

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND BEAUTY BRANDS RETAIL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arvind Beauty Brands Retail Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter Paragraph

We draw your attention to note 39 of the 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.

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Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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 financial statements.

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

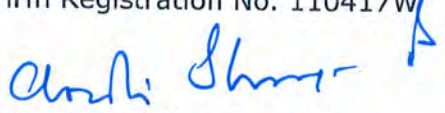
Report on Other Legal and Regulatory Requirements

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.

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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 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 Registration No. 110417W


CA. Chokshi Shreyas B.
Partner
Membership No.100892
UDIN: 21100892AAAALI6577

Ahmedabad
June 02, 2021

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 Beauty Brands Retail Private 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 BEAUTY BRANDS RETAIL PRIVATE LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
June 02, 2021

**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 Beauty Brands Retail Private Limited of even date)**

- i. In respect of the Company's fixed assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- ii. As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- iii. 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.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it.

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- b) 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, 2021 for a period of more than six months from the date they became payable.
- c) Following amounts have not been deposited as on March 31, 2021, on account of any dispute:

Nature of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	51,77,924	2015-16	Assessing Officer
		1,05,11,929	2016-17	Assessing Officer
		11,72,880	2016-17	Deputy Commissioner
		30,51,103	2017-18	Assessing Officer

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- ix. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, prima facie, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- xiii. To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- xv. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

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SORAB S. ENGINEER & CO. (Regd.)

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

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



CA. Chokshi Shreyas B.
Partner
Membership No.100892

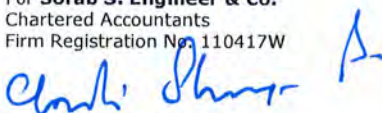
Ahmedabad
June 02, 2021

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Balance Sheet as at March 31, 2021

Particulars	Notes	Amount in Rs.	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	22,84,80,795	30,28,40,918
(b) Right-of-use assets	34	63,77,33,164	80,03,49,698
(c) Intangible assets	6	71,127	66,72,941
(d) Financial assets			
(i) Other financial assets	7 (e)	17,11,01,384	17,55,99,271
(e) Deferred tax assets (net)	25	17,02,65,744	15,46,49,303
(f) Other non-current assets	8	-	21,72,745
Total non-current assets		1,20,76,52,214	1,44,22,84,876
II. Current assets			
(a) Inventories	9	65,35,12,924	85,29,13,212
(b) Financial assets			
(i) Trade Receivables	7 (a)	7,96,87,810	-
(ii) Cash and cash equivalents	7 (c)	33,94,788	6,72,846
(iii) Bank balances other than (ii) above	7 (d)	61,938	2,00,000
(iv) Loans	7 (b)	4,67,310	10,58,576
(v) Others financial assets	7 (e)	2,81,18,069	88,21,016
(c) Current tax assets (net)	10	1,28,99,480	1,19,10,645
(d) Other current assets	8	6,92,98,691	12,50,61,432
Total current assets		84,74,41,010	1,00,06,37,727
Total Assets		2,05,50,93,224	2,44,29,22,603
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	7,68,94,880	7,68,94,880
(b) Other equity	12	33,28,75,875	37,22,31,144
Total equity		40,97,70,755	44,91,26,024
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	2,26,697	11,47,376
(ii) Lease liabilities	34	66,81,60,775	81,67,77,233
(b) Long-term provisions	14	80,60,740	67,65,249
Total non-current liabilities		67,64,48,212	82,46,89,858
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	40,98,35,856	57,08,34,697
(ii) Lease liabilities	34	15,30,69,435	15,94,87,476
(iii) Trade payables	13 (b)		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		36,29,01,897	38,90,76,882
(iv) Other financial liabilities	13 (c)	1,79,25,647	1,79,00,133
(b) Other current liabilities	15	1,95,95,513	2,89,00,185
(c) Short-term provisions	14	55,45,909	29,07,348
Total current liabilities		96,88,74,257	1,16,91,06,721
Total Equity and Liabilities		2,05,50,93,224	2,44,29,22,603
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Financial Statements.

In terms of our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W


CA. Chokshi Shreyas B.
Partner
Membership No. 100892

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited



Shailesh Chaturvedi
Director
DIN: 03023079



Pramod Kumar Gupta
Director
DIN: 00064041

Place : Ahmedabad
Date : June 02, 2021

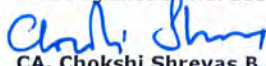
Place : Bengaluru
Date : June 02, 2021

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Notes	Amount in Rs.	
		Year ended March 31, 2021	Year ended March 31, 2020
I. Income			
Revenue from operations			
Sale of Products	16	1,40,38,29,207	2,12,17,37,358
Sale of Services	16	81,40,593	5,59,04,564
Operating Income	16	3,26,275	14,01,250
Revenue from operations		1,41,22,96,075	2,17,90,43,172
Other income	17	11,82,38,889	7,68,135
Total income (I)		1,53,05,34,964	2,17,98,11,307
II. Expenses			
Purchases of stock-in-trade	18	66,70,83,730	1,48,00,04,401
Changes in inventories of stock-in-trade	19	19,94,00,288	(21,00,58,017)
Employee benefits expense	20	19,77,10,923	26,27,76,156
Finance costs	21	15,87,53,060	13,41,18,509
Depreciation and amortization expense	22	28,12,90,819	32,32,48,626
Other expenses	23	33,75,60,171	38,25,88,557
Total expenses (II)		1,84,17,98,991	2,37,26,78,232
III. Profit/(Loss) before exceptional items and tax (I-II)		(31,12,64,027)	(19,28,66,925)
IV. Exceptional items	24	1,66,00,000	-
V. Profit/(Loss) before tax (III-IV)		(32,78,64,027)	(19,28,66,925)
VI. Tax expense			
Current tax	25	-	-
Deferred Tax charge / (credit)	25	(1,57,62,318)	(3,78,64,596)
Total tax expense		(1,57,62,318)	(3,78,64,596)
VII. Profit/(Loss) for the year (V-VI)		(31,21,01,709)	(15,50,02,329)
VIII. Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Re-measurement gains / (losses) on defined benefit plans	30	5,61,067	(19,22,965)
Income tax effect on above	25	(1,45,877)	4,99,971
		4,15,190	(14,22,994)
Other comprehensive income/(loss) not to be reclassified to profit or loss (Net)		4,15,190	(14,22,994)
IX. Total comprehensive income/(loss) for the year, net of tax (VII+VIII)		(31,16,86,519)	(15,64,25,323)
X. Earnings per equity share			
Nominal Value per share - Rs. 10/- (Previous year - Rs. 10/-)			
Basic - Rs.	32	(40.59)	(20.16)
Diluted - Rs.	32	(40.48)	(20.16)
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Financial Statements.

