In India	1,243.35	559.94
b) Rest of the world	-	-
Total	1,243.35	559.94

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Assets

Note:

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 31 : Disclosure pursuant to Employee benefits

A. Defined Contribution Plans

The following amounts are recognised as expense and included in Note 21 "Employee benefit expenses"

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Provident Fund	10.80	10.82
Contributory Pension Scheme	7.30	8.61
Superannuation Fund	-	(Rs. 24,986)
Total	18.10	19.43

Note

- (a) Employees of the Group receive benefits from a provident fund, which is a defined contribution plan. The eligible employees and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the employees' salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The remaining portion is contributed to the government-administered pension fund. Employees of the Group receive benefits from a government administered provident fund, which is a defined contribution plan. The Group has no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.
- (b) The Group's Superannuation Fund is administered by Life Insurance Company. The Group has no further obligations to the plan beyond its contribution.

B Defined Benefit Plans

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

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Parent Company and some of the subsidiaries contribute all ascertained liabilities to their respective Employees' Gratuity Fund Trust ("the Trust"). Trustees administer contributions made to the Trusts and contributions are invested in a scheme as permitted by Indian law. Other subsidiaries make annual contribution to the gratuity scheme administered by the Life Insurance Corporation of India.

The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

March 31, 2020: Changes in defined benefit obligation and plan assets

Particulars	As at April, 2019		Gratuity cost charged to statement of profit and loss		Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination/transfer	As at March 31, 2020			
	20:18	20:19	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	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
Defined benefit obligation	20:18	20:19	3:93	1:31	5:24	(3:73)	-	0:25	0:54	0:87	1:66	-	20:03
Fair value of plan assets	(9:00)	(9:00)	-	(0:60)	(0:60)	3:61	(0:62)	-	-	-	(0:62)	-	(8:32)
Total benefit liability	11:18	11:18	3:93	0:71	4:64	(0:12)	(0:62)	0:25	0:54	0:87	1:04	-	(2:95)
													(2:95)

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

Particulars	As at April, 2018		Cost charged to statement of profit and loss		Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination/transfer	As at March 31, 2019			
	14:45	(4:81)	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	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
Defined benefit obligation	14:45	(4:81)	4:52	1:05	5:57	(2:80)	-	0:55	(2:35)	(0:63)	(2:43)	0:53	20:18
Fair value of plan assets	(4:81)	(4:81)	-	(0:51)	(0:51)	2:33	(0:24)	-	-	-	(0:24)	-	(9:00)
Total benefit liability	9:64	9:64	4:52	0:54	5:06	(0:47)	(0:24)	0:55	(2:35)	(0:63)	(2:67)	0:53	(6:25)
													(6:25)

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, 2020	Year ended March 31, 2019
Others (Insurance company Products)	100%	100%
(%) of total plan assets	100%	100%

Notes to the Consolidated Financial Statements

(₹ in Crores)

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	5.8% to 6.65%	6.8%-7.75%
Future salary increase	3% to 9%	6.6%-13%
Expected rate of return on plan assets	6.2% to 6.5%	6.8%-7.3%
Attrition rate	9.3% to 38.3%	10.4%-39.9%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March 31, 2020	Year ended March 31, 2019
Gratuity			
Discount rate	50 basis points increase	(0.39)	(0.57)
	50 basis points decrease	0.41	0.51
Salary increase	50 basis points increase	0.35	0.49
	50 basis points decrease	(0.34)	(0.46)
Attrition rate	50 basis points increase	(0.07)	(0.12)
	50 basis points decrease	0.07	0.12

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity		
Within the next 12 months (next annual reporting period)	4.18	3.12
Between 2 and 5 years	16.29	16.38
Beyond 5 years	16.83	23.04
Total expected payments	37.30	42.54

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	4 years to 8.76 years	3 years to 12.73 years

Notes to the Consolidated Financial Statements

C. Leave encashment

The Group has a policy on leave encashment which are both accumulating and non-accumulating in nature. The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. The liability of leave encashment is funded through Life Insurance Corporation.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Leave encashment	3.49	6.66
	<u>3.49</u>	<u>6.66</u>

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 32 : Related Party Transactions

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

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Holding Company	up to November 29, 2018
Arvind Ruf & Tuf Private Limited	Enterprise having significant influence by Non-Executive Director Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Arvind True Blue Limited	Enterprise having significant influence by Key Management Personnel Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Arvind Premium Retail Limited	Enterprise having significant influence by Key Management Personnel Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Arvind Goodhill Suit Manufacturing Private Limited	Enterprise having significant influence by Key Management Personnel Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Arvind Internet Limited	Enterprise having significant influence by Non-Executive Director Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Arvind Envisol Limited	Enterprise having significant influence by Non-Executive Director Fellow Subsidiary Company	w.e.f. November 30, 2018 up to November 29, 2018
Aura Securities Private Limited	Enterprise having significant influence by Non-Executive Director	
Multiples Private Equity Fund II LLP	Enterprise having significant influence by Non-Executive Director	up to October 10, 2018
PVH Singapore Private Limited	Joint Venture Partners/LLP of the Company	
Tommy Hilfiger Europe B.V.	Joint Venture Partners/LLP of the Company	
PVH B.V.	Joint Venture Partners/LLP of the Company	
PVH Corp.	Owned/ controlled by the joint ventures partners directly/Indirectly	
Tommy Hilfiger (HK) Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
Tommy Hilfiger Asia Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
Tommy Hilfiger Licensing LLC	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Hongkong Services Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Hongkong Sourcing Service Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Asia Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Far East Limited	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Europe, Inc.	Owned/ controlled by the joint ventures partners directly/Indirectly	
PVH Neckwear Inc.	Owned/ controlled by the joint ventures partners directly/Indirectly	
Calvin Klein Inc.	Owned/ controlled by the joint ventures partners directly/Indirectly	
Calvin Klein Europe BV	Owned/ controlled by the joint ventures partners directly/Indirectly	
Suresh Jayaraman, Managing Director	Key Management Personnel	
Kannan S., Chief Financial Officer	Key Management Personnel	up to April 1, 2019
Pramod Kumar Gupta, Chief Financial Officer	Key Management Personnel	w.e.f. April 2, 2019
Vijay Kumar BS, Company Secretary	Key Management Personnel	
Sanjaybhai S. Lalbhai	Non Executive Director	
Jayesh K. Shah	Non Executive Director	
Renuka Ramnath	Non Executive Director	up to October 10, 2018
Nithya Easwaran	Non Executive Director	
Kulin S. Lalbhai	Non Executive Director	
Punit S. Lalbhai	Non Executive Director	w.e.f. April 2, 2019
Nilesh D. Shah	Non Executive Director	
Abanti Sankaranarayanan	Non Executive Director	w.e.f. October 10, 2018
Vallabh R. Bhanshali	Non Executive Director	
Nagesh D. Pinge	Non Executive Director	w.e.f. October 10, 2018
Achal A. Bakeri	Non Executive Director	w.e.f. October 10, 2018
Vani Kola	Non Executive Director	w.e.f. April 2, 2019
Arvind Fashions Limited Employee Group Gratuity Trust	Trust	
Arvind Lifestyle Brands Limited Employee Group Gratuity Trust	Trust	
Arvind Beauty Brands Retail Private Limited Employee Group Gratuity Trust	Trust	

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

b Transactions with related parties for the year ended March 31, 2020 and years ended March 31, 2019.