In terms of our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place : Ahmedabad
Date : June 02, 2021

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited



Shailesh Chaturvedi
Director
DIN: 03023079


Pramod Kumar Gupta
Director
DIN: 00064041

Place : Bengaluru
Date : June 02, 2021

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of Cash Flows for the year ended March 31, 2021

Particulars	Amount in Rs.	
	Year ended March 31, 2021	Year ended March 31, 2020
A Operating activities		
Profit/(Loss) Before taxation	(32,78,64,027)	(19,28,66,925)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation /Amortization	28,12,90,819	32,32,48,626
Interest Income	(17,017)	(20,192)
Interest and Other Borrowing Cost	15,87,53,060	13,41,18,509
Gain on reassessment of lease	(11,82,10,927)	-
Allowance for doubtful advances/written off	3,53,644	5,75,081
Loss on sale of property, plant and equipment	2,36,122	-
Share based payment expense	2,23,31,250	2,39,45,183
Operating Profit before Working Capital Changes	1,68,72,924	28,90,00,282
Working Capital Changes:		
(Increase) / Decrease in Inventories	19,94,00,288	(21,00,58,017)
(Increase) / Decrease in Trade receivables	(7,96,87,810)	-
(Increase) / Decrease in other assets	5,54,09,097	(2,97,17,818)
(Increase) / Decrease in other financial assets	(1,42,04,548)	(2,15,93,688)
(Increase) / Decrease in other bank balances	1,38,062	(2,00,000)
Increase / (Decrease) in trade payables	(2,61,74,985)	12,04,75,733
Increase / (Decrease) in other liabilities	(93,04,672)	40,51,749
Increase / (Decrease) in other financial liabilities	4,65,537	92,01,450
Increase / (Decrease) in provisions	44,95,119	48,08,112
Net Changes in Working Capital	13,05,36,088	(12,30,32,479)
Cash Generated from Operations	14,74,09,012	16,59,67,803
Direct Taxes paid (Net of Income Tax refund)	(9,88,835)	(45,33,248)
Net Cash flow received / (used in) Operating Activities	14,64,20,177	16,14,34,555
B Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment / Intangible assets	(2,32,05,019)	(11,25,89,820)
Sale of Property, Plant & Equipment / Intangible assets		
Changes in capital advances	21,72,745	(6,49,815)
Interest received	13,665	15,744
Net Cash flow received / (used in) Investing Activities	(2,10,18,609)	(11,32,23,891)
C Cash Flow from Financing Activities		
Changes in long term borrowings	(17,20,318)	(9,57,646)
Changes in short term borrowings	(16,09,98,841)	26,05,09,834
Share application money received, pending allotment	25,00,00,000	-
Repayment of Lease Liabilities	(5,15,67,023)	(17,87,33,474)
Interest and Other Borrowing Cost Paid	(15,80,60,765)	(13,41,18,509)
Net Cash flow received / (used in) Financing Activities	(12,23,46,947)	(5,32,99,795)
Net Increase/(Decrease) in cash & cash equivalents	30,54,621	(50,89,131)
Cash & Cash equivalent at the beginning of the year	3,40,167	54,29,298
Cash & Cash equivalent at the end of the year	33,94,788	3,40,167

Figures in brackets indicate outflows.

Particulars	Amount in Rs.	
	Year ended March 31, 2021	Year ended March 31, 2020
Cash and cash equivalents comprise of:		
Cash on Hand	-	-
Balances with Banks	33,94,788	6,72,846
Cash and cash equivalents as per Balance Sheet (Note 7c)	33,94,788	6,72,846
Less: Book Overdraft (Note 13c)	-	3,32,679
Cash and cash equivalents	33,94,788	3,40,167

The accompanying notes are an integral part of these 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, 2020	Net cash flows	Non Cash Changes			As at March 31, 2021
				Adjustment on account of Business Combination	Effect of change in Foreign Currency Rates	Other Changes*	
Borrowings:							
Long term borrowings	13(a)	21,98,866	(17,20,318)	-	-	-	
Short term borrowings	13(a)	57,08,34,697	(16,09,98,841)	-	-	-	
Total		57,30,33,563	(16,27,19,159)	-	-	-	

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*	
Borrowings:							
Long term borrowings	13(a)	31,56,512	(9,57,646)	-	-	-	
Short term borrowings	13(a)	31,03,24,863	26,05,09,834	-	-	-	
Total		31,34,81,375	25,95,52,188	-	-	-	

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

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows"
- Purchase of property, plant and equipment / intangible assets include movement of capital advances and capital work-in-progress.

In terms of our report attached
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Membership No. 100892
Partner

Place : Ahmedabad
Date : June 02, 2021

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited

Shailesh Chaturvedi
Director
DIN: 03023079

Pramod Kumar Gupta
Director
DIN: 00064041

Place : Bengaluru
Date : June 02, 2021

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of changes in Equity for the year ended March 31, 2021

A. Equity share capital


Balance	No. of shares	Amount in Rs. Note 11
As at April 1, 2019	76,89,488	7,68,94,880
Issue of Equity Share capital	-	-
As at March 31, 2020	76,89,488	7,68,94,880
Issue of Equity Share capital	-	-
As at March 31, 2021	76,89,488	7,68,94,880

B. Other equity

Particulars	Reserves and Surplus				Amount in Rs. Total equity
	Share application money pending allotment	Securities premium	Contribution from Parent for ESOP	Retained Earnings	
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2019	-	83,32,04,742	35,07,259	(22,29,29,592)	61,37,82,409
Loss for the year	-	-	-	(15,50,02,329)	(15,50,02,329)
Other comprehensive income for the period	-	-	-	(14,22,994)	(14,22,994)
Total Comprehensive income for the period	-	-	-	(15,64,25,323)	(15,64,25,323)
Impact on adoption of Ind AS 116	-	-	-	(14,73,93,411)	(14,73,93,411)
Tax Impact on adoption of Ind AS 116	-	-	-	3,83,22,286	3,83,22,286
Contribution from the Holding Company for Employee Stock Options	-	-	2,39,45,183	-	2,39,45,183
Balance as at March 31, 2020	-	83,32,04,742	2,74,52,442	(48,84,26,040)	37,22,31,144
Balance as at April 1, 2020	-	83,32,04,742	2,74,52,442	(48,84,26,040)	37,22,31,144
Profit / (Loss) for the year	-	-	-	(31,21,01,709)	(31,21,01,709)
Addition during the year	25,00,00,000	-	2,23,31,250	-	27,23,31,250
Other comprehensive income for the period	-	-	-	4,15,190	4,15,190
Total Comprehensive income for the period	25,00,00,000	-	2,23,31,250	(31,16,86,519)	(3,93,55,269)
Balance as at March 31, 2021	25,00,00,000.00	83,32,04,742	4,97,83,692	(80,01,12,559)	33,28,75,875

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

In terms of our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W


CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : June 02, 2021

For and on behalf of the board of directors of
Arvind Beauty Brands Retail Private Limited


Shailash Chaturvedi
Director
DIN: 03023079


Pramod Kumar Gupta
Director
DIN: 00064041

Place : Bengaluru
Date : June 02, 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Arvind Beauty Brands Retail Private Limited ('the Company') is engaged in the business of retailing of Cosmetic products and Accessories of SEPHORA and other Partner Brands. SEPHORA is a French Chain of Cosmetic stores which offers beauty products including make-up, fragrance and hair care. The Company has some of the best-known international brands apart from SEPHORA, like MUFE, BOSCHIA, DIOR, CLINIQUE, STILA, ESTEE LAUDER, LANCOME.

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

The financial statements were authorised for issue in accordance with a resolution of the directors on June 02, 2021.

2. Statement of Compliance and Basis of Preparation

2.1 Basis of Preparation and Presentation and Statement of Compliance

The 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 standard requires a change in the accounting policy hitherto in use.

The Financial Statements comprising of Balance Sheet, Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and Statement of Cash Flows as at March 31, 2021 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 financial statement.

2.2 Historical Cost Convention

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

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



3. Summary of Significant Accounting Policies

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

3.1. Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

3.2. Use of estimates and judgements

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

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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.



3.3.Foreign currencies

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

Transactions and balances

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

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

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

3.4.Fair value measurement

The Company measures financial instruments such as derivatives 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.



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)

3.5. Property, plant and equipment

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

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

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

Derecognition

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

Depreciation

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



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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
Computer Software	-	5 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.

3.6. 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.

3.7. 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.

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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.

3.8.Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

Amortisation

Value of License Brands acquired has been amortized on Straight Line basis over the period of five years.

Software is depreciated over management estimate of its useful life of three-five years.

3.9.Inventories

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



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

- 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.

3.10. Impairment of non-financial assets

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

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that

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would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.11. Revenue Recognition

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

c) 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.

d) 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

e) 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.

f) Insurance claims

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

3.12. Financial instruments – initial recognition and subsequent measurement

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



a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets 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.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business



model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

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

(v) Impairment of financial assets

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

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



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

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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



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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii) Subsequent measurement of financial liabilities

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

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

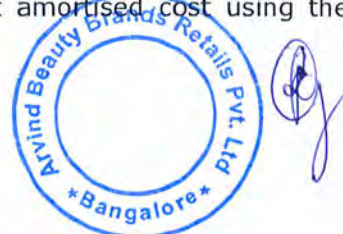
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose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

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

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

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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.

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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.

3.13. 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 Company's cash management.

3.14. 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.



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A handwritten signature in blue ink, consisting of a stylized 'A' followed by a cursive flourish.

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.

3.15. 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

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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.

3.16. 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.

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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.

3.17. Earnings per share

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

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

3.18. 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 Financial Statements.

Contingent assets are not recognised but disclosed in the Financial Statements when an inflow of economic benefits is probable.

3.19. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company 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 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 Statement of Profit and Loss.

3.20. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

3.21. 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.

3.22. 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 and the same is disclosed in the notes to accounts

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4. Critical accounting Judgements and key source of estimation uncertainty

The preparation of the 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.

Defined benefit plans

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



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

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

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 35 for further disclosures.

Share-based payments

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

Taxes

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

The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.

Further details on taxes are disclosed in Note 25.



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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 expired / 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 the financial year ended March 31, 2021, 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.

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 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 26).

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Lease Term

The Company 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.



Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Particulars	Amount in Rs.					Total
	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	
Gross Carrying Value						
As at April 1, 2019	4,10,91,376	18,51,43,454	38,99,998	22,23,45,245	5,53,31,036	1,22,98,417
Additions	96,37,927	6,98,31,921	-	2,33,29,581	1,14,52,483	35,00,381
Deductions	-	-	-	-	-	-
As at March 31, 2020	5,07,29,303	25,49,75,375	38,99,998	24,56,74,826	6,67,83,519	1,57,98,798
Additions	29,23,264	50,03,235	-	1,39,47,264	2,05,612	11,25,644
Deductions	10,05,970	66,85,895	29,99,999	14,25,539	10,35,540	3,81,382
As at March 31, 2021	5,26,46,597	25,32,92,715	8,99,999	25,81,96,551	6,59,53,591	1,65,43,060
Depreciation and Impairment						
As at April 1, 2019	1,66,18,414	7,88,87,424	20,11,469	10,16,90,025	2,41,28,825	50,20,263
Depreciation for the year	1,12,67,400	3,83,63,533	10,54,315	4,32,82,628	1,11,90,245	15,06,360
Deductions	-	-	-	-	-	-
As at March 31, 2020	2,78,85,814	11,72,50,957	30,65,784	14,49,72,653	3,53,19,070	65,26,623
Depreciation for the year	96,51,717	4,10,34,793	5,53,092	3,33,82,553	1,15,20,505	11,86,360
Deductions	10,05,970	66,85,895	2,63,877	14,25,539	10,35,540	3,81,382
As at March 31, 2021	3,65,31,561	15,15,99,855	8,54,999	17,69,29,667	4,58,04,035	73,31,601
Net Carrying Value						
As at March 31, 2021	1,61,15,036	10,16,92,860	45,000	8,12,66,884	2,01,49,556	92,11,459
As at March 31, 2020	2,28,43,489	13,77,24,418	8,34,214	10,07,02,173	3,14,64,449	92,72,175