Particulars	Holding Company	Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Joint Venture Partners/ LLP of the Company	Entities Owned/ Controlled by the joint venture partners directly/ indirectly	Trust
Purchase of Goods and Materials (Net)							
March 31, 2020	-	-	-	45.04	2.75	66.39	-
March 31, 2019	14.52	7.28	-	20.26	0.43	65.61	-
Purchase of Property, Plant & Equipment and Intangible Assets							
March 31, 2020	-	-	-	20.78	-	-	-
March 31, 2019	0.31	-	-	0.32	-	-	-
Sales of Goods and Materials							
March 31, 2020	-	-	-	5.22	-	-	-
March 31, 2019	6.80	-	-	0.10	-	-	-
Sales Return of Goods and Materials							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	4.35	-	-	9.79	-	-	-
Sale of Property, Plant & Equipment							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	-	-	-	0.08	-	-	-
Receiving of Services-Royalty							
March 31, 2020	-	-	-	-	32.83	12.19	-
March 31, 2019	-	-	-	-	30.78	12.96	-
Receiving of Services-Shared services and Others							
March 31, 2020	-	-	-	0.41	-	1.92	-
March 31, 2019	7.66	-	-	5.02	2.32	1.44	-
Receiving of Services-Commission							
March 31, 2020	-	-	-	5.94	-	-	-
March 31, 2019	1.08	-	-	2.68	-	-	-
Receiving of Services-Rent							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	0.35	-	-	-	-	-	-
Receiving of Services-Others							
March 31, 2020	-	-	-	12.78	-	-	-
March 31, 2019	0.01	-	-	0.71	2.30	-	-
Rendering of Services-Royalty							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	4.48	-	-	-	-	-	-
Rendering of Services-Commission & Incentive							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	0.08	0.12	-	0.37	-	-	-
Rendering of Services-Shared service							
March 31, 2020	-	-	-	19.29	-	-	-
March 31, 2019	10.12	0.73	-	2.82	-	-	-
Rendering of Services-Rent							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	-	0.30	-	0.18	-	-	-
Interest Expense							
March 31, 2020	-	-	-	0.10	-	-	-
March 31, 2019	0.04	11.41	-	6.39	-	-	-

Notes to the Consolidated Financial Statements

b Transactions with related parties for the year ended March 31, 2020 and years ended March 31, 2019.

(₹ in Crores)

Particulars	Holding Company	Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Joint Venture Partners/ LLP of the Company	Entities Owned/ Controlled by the joint venture partners directly/ indirectly	Trust
Remuneration							
March 31, 2020	-	-	6.07	-	-	-	-
March 31, 2019	-	-	4.43	-	-	-	-
Sitting Fees							
March 31, 2020	-	-	0.11	-	-	-	-
March 31, 2019	-	-	0.08	-	-	-	-
Contribution Given for Employee Benefit Plans							
March 31, 2020	-	-	-	-	-	-	2.95
March 31, 2019	-	-	-	-	-	-	6.00
Loan Taken/(Repayment of Loan)							
March 31, 2020	-	-	-	50.00	-	-	-
March 31, 2019	(1.02)	256.49	-	(310.14)	-	-	-
Share Capital Cancelled under scheme of Arrangements							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	20.78	-	-	-	-	-	-
Issue of Equity shares under scheme of Arrangements							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	-	-	-	7.64	-	-	-
Issue of Shares							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	-	-	-	2.16	-	-	-
Transfer of Assets under scheme of Arrangements							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	462.22	-	-	-	-	-	-
Liability no longer required, written back							
March 31, 2020	-	-	-	-	-	-	-
March 31, 2019	-	-	-	0.21	-	-	-

c Balances

Particulars	Holding Company	Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director	Joint Venture Partners/ LLP of the Company	Entities Owned/ Controlled by the joint venture partners directly/ indirectly	Trust
Trade and Other Receivable							
March 31, 2020	-	-	-	2.20	-	-	-
March 31, 2019	-	-	-	4.50	-	-	-
Trade and Other Payable							
March 31, 2020	-	-	-	43.60	-	-	-
March 31, 2019	-	-	-	5.05	8.13	21.87	-
Payable in respect of Loans							
March 31, 2020	-	-	-	50.08	-	-	-
March 31, 2019	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

(₹in Crores)

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 by related party carries interest rate of 8.5% (March 31, 2019 : 8.5%)

e Commitments with related parties

The Group has not provided any commitment to the related party (March 31, 2019: Rs. Nil)

f Transactions with key managerial personnel

Compensation of key management personnel of the Group

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits	5.55	3.86
Termination benefits	0.09	0.38
Share based payments	0.43	0.19
Total compensation paid to key management personnel	6.07	4.43

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. The amount recognised as an expense during the year for share based payment in respect of Directors is Rs 0.06 Crores (March 31, 2019 Rs. 0.03 Crores)

Note 33 : Earnings per share (Basic and Diluted)