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 6 : Intangible assets

Particulars	Amount in Rs.		
	Computer Software	Brand Value & License Brands	Total Intangible Assets
Gross Carrying Value			
As at April 1, 2019	64,12,876	3,23,01,032	3,87,13,908
Additions	29,31,203	-	29,31,203
Deductions	-	-	-
As at March 31, 2020	93,44,079	3,23,01,032	4,16,45,111
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2021	93,44,079	3,23,01,032	4,16,45,111
Amortization and Impairment			
As at April 1, 2019	26,40,127	2,30,02,972	2,56,43,099
Amortization for the Year	28,89,238	64,39,833	93,29,071
Deductions	-	-	-
As at March 31, 2020	55,29,365	2,94,42,805	3,49,72,170
Amortization for the Year	37,43,587	28,58,227	66,01,814
Deductions	-	-	-
As at March 31, 2021	92,72,952	3,23,01,032	4,15,73,984
Net Carrying Value			
As at March 31, 2021	71,127	-	71,127
As at March 31, 2020	38,14,714	28,58,227	66,72,941

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Note 7 : Financial assets

7 (a) Trade Receivables - Current

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	7,96,87,810	-
Credit Impaired	-	-
Less : Allowance for doubtful debts	-	-
Total Trade Receivables	7,96,87,810	-

Note:

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.

7 (b) Loans

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good unless otherwise stated		
Current		
Loans to employees	4,67,310	10,58,576
Total Loans	4,67,310	10,58,576

No loans are due from directors or promoters of the Company either severally or jointly with any person.

7 (c) Cash and cash equivalent

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	33,94,788	6,72,846
Total cash and cash equivalents	33,94,788	6,72,846

7 (d) Other bank balance

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Deposits with original maturity less than 12 months	61,938	2,00,000
Total other bank balances	61,938	2,00,000
Total Cash and Bank Balances	34,56,726	8,72,846

7 (e) Other financial assets

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Non-current		
Security deposits	17,09,01,384	17,55,37,333
Bank deposits with maturity of more than 12 months	2,00,000	61,938
	17,11,01,384	17,55,99,271
Current		
Income receivable	-	8,96,241
Accrued Interest	9,834	6,482
Other Receivables	2,81,08,235	79,18,293
	2,81,18,069	88,21,016
Total other financial assets	19,92,19,453	18,44,20,287

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 12 : Other Equity

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Note 12.1 Reserves & Surplus		
Share Application money pending for allotment		
Add: addition during the year	25,00,00,000	-
Balance at the end of the year	<u>25,00,00,000</u>	<u>-</u>
Securities premium		
Balance as per last financial statements	83,32,04,742	83,32,04,742
Balance at the end of the year	<u>83,32,04,742</u>	<u>83,32,04,742</u>
Contribution from Parent for ESOP (Refer Note 33)		
Balance as per last financial statements	2,74,52,442	35,07,259
Add: Contribution received during the year	2,23,31,250	2,39,45,183
Balance at the end of the year	<u>4,97,83,692</u>	<u>2,74,52,442</u>
Surplus in statement of profit and loss		
Balance as per last financial statements	(48,84,26,040)	(22,29,29,592)
Impact on adoption of Ind AS 116	-	(14,73,93,411)
Tax Impact on adoption of Ind AS 116	-	3,83,22,286
Add: Profit/(loss) for the year	(31,21,01,709)	(15,50,02,329)
Add / (Less): OCI for the year	4,15,190	(14,22,994)
Balance at the end of the year	<u>(80,01,12,559)</u>	<u>(48,84,26,040)</u>
Total reserves & surplus	<u>33,28,75,875</u>	<u>37,22,31,144</u>
Total Other equity	<u>33,28,75,875</u>	<u>37,22,31,144</u>

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

- a **Securities premium**
Securities premium reserve is created due to premium on issue of shares. These reserve is utilized in accordance with the provisions of the Companies Act.
- b **Contribution from Parent for ESOP**
This reserve relates to share options granted by Arvind Fashions Limited (Holding Company) under it's employee share option plan. Further information about share-based payments to employees is set out in Note 33.

Note 13 : Financial liabilities

13 (a) Borrowings

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Long-term Borrowings (Refer Note 1(a) below) (At amortised cost)		
Non-current portion		
Secured		
Term loan from Banks	2,26,697	11,47,376
	<u>2,26,697</u>	<u>11,47,376</u>
Current maturities (Refer Note 13(c))		
Secured (at amortised cost)		
Term loan from Banks	2,51,851	10,51,490
	<u>2,51,851</u>	<u>10,51,490</u>
Total long-term borrowings	<u>4,78,548</u>	<u>21,98,866</u>
Short-term Borrowings (Refer Note 1(b)) (At amortised cost)		
Unsecured		
Working Capital Loans repayable on demand from Banks	30,00,00,000	-
Intercompany Deposits - From Related Parties (Refer Note 31)	10,98,35,856	57,08,34,697
Total short-term borrowings	<u>40,98,35,856</u>	<u>57,08,34,697</u>
Total borrowings	<u>41,03,14,404</u>	<u>57,30,33,563</u>

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

1. Secured Borrowings
(a) Long term

a Hire Purchase loans from are secured against hypothecation of related vehicles
Rate of Interest and Terms of Repayment

Particulars	Amount in Rs.	Rate of interest	Security	Terms of repayment
Hire Purchase loans	4,78,548	7.75% - 10.15%	Hypothecation of Vehicles	Monthly payment of 60 Equated Monthly Instalments beginning from the month subsequent to taking the loans

b Inter Corporate Deposit carries interest rate of 8.50% per annum.

Particulars	Amount in Rs.	Rate of interest	Security
Working Capital loans	40,98,35,856	8.50%	1. First charge on entire current assets. 2. Corporate guarantee by Arvind Fashions Limited (Ultimate Holding Company)

13 (b) Trade payables

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Current		
Acceptances	-	-
Other Trade Payables		
-Total outstanding dues of micro enterprises and small enterprises (refer note a below)	-	-
-Total outstanding dues other than micro enterprises and small enterprises	36,29,01,897	38,90,76,882
Total	36,29,01,897	38,90,76,882

Note:

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

- (a) the principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year;
(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).
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;
(d) 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;
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year
(f) 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.

13 (c) Other financial liabilities

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Current		
Current maturity of long term borrowings (Refer Note 13(a))	2,51,851	10,51,490
Interest accrued and due	12,80,822	5,88,527
Payable to employees	1,33,53,693	1,36,03,790
Book Overdraft	-	3,32,679
Payable for capital goods	30,39,281	23,23,647
Total	1,79,25,647	1,79,00,133

Note: As at March 31, 2021 there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund.

13(d) : Financial Liabilities by category

Particulars	Amount in Rs.		
	FVTPL	FVOCI	Amortized Cost
March 31, 2021			
Borrowings	-	-	41,03,14,404
Trade payables	-	-	36,29,01,897
Payable to employees	-	-	1,33,53,693
Interest Accrued but Due	-	-	12,80,822
Lease Liabilities	-	-	82,12,30,210
Payable in respect of Capital goods	-	-	30,39,281
Total Financial liabilities	-	-	1,61,21,20,307
March 31, 2020			
Borrowings	-	-	57,30,33,563
Trade payables	-	-	38,90,76,882
Payable to employees	-	-	1,36,03,790
Interest Accrued and Due	-	-	5,88,527
Book Overdraft	-	-	3,32,679
Lease Liabilities	-	-	97,62,64,709
Payable in respect of Capital goods	-	-	23,23,647
Total Financial liabilities	-	-	1,95,52,23,797

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

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



Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 14: Provisions

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Long-term		
Provision for employee benefits (Refer Note 30)		
Provision for leave encashment	41,04,963	39,24,523
Provision for Gratuity	39,55,777	28,40,726
	80,60,740	67,65,249
Short-term		
Provision for employee benefits (Refer Note 30)		
Provision for leave encashment	19,02,729	20,54,100
Others		
Short term provision for litigation/disputed matters (Refer Note a below)	36,43,180	8,53,248
	55,45,909	29,07,348
Total	1,36,06,649	96,72,597

(a) 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	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Balance as per last financial statements	8,53,248	1,00,000
Addition during the year (Net) (Refer Note 23)	40,00,000	20,64,828
Settlement during the year (Net)	(12,10,068)	(13,11,580)
Balance as at the end of the year	36,43,180	8,53,248

Note 15 : Other current liabilities / non current liabilities

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Current		
Statutory dues including provident fund and tax deducted at source etc.	1,12,27,692	1,18,71,487
Deferred income of loyalty program reward points (Refer note (a) below)	66,82,824	1,70,28,698
Deferred income for Unaccrued Sale	16,84,997	-
Total	1,95,95,513	2,89,00,185

(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	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Balance as per last financial statements	1,70,28,698	1,33,24,321
Add: Provision made during the year (Net) (Refer Note 16)	43,97,436	1,76,74,406
(Less): Redemption made during the year	1,47,43,310	1,39,70,029
Balance at the end of the year	66,82,824	1,70,28,698

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Note 16 : Revenue from operations

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Sale of products	1,40,38,29,207	2,12,17,37,358
Sale of services	8140593	5,59,04,564
Operating income		
Gift Voucher Income	-	15,56,787
Foreign exchange fluctuation on vendors (Net)	3,26,275	(1,55,537)
Total	1,41,22,96,075	2,17,90,43,172

I. Disaggregation of revenue from contracts with customers

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
A. Revenue based on Geography		
i. Domestic	1,41,22,96,075	2,17,90,43,172
ii. Export	-	-
	1,41,22,96,075	2,17,90,43,172
B. Revenue based on Business Segment		
Cosmetics products	1,40,38,29,207	2,12,17,37,358
Others*	84,66,868	5,73,05,814
	1,41,22,96,075	2,17,90,43,172

*It includes revenue from space on hire, insurance claims and exchange difference

II. Reconciliation of Revenue from Operation with Contract Price

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Contract Price	1,41,66,93,511	2,19,67,17,578
Less:		
Sales Returns	-	-
Customer Loyalty Program	43,97,436	1,76,74,406
Total Revenue from Operations	1,41,22,96,075	2,17,90,43,172

Note 17 : Other income

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest income on financial assets measured at amortised cost	17,017	20,192
Gain on reassessment of lease (Refer Note 34)	11,82,10,927	-
Miscellaneous income	10,945	7,47,943
Total	11,82,38,889	7,68,135

Note 18 : Purchases of stock-in-trade

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Cosmetics & Accessories	66,70,83,730	1,48,00,04,401
Total	66,70,83,730	1,48,00,04,401

Note 19 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Stock at the end of the year		
Stock-in-trade	65,35,12,924	85,29,13,212
Stock at the beginning of the year		
Stock-in-trade	85,29,13,212	64,28,55,195
Total	19,94,00,288	(21,00,58,017)

Note 20 : Employee benefits expense

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	15,61,88,034	21,77,30,790
Contribution to provident and other funds	94,91,417	1,17,20,920
Welfare and training expenses	97,00,222	93,79,263
Share based payment to employees (Refer Note 33)	2,23,31,250	2,39,45,183
Total	19,77,10,923	26,27,76,156



Note 21 : Finance costs

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest Expenses on financial liabilities measured at amortised cost		
Term Loans	58,199	3,38,507
Others	7,99,95,972	4,42,08,148
Lease Liabilities (Refer Note 34)	7,86,98,889	8,93,08,521
Other borrowing cost	-	2,63,333
Total	15,87,53,060	13,41,18,509

Note 22 : Depreciation and amortization expense

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation on Property, Plant and Equipment (Refer Note 5)	9,73,29,020	10,66,64,481
Amortization on Intangible assets (Refer Note 6)	66,01,814	93,29,071
Depreciation of right-of-use assets (Refer Note 34)	17,73,59,985	20,72,55,074
Total	28,12,90,819	32,32,48,626