Particulars	Year ended / as at March 31, 2020	Year ended / as at March 31, 2019
Profit/(Loss) attributable to ordinary equity holders	(400.82)	16.61
Total no. of equity shares at the end of the year	5,86,79,364	5,79,94,673
Weighted average number of equity shares (Refer Note a)		
For basic EPS	5,86,25,498	5,77,96,491
For diluted EPS	5,90,42,632	5,91,38,299
Nominal value of equity shares	4	4
Basic earnings per share	(68.37)	2.87
Diluted earnings per share	(67.89)	2.81
Weighted average number of equity shares (Refer Note a)		
Weighted average number of equity shares for basic EPS	5,86,25,498	5,77,96,491
Effect of dilution: Share options	4,17,134	13,41,808
Weighted average number of equity shares adjusted for the effect of dilution	5,90,42,632	5,91,38,299

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 34 : Share based payments

Arvind Fashions Limited (AFL)

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. ESOP Schemes were amended pursuant to Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and creditors ("the Scheme") and approved by shareholders on July 16, 2018. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOP 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. During the year 2019-20, the Company has issued 3,35,000 options under ESOP 2016.

The following table sets forth the particulars of ESOP 2016 and ESOP 2018 :

Scheme	ESOP 2016			ESOP 2018		
Date of grant	03-May-18	12-Nov-18	05-Sep-19	05-Sep-19	12-Feb-19	12-Feb-19
Number of options granted	83,886	5,00,000	2,45,000	90,000	1,80,000	1,35,200
Exercise price per option	Rs. 212	Rs. 1381.08	Rs. 468.80	Rs. 100	Rs. 669.51	Rs. 1,057.11
Vesting period	Over a period of 4 years		Over a period of 4 years		Vested	Vesting on 30-Apr-19
Vesting requirements	Performance based vesting	Time 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.		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		Equity	

The following tables set forth a summary of the activity of options:

Particulars	ESOP 2016	
	2019-20	2018-19
Options		
Outstanding at the beginning of the period	16,87,193	34,72,179
Issued during the year	3,35,000	5,83,886
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	-
Forfeited/Lapsed during the period	(1,80,057)	(83,886)
Exercised during the period	(6,84,691)	(5,97,822)
Reduction in options due to consolidation of shares	-	(16,87,164)
Outstanding at the end of the period	11,57,445	16,87,193
Exercisable at the end of the period	1,24,178	6,85,396
Weighted average exercise price per option (Rs.)	471.77	343.41

Particulars	ESOP 2018	
	2019-20	2018-19
Options		
Outstanding at the beginning of the period	3,15,200	-
Issued during the year	-	3,15,200
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the year	3,15,200	3,15,200
Exercisable at the end of the year	3,15,200	1,80,000
Weighted average exercise price per option (Rs.)	890.86	890.86

Notes to the Consolidated Financial Statements

(₹ in Crores)

Share Options Exercised during the year

Option Series	No. of Options	Exercise Date	Weighted Average Share Price at Exercise Date
ESOS 2016	5,97,822	09-Nov-18	486.00
ESOS 2016*	1,58,725	12-Mar-19	121.58
ESOS 2016*	2,94,510	13-Mar-19	127.28
ESOS 2016*	75,242	14-Mar-19	144.72
ESOS 2016*	7,417	15-Mar-19	179.92
ESOS 2016*	68,477	18-Mar-19	169.21
ESOS 2016*	25,647	19-Mar-19	105.58
ESOS 2016*	8,688	20-Mar-19	177.90
ESOS 2016*	1,279	26-Mar-19	189.64
ESOS 2016	8,308	16-Aug-19	105.58
ESOS 2016	1,279	21-Aug-19	189.64
ESOS 2016	21,470	26-Aug-19	189.64
ESOS 2016	1,023	29-Aug-19	189.64
ESOS 2016	2,046	04-Sep-19	189.64
ESOS 2016	1,279	09-Sep-19	212.00
ESOS 2016	2,046	10-Sep-19	189.64
ESOS 2016	5,755	11-Sep-19	212.00
ESOS 2016	1,500	15-Sep-19	189.64

* Allotment of Shares made in April 2019

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 6.91 years (March 31, 2019: 4.3 years). The range of exercise price is from Rs. 100.00 to Rs. 1,381.08

The share options outstanding at the end of the year under ESOP 2018 have a weighted average remaining contractual life of 2.26 years (March 31, 2019: 3.26 years). The range of exercise price is from Rs. 669.51 to Rs. 1,057.11

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date (INR per share)	Rs. 460.45	
Expected volatility	42.42%	
Expected life (years)	3.65 years	No grants made during the period
Dividend yield	0%	
Risk-free interest rate (%)	5.97%	

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:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Employee option plan	3.74	1.48
Total employee share based payment expense	3.74	1.48

Note 35 : Leases

- A. Effective from April 1, 2019, the Group has adopted Ind AS 116 "Leases". For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Standalone Financial Statements

(₹in Crores)

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. The weighted average incremental borrowing rate of 9% to 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Group has adopted modified retrospective approach as per para C8 (C) (i) of Ind-AS 116 "Leases" to its leases. Consequently, the Group has recorded lease liability of Rs. 1330.95 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. 1117.89 Crores determined at net of the amount calculated by applying the standard since the date of the commencement of lease (including regrouped from Prepaid Rent of Rs. 2.95 Crores) and the resulting depreciation up to the date of adoption. The net effect of Rs. 137.50 Crores (net of (a) deferred tax asset of Rs. 72.17 Crores and (b) Share of Non Controlling Interest of Rs. 6.34 Crores) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.

- B.** The Group has taken Showrooms and other facilities on lease period of 1 to 9 years with option of renewal.

Disclosures as per Ind AS 116 - Leases are as follows:

C. Changes in the carrying value of right of use assets (Showrooms)

Particulars	Year Ended March 31, 2020
Balance at the beginning of the year	-
Recognition of right of use asset on adoption of Ind AS 116	1,114.94
Regrouping on adoption of Ind AS 116	2.95
Additions	186.17
Deletions	(307.61)
Depreciation	(262.76)
Balance at the end of the year	733.69

D. Movement in lease liabilities

Particulars	Year Ended March 31, 2020
Balance at the beginning of the year	-
Recognition of Lease Liability on adoption of Ind AS 116	1,330.95
Additions	186.17
Deletions	(360.22)
Finance cost accrued during the year	109.67
Payment of lease liabilities	(348.25)
Balance at the end of the year	918.32

- E.** The Group incurred Rs. 17.44 Crores for the year ended on March 31, 2020 towards expenses related to lease of low-value assets and short term rent

F. Contractual maturities of lease liabilities

Particulars	Year Ended March 31, 2020
Less than one year	87.70
One to five years	514.97
More than five years	315.65
Total	918.32

- G.** The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to the Standalone Financial Statements

(₹ in Crores)

Note 36 : Corporate Social Responsibility (CSR) Activities

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Gross amount required to be spent by the Company during the year	1.12	0.84
b) Amount spent during the year on, (i) Construction/acquisition of any asset (ii) On purposes other than (i) above	- 1.12	- 0.84
c) Amount unspent during the year	-	-

Note 37 : Fair value disclosures for financial assets and financial liabilities

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

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Investments measured at fair value through OCI		
Carrying Amount	-	(Rs. 13,090)
Fair Value	-	(Rs. 13,090)
Investments measured at amortised cost		
Carrying Amount	-	0.02
Fair Value	-	0.02
Financial liabilities		
Borrowings		
Carrying Amount	1,243.84	824.12
Fair Value	1,243.84	824.12

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 and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

Note 38 : Fair value hierarchy

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

Particulars	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)
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity Shares, Quoted	March 31, 2020	-	-	-	-
	March 31, 2019	(Rs. 13,090)	(Rs. 13,090)	-	-
Foreign Exchange Forward Contracts (Cash Flow Hedge)	March 31, 2020	4.42	-	4.42	-
	March 31, 2019	-	-	-	-
Liabilities measured at Fair Value					
Fair value through Other Comprehensive Income					
Foreign Exchange Forward Contracts (Cash Flow Hedge)	March 31, 2020	-	-	-	-
	March 31, 2019	3.32	-	3.32	-