Note 23 : Other expenses

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Power and fuel	2,56,01,118	4,08,11,996
Service Charges	2,80,80,000	1,92,00,000
Insurance	27,92,424	23,18,230
Printing, stationery & communication	35,51,455	51,18,501
Rent		
- Short Term leases and leases of low-value assets (Refer Note 34)	6,07,91,544	4,87,59,939
Commission, Brokerage & Discount	29,16,884	28,51,468
Rates and taxes	53,46,306	81,91,479
Provision for litigation/ disputed matters (Refer Note 14)	40,00,000	20,64,828
Repairs :		
To Others	4,88,82,564	5,72,23,852
Royalty on Sales	2,86,82,034	4,39,99,513
Freight, insurance & clearing charge	1,40,69,604	1,25,06,680
Legal & Professional charges	44,66,710	48,01,095
Housekeeping Charges	75,50,750	1,34,54,599
Security Charges	90,53,588	1,74,58,724
Conveyance & Travelling expense	19,50,869	1,42,54,565
Advertisement and Publicity	6,21,34,389	5,56,80,707
Sales Promotion	10,92,320	1,07,800
Charges for Credit Card Transactions	60,15,344	1,46,70,647
Packing Materials Expenses	67,55,869	59,27,122
Contract Labour Charges	43,83,525	48,14,131
Sundry debits written off	3,53,644	5,75,081
Sampling and Testing Expenses	9,745	5,600
Loss on sale of property, plant and equipment	2,36,122	-
Auditor's remuneration (Refer Note a below)	27,14,600	20,77,000
Bank charges	21,14,292	45,37,386
Miscellaneous expenses	40,14,471	11,77,614
Total	33,75,60,171	38,25,88,557

a. Break up of Auditor's Remuneration

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Payment to Auditors as :		
Auditors	12,00,000	12,00,000
For tax audit	3,15,000	3,15,000
For GST audit	5,00,000	-
For other certification work	5,54,600	4,54,000
For reimbursement of expenses	1,45,000	1,08,000
Total	27,14,600	20,77,000

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Note 24 : Exceptional Item

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Inventory Dormancy Provision	1,66,00,000	-
Total	1,66,00,000	-

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 25 : Income Tax

The major component of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Statement of Profit & Loss		
Deferred Tax		
Deferred tax Charge/(Credit)	(1,57,62,318)	(3,78,64,596)
Income tax expense reported in the statement of standalone profit & loss	(1,57,62,318)	(3,78,64,596)

OCI Section

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognized in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(1,45,877)	4,99,971
Deferred tax charged to OCI	(1,45,877)	4,99,971

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2021 and March 31, 2020:

A) Current tax

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Accounting loss before tax from continuing operations	(32,78,64,027)	(19,28,66,925)
Tax Rate	26%	26%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	(8,52,44,647)	(5,01,45,401)
Adjustments		
Expenditure not deductible for Tax	58,17,344	39,365
Deferred tax assets not recognised as realization is not probable	6,36,64,985	1,22,41,440
At the effective income tax	(1,57,62,318)	(3,78,64,596)
Effective Income Tax Rate %	0.00%	0.00%

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

B) Deferred tax

Particulars	Standalone Balance Sheet		Statement of Standalone Profit & Loss and Other Comprehensive Income		Impact on adoption of Ind AS 116 recognized in Retained Earnings		Standalone Balance Sheet		Statement of Standalone Profit & Loss and Other Comprehensive Income	
	As at March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2020	Income	As on April 1, 2019	As at March 31, 2020	As at March 31, 2020	Year Ended March 31, 2020		
In respect of book depreciation more than IT depreciation	4,84,90,606	(84,25,641)	-	-	-	4,00,64,965	(1,53,76,610)			
Deductible on payment bases (43B items) Expenses u/s 35 DD	44,44,515	(5,65,592)	-	-	-	38,78,923	(27,75,313)			
Unabsorbed depreciation & business loss	5,78,11,183	-	-	-	-	5,78,11,183	1,25,308			
Impact of Ind AS 116 - Leases	4,64,10,645	(6,54,048)	(3,83,22,286)	(3,83,22,286)	-	4,57,56,597	(66,77,893)			
Others	1,31,08,795	(59,71,160)	-	-	-	71,37,635	(74,34,311)			
Net deferred tax assets/(liabilities)	17,02,65,744	(1,56,16,441)	(3,83,22,286)	(3,83,22,286)	15,46,49,303	(3,83,64,567)				

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.

The Company has unused carried forward losses of Rs. 51,67,84,646/- as at March 31, 2021 (March 31, 2020: Rs. 26,94,33,165/-). Out of the same, tax credits on losses of Rs. 24,73,51,480/- (March 31, 2020: Rs. 4,70,82,462/-) have not been recognized on the basis that recovery is not probable in the foreseeable future.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening balance as at April 1	15,46,49,303	7,79,62,450
Impact on adoption of Ind AS 116 recognized in Retained Earnings	1,57,62,318	3,83,22,286
Deferred Tax income/(expense) during the period recognized in profit or loss	(1,45,877)	3,78,64,596
Deferred Tax income/(expense) during the period recognized in OCI	17,02,65,744	4,99,971
Closing balance as at March 31	17,02,65,744	15,46,49,303

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

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7 (f) : Financial Assets by category

Particulars	Amount in Rs.		
	FVTPL	FVOCI	Amortised Cost
March 31, 2021			
Trade Receivables			7,96,87,810
Loans	-	-	4,67,310
Cash and Cash equivalents	-	-	33,94,788
Other Bank Balance	-	-	61,938
Other financial assets	-	-	19,92,19,453
Total Financial Assets	-	-	28,28,31,299
March 31, 2020			
Loans	-	-	10,58,576
Cash and Cash equivalents	-	-	6,72,846
Other Bank Balance	-	-	2,00,000
Other financial assets	-	-	18,44,20,287
Total Financial Assets	-	-	18,63,51,709

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

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

Note 8 : Other assets

(Unsecured, considered good unless otherwise stated)

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Non-current		
Capital advances	-	21,72,745
		21,72,745
Current		
Advances		
Advance to others	38,81,216	1,18,26,736
Prepaid expenses	16,88,429	16,51,083
Balance with Government Authorities (Refer note 1 below)	6,34,81,517	11,01,49,807
Balance with collectorate of central excise and customs	2,47,529	14,33,806
	6,92,98,691	12,50,61,432
Total	6,92,98,691	12,72,34,177

Advance to directors or to firm/private company where director is interested

Note :

1. Balance with Government Authorities mainly consist of input credit availed.

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

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Stock-in-trade	64,75,29,683	84,92,19,668
Packing materials	59,83,241	36,93,544
Total	65,35,12,924	85,29,13,212

1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realizable value, for Rs. 4,76,53,986 (March 31, 2020: Rs. 3,33,74,801/-). The changes in write downs are recognized as an expense in the Statement of profit and loss.