Notes to the Consolidated Financial Statements

(₹ in Crores)

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Note 39 : Financial instruments risk management objectives and policies

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

The Group'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 Group, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments. The Group's risk management is carried out by a Treasury department under policies approved by the Board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group'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 two types of risk: interest rate risk and currency 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, Group has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2020, approximately 16% of the Group's Borrowings are at fixed rate of interest (March 31, 2019: 12%)

(c) 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Notes to the Consolidated Financial Statements

(₹in Crores)

Particulars	Effect on profit before tax
March 31, 2020	
Increase in 50 basis points	(5.26)
Decrease in 50 basis points	5.26
March 31, 2019	(2.45)
Increase in 50 basis points	2.45
Decrease in 50 basis points	

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 Group transacts business in local currency and in foreign currency, primarily in USD. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Group may use forward contracts or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate.

The Group 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 Group given in Note 29.

Foreign currency sensitivity

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

Particulars	Change in USD	Effect on	Change in	Effect on	Change in	Effect on
	rate	profit before tax	EUR rate	profit before tax	SEK rate	profit before tax
March 31, 2020	+2%	(1.78)	+2%	(0.01)	+2%	(0.01)
	-2%	1.78	-2%	0.01	-2%	0.01
March 31, 2019	+2%	(1.59)	+2%	(0.04)	+2%	(0.01)
	-2%	1.59	-2%	0.04	-2%	0.01

Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group 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 Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Notes to the Consolidated Financial Statements

(₹in Crores)

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 7b. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group'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 Group 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 Group's maximum exposure to credit risk for the components of the Balance sheet as is the carrying amount as disclosed in Note 37.

(c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group 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 Group's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 1 year	1 year or More
As at March 31, 2020		
Interest bearing borrowings	1,081.06	162.78
Lease Liabilities	87.70	830.62
Trade payables	1,325.30	-
Security deposits from customers	1.87	79.00
Other financial liabilities#	105.73	-
	2,601.66	1,072.40
As at March 31, 2019		
Interest bearing borrowings	737.82	86.30
Trade payables	1,238.96	-
Security deposits from customers	0.77	66.94
Other financial liabilities#	70.38	-
	2,047.93	153.24

Other financial liabilities includes interest accrued but not due of Rs. 12.72 Crores (March 31, 2019: Rs. 6.37 Crores)

Excessive risk concentration

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

Note 40 : Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group'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.

Notes to the Consolidated Financial Statements

(₹ in Crores)

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

Particulars	As at March 31, 2020	As at March 31, 2019
Interest-bearing loans and borrowings (Note 13)	1,243.84	824.12
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft)	(13.51)	(13.06)
Net debt	1,230.33	811.06
Equity share capital (Note 11)	23.47	23.20
Other equity (Note 12)	575.03	1,106.21
Total capital	598.50	1,129.41
Capital and net debt	1,828.83	1,940.47
Gearing ratio	67.27%	41.80%

In order to achieve this overall objective, the Group'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 and other ratios. Breaches in meeting the financial covenants would permit the bank to charge penal interest or immediately call borrowings. There have been breaches in the financial covenants of borrowing as at March 31, 2020 but it don't require accelerated payments. Accordingly, the management has considered the classification of loan based upon the original repayment schedule.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020, March 31, 2019.

Note 41 : Business Combination

I. Summary of business combination during the year ended March 31, 2020

- (A) 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 "Flying Machine" ("FM") wholesale and retail trading business of the respective Companies as a going concern to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Group 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.
- (B) In the board meetings held on November 4, 2019, the respective Board of Directors of Tommy Hilfiger Arvind Fashion Private Limited ("TH") and Calvin Klein Arvind Fashion Private Limited ("CK") 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 Group has not given effect of the scheme in the audited financial information for the year ended March 31, 2020.

II. Summary of business combinations during the year ended March 31, 2019

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. Additionally, Investments of Company were written off against Capital Reserve. Company's existing shares issued to Arvind Limited were cancelled and fresh shares were issued to shareholders of Arvind Limited in the ratio of 1:5 as on the appointed date.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Details of Net Asset acquired :

Particulars	Rs. In Crores
Assets:	
Property Plant and Equipment	16.52
Current Assets	58.58
Cash and cash equivalents	18.10
Investment	416.92
Total Assets acquired (A)	510.12
Liabilities:	
Current Liabilities	29.19
Borrowing	18.71
Total Liabilities assumed (B)	47.90
Net Identifiable Assets Acquired (A-B)	462.22

Particulars	Rs. In Crores
Total Identifiable assets acquired	462.22
Investment written off as per Scheme	(416.92)
Cancellation of shares under scheme of arrangement	20.78
Allotment of Shares pursuant to Scheme of Arrangement	(20.69)
Capital Reserve	45.39

Note 42 : Interest in Other Entities

(1) The Consolidated Financial Statements present the consolidated accounts of Arvind Fashions Limited with its subsidiaries and controlled joint ventures

Sl. No.	Name of Entities	Country of Incorporation	Activities	Proportion of ownership of interest	
				As at March 31, 2020	As at March 31, 2019
Subsidiaries					
1	Arvind Lifestyle Brands Limited	India	Branded Garments	100%	100%
2	Arvind Beauty Brands Private Limited	India	Beauty Products	100%	100%
3	Arvind Youth Brands Private Limited *	India	Branded Garments	100%	-
4	Value Fashion Retail Limited *	India	Branded Garments	100%	-
Controlled joint ventures					
5	Calvin Klein Arvind Fashion Private Limited	India	Branded Garments	50%	50%
6	Tommy Hilfiger Arvind Fashion Private Limited	India	Branded Garments	50%	50%

*Held by Arvind Lifestyle Brands Limited

(2) Material - party owned subsidiaries

IND AS 112.12 requires the disclosure of financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e. the Group). A subsidiary may have significant non-controlling interest per se but disclosure is not required if that interest is not material at the Group level. Similarly, these disclosures do not apply to the non-controlling interests that are material in aggregate but not individually.

The Group does not have any subsidiaries that have non-controlling interests that are material to the Group.

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 43 : Disclosures Mandated by Schedule III of Companies Act 2013

Name of Entities	2019-20							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores
Parent : Arvind Fashions Limited	67%	1,349.26	1%	(4.89)	-3%	(0.17)	1%	(5.06)
Subsidiaries/Control Joint Venture : Arvind Beauty Brands Retail Pvt Limited	2%	44.91	4%	(15.50)	-3%	(0.14)	4%	(15.64)
Arvind Lifestyle Brands Limited	21%	428.14	95%	(345.01)	11%	0.60	96%	(344.41)
Calvin Klein Arvind Fashion Pvt Ltd	2%	39.27	-1%	2.58	31%	1.71	-1%	4.29
Tommy Hilfiger Arvind Fashion Private Limited	7%	138.45	0%	0.33	63%	3.44	-1%	3.77
Sub Total	100%	2,000.03	100%	(362.49)	100%	5.44	100%	(357.05)
Inter Company Eliminations and Consolidations Adjustment		1,401.53		38.33		2.57		40.90
Total		598.50		(400.82)		2.87		(397.95)
Non Controlling Interest in Subsidiaries		88.86		1.46		2.57		4.03
Grand Total		687.36		(399.36)		5.44		(393.92)

Name of Entities	2018-19							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores	As a % of consolidation net assets	₹ In Crores
Parent : Arvind Fashions Limited	55%	1,349.85	99%	61.51	21%	-1.42	108%	60.09
Subsidiaries/Control Joint Venture : Arvind Beauty Brands Retail Pvt Limited	3%	69.07	-8%	(4.81)	0%	0.01	-9%	-4.80
Arvind Lifestyle Brands Limited	34%	841.83	-7%	(4.20)	49%	-3.25	-13%	-7.45
Calvin Klein Arvind Fashion Pvt Ltd	2%	36.79	2%	1.06	10%	-0.68	1%	0.38
Tommy Hilfiger Arvind Fashion Private Limited	6%	145.56	14%	8.68	20%	-1.34	13%	7.34
Sub Total	100%	2,443.10	100%	62.24	100%	(6.68)	100%	55.56
Inter Company Eliminations and Consolidations Adjustment		(1,313.69)		(45.63)		1.01		(44.62)
Total		1,129.41		16.61		(5.67)		10.94
Non Controlling Interest in Subsidiaries		91.17		4.87		(1.01)		3.86
Grand Total		1,220.58		21.48		(6.68)		14.80

Notes to the Consolidated Financial Statements

Note 44 : New Accounting Pronouncements to be adopted on or after April 1, 2020

There are no standards or interpretations which are notified but not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

Note 45 : Regrouped, Recast, Reclassified

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

In terms of our report attached

For Sorab S. Engineer & Co.