Note 10 : Current Tax Assets (Net)

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Tax Paid in Advance (Net of Provision)	1,28,99,480	1,19,10,645
Total	1,28,99,480	1,19,10,645

net



Note 11 : Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Authorised share capital				
Equity shares of Rs. 10 each (March 31, 2020: Rs. 10 each)	10,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued and subscribed share capital				
Equity shares of Rs. 10 each (March 31, 2020: Rs. 10 each)	76,89,488	7,68,94,880	76,89,488	7,68,94,880
Subscribed and fully paid up				
Equity shares of Rs. 10 each (March 31, 2020: Rs. 10 each)	76,89,488	7,68,94,880	76,89,488	7,68,94,880
Total	76,89,488	7,68,94,880	76,89,488	7,68,94,880

11.1. Reconciliation of shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	76,89,488	7,68,94,880	76,89,488	7,68,94,880
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the period	76,89,488	7,68,94,880	76,89,488	7,68,94,880

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. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.3. Shares held by holding company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Arvind Fashions Limited (along with nominees)	76,89,488	7,68,94,880	76,89,488	7,68,94,880

11.4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited (along with nominees)	76,89,488	100%	76,89,488	100%

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

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Notes to the Financial Statements

Note 26 : Contingent liabilities

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Contingent liabilities not provided for		
Disputed demands in respect of Sales tax and VAT	- 1,54,61,739	- 46,88,639

Notes :

- (a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (b) The Company does not expect any reimbursements in respect of the above Contingent liabilities
- (c) 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 operations.
- (d) 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 27 : Capital commitments

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	45,07,419	3,57,17,461
Other commitments	-	-

Note 28 : Foreign Exchange Exposures not hedged

A. Exposure Not Hedged

Nature of exposure	Currency	As at March 31,2021		As at March 31,2020	
		Amount In FC	Amount in Rs.	Amount In FC	Amount in Rs.
Payable to creditors	USD	35,690	26,09,273	32,331	24,46,297
Payable to creditors	AED	48,200	9,59,421	63,000	12,97,800

Note 29 : Segment Reporting

Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The company's business activity falls within a single operating business segment of retail trade of Cosmetics & Accessories through retail and departmental store facilities.

Geographical segment

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

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Segment Revenue*		
a) In India	1,41,22,96,075	2,17,90,43,172
b) Rest of the world	-	-
Total Sales	1,41,22,96,075	2,17,90,43,172
Carrying Cost of Segment Assets**		
a) In India	2,05,50,93,224	2,44,29,22,603
b) Rest of the world	-	-
Total	2,05,50,93,224	2,44,29,22,603
Carrying Cost of Segment Non Current Assets**@		
a) In India	86,62,85,086	1,11,20,36,302
b) Rest of the world	-	-
Total	86,62,85,086	1,11,20,36,302

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Assets

Information about major customers (revenues from single external customer more than 10% of total revenue):

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



Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 30 : Disclosure pursuant to Employee benefits

A Defined Contribution Plans

The following amounts are recognized as expense and included in Note 20 "Employee benefit expenses"

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Provident Fund	54,84,826	55,63,582
Contributory Pension Scheme	32,50,191	39,89,289
	87,35,017	95,52,871

Note:

Employees of the Company, other than covered in Provident Fund Trust, 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 covered 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, other than covered in Provident Fund Trust, 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 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 the Company.

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 Life Insurance Corporation - Insurance product.

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.

March 31, 2021: Changes in defined benefit obligation and plan assets

2020-21	Gratuity cost charged to statement of profit and loss				Return on plan assets (excluding amounts included in net interest expense)			Remeasurement gains/(losses) in other comprehensive income			Increase (decrease) due to effect of business combination	Contributions by employer	Amount in Rs.
	April 1, 2020	Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 20)	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			
Gratuity defined benefit obligation	(53,41,265)	(15,59,878)	(2,99,608)	(18,59,486)	13,00,046	67,366	4,09,940	56,945	5,34,251	62,534	-	(53,03,920)	
Fair value of plan assets	25,00,539	-	1,20,301	1,20,301	(13,00,046)	26,816	-	-	26,816	-	533	13,48,143	
Total benefit liability	(28,40,726)	(15,59,878)	(1,79,307)	(17,39,185)	13,00,046	67,366	4,09,940	56,945	5,61,067	62,534	533	(39,55,777)	

March 31, 2020: Changes in defined benefit obligation and plan assets

2019-20	Gratuity cost charged to statement of profit and loss				Return on plan assets (excluding amounts included in net interest expense)			Remeasurement gains/(losses) in other comprehensive income			Increase (decrease) due to effect of business combination	Contributions by employer	Amount in Rs.
	April 1, 2019	Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 20)	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			
Gratuity defined benefit obligation	(26,14,686)	(8,26,410)	(1,55,176)	(9,81,586)	1,91,879	(6,85,781)	1,12,497	(13,63,588)	(19,36,872)	13,907	-	(53,41,265)	
Fair value of plan assets	25,13,517	-	1,64,415	1,64,415	(1,91,879)	13,907	-	-	13,907	-	579	25,00,539	
Total benefit liability	(1,01,169)	(8,26,410)	9,239	(8,17,171)	-	(6,85,781)	1,12,497	(13,63,588)	(19,22,965)	-	579	(28,40,726)	

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
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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, 2021	Year Ended March 31, 2020
Others (Insurance company Products)	100%	100%
(%) of total plan assets	100%	100%