Chartered Accountants

Firm's Registration No. 110417W

C.A. Chokshi Shreyas B.

Partner

Membership no. 100892

Place: Ahmedabad

Date: July 9, 2020

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

Sanjay S. Lalbhai

Chairman & Director

(DIN: 00008329)

Place: Ahmedabad

Pramod Kumar Gupta

Chief Financial Officer

Place: Bangalore

Date: July 9, 2020

Suresh Jayraman

Managing Director & CEO

(DIN -03033110)

Place: Bangalore

Vijay Kumar B.S.

Company Secretary

Place: Bangalore

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A": Subsidiaries and Controlled Joint Ventures**

Amount in ₹

Sr. no.	Particulars	Name of the subsidiary			
		Arvind Lifestyle Brands Limited	Arvind Beauty Brands Retail Private Limited	Tommy Hilfiger Arvind Fashion Private Limited (Controlled Joint Ventures)	Calvin Klein Arvind Fashion Private Limited (Controlled Joint Ventures)
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	No	No	No
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR
3.	Share capital	96.28	7.69	29.89	1.01
4.	Reserves & surplus	331.86	37.22	108.55	38.26
5.	Total assets	3,076.56	244.42	466.19	188.34
6.	Total Liabilities	2,648.42	199.51	327.75	149.07
7.	Investments	0.02	-	-	-
8.	Turnover (Total Income)	2,558.56	217.90	434.36	240.93
9.	Profit/(Loss) before taxation	(420.36)	(19.29)	2.65	2.58
10.	Provision for taxation	(75.33)	(3.79)	2.32	-
11.	Profit/(Loss) after taxation	(345.03)	(15.50)	0.33	2.58
12.	Proposed Dividend and tax (including cess thereon)	Nil	Nil	Nil	Nil
13.	% of shareholding	100%	100%	50%	50%

- Names of subsidiaries which are yet to commence operations: The following subsidiaries are yet to commence operations.
 - Arvind Youth Brands Private Limited.
 - Value Fashion Retail Limited
- Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part "B": Associates and Joint Ventures – Not Applicable**For and on behalf of Board of Directors****Sanjay S. Lalbhai**

Director (DIN: 00008329)

Suresh Jayaraman

Director (DIN: 03033110)

Pramod Kumar Gupta

Chief Financial Officer

Vijay Kumar B S

Company Secretary

Place : Ahmedabad

Date : July 9, 2020

Place : Bangalore

Place : Bangalore

Place : Bangalore

Office Locations For The Year 2019-20

Office Locations

SOUTH	NORTH
Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001	Lalbai House, 8th Community Centre, Saket, New Delhi - 110017
EAST	WEST
Unit-1002, 10th Floor, DN-51 Merlin Infinite, Sector - 5, Salt Lake, Kolkata, West Bengal - 700091	Unit No. - A/402, Everest Chambers, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra - 400059

Subsidiaries for Joint Ventures Offices

Arvind Lifestyle Brands Limited	Arvind Beauty Brands Retail Private Limited
Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001	Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001
Tommy Hilfiger Arvind Fashion Private Limited	Calvin Klein Arvind Fashions Private Limited
No.4, 1st Cross, Brunton Road, Residency Road, Bengaluru, Karnataka - 560025,	9th Floor, Vayudooth Chambers, Trinity Circle, MG Road, Bangalore - 560001
Arvind Youth Brands Private Limited	Value Fashion Retail Limited
Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001	Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001





Fashioning
Possibilities

ARVIND fASHIONS

If undelivered, please return to :

Arvind Fashions Limited

Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad – 380 025