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Discount rate	6.20%	6.50%
Future salary increase	5.52% for Front End Employees	8.60% for Front End Employees
Expected rate of return on plan assets	5.64% for Others	7.40% for others
Attrition rate	6.20%	6.50%
Mortality rate during employment	34.2% for Front End Employees	34% for Front End Employees
	12.8% for Others	9.3% for Others
	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

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

Particulars	Sensitivity level	Amount in Rs.	
		Increase / (Decrease) in defined benefit obligation Year Ended March 31, 2021	Year Ended March 31, 2020
Gratuity			
Discount rate	50 basis points increase	(1,13,393)	(1,24,342)
	50 basis points decrease	1,18,635	1,31,263
Salary increase	50 basis points increase	99,319	96,815
	50 basis points decrease	(98,193)	(95,729)
Attrition rate	50 basis points increase	(28,340)	(34,861)
	50 basis points decrease	28,399	34,949

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, 2021	Year Ended March 31, 2020
Gratuity		
Within the next 12 months (next annual reporting period)	8,19,805	13,43,741
Between 2 and 5 years	32,83,733	25,37,014
Beyond 5 years	18,51,187	17,89,984
Total expected payments	59,54,725	56,70,739

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

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Gratuity	5 years	5 years

The company does not have any contributions expected towards planned assets for the next year

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 Company has recognised following as expenses and included in Note No. 20 "Employee benefit expense".

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Leave encashment	23,52,980	31,48,589
	23,52,980	31,48,589



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**Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements**

Note 31 : Related Party Transactions

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

Name of Related Parties	Period
Holding Company Arvind Fashions Limited	
Fellow Subsidiary Company Arvind Lifestyle Brands Limited Tommy Hilfiger Arvind Fashion Private Limited PVH Arvind Fashion Private Limited (previously known as Calvin Klein Arvind Fashion Private Limited Arvind Youth Brands Private Limited Value Fashion Retail Limited	up to September 8, 2020 w.e.f. February 27, 2020 w.e.f. March 6, 2020

Enterprise having significant influence by Key Managerial Personnel

Arvind Limited
Arvind Ruf & Tuf Private Limited
Arvind True Blue Limited
Arvind Premium Retail Limited
Arvind Smart Textile Limited

Enterprise having significant influence by Non Executive Director

Arvind Goodhill Suit Manufacturing Private Limited
Arvind Envisol Limited

Key Managerial Personnel - Directors

Pramod Kumar Gupta
Shailesh Chaturvedi
Suresh Jayaraman
Ashishkumar Srivastava
Aamir Akhtar
Susheel Kaul

w.e.f. June 1, 2019

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



Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

b Transactions with related parties for the year ended March 31, 2021 and March 31, 2020.

Particulars	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director
Receiving of Services - Shared services				
March 31, 2021	-	5,69,05,446	-	-
March 31, 2020	11,200	8,93,97,492	-	-
Receiving of Services - Commission				
March 31, 2021	-	-	-	-
March 31, 2020	-	-	-	-
Receiving of Services - Others				
March 31, 2021	-	1,43,34,416	-	-
March 31, 2020	-	28,57,949	-	-
Rendering of Services - Shared service				
March 31, 2021	-	-	-	-
March 31, 2020	-	-	-	-
Interest Expense				
March 31, 2021	2,46,93,004	1,74,70,411	-	-
March 31, 2020	4,27,65,583	-	-	-
Issue of shares				
March 31, 2021	25,00,00,000	-	-	-
March 31, 2020	-	-	-	-
Loan Taken/(Repayment of Loan)				
March 31, 2021	(57,00,00,000)	7,00,00,000	-	-
March 31, 2020	22,20,20,810	-	-	-

c Balances

Particulars	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director
Payable in respect of Loans				
March 31, 2021	2,36,75,726	8,61,60,130	-	-
March 31, 2020	57,08,34,697	-	-	-
Guarantee payable				
March 31, 2021	30,00,00,000	-	-	-
March 31, 2020	-	-	-	-
Payable in respect of Current Liabilities				
March 31, 2021	10,24,28,313	-	-	12,36,936
March 31, 2020	-	-	-	-
Receivable in respect of Current Assets				
March 31, 2021	-	14,31,05,699	-	-
March 31, 2020	56,184	12,59,07,422	-	-

d The amounts recognised as an expense during the year for share based payment in respect of Directors is Rs 2,23,31,250/- (March 31, 2020: Rs. 2,39,45,183/-).

e 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 at the year-end are unsecured and interest free and settlement occurs in cash.
- 2) Loans in INR taken from the related party carries interest rate of 8.50% (March 31, 2020 : 8.50%)

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Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements

Note 32 : Earnings per share (Basic and Diluted)

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Profit/(Loss) attributable to ordinary equity holders	(31,21,01,709)	(15,50,02,329)
Total no. of equity shares at the end of the year	76,89,488	76,89,488
Weighted average number of equity shares		
For basic EPS	76,89,488	76,89,488
For diluted EPS	77,10,035	76,89,488
Nominal value of equity shares	10	10
Basic earnings per share	(40.59)	(20.16)
Diluted earnings per share	(40.48)	(20.16)
Weighted average number of equity shares		
Weighted average number of equity shares for basic	76,89,488	76,89,488
Effect of dilution: Share application money pending allotment	20,547	-
Weighted average number of equity shares adjusted	77,10,035	76,89,488

Note 33 : Share based payments

Arvind Fashions Limited, the Holding Company (AFL) has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and employee stock option scheme 2018("ESOP 2018"). As on March 31, 2021, AFL has 19,85,522 options outstanding under ESOP 2016 and 3,15,200 options outstanding under ESOP 2018 in lieu of demerger under the scheme and convertible into equal number of equity shares of face value of Rs 4 each.

Expense arising from share-based payment transactions

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

Particulars	Amount in Rs.	
	2020-21	2019-20
Employee option plan	2,23,31,250	2,39,45,183
Total employee share based payment expense	2,23,31,250	2,39,45,183



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Notes to the Financial Statements

Note 34 : Leases

- A. 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. 94,67,24,480/- 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. 79,93,31,069/- 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. 10,90,71,125/- (net of deferred tax asset of Rs. 3,83,22,286/-) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.
- B. The Company 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	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Balance at the beginning of the year	80,03,49,698	-
Recognition of ROU Asset on adoption of Ind AS 116	-	79,93,31,069
Additions	1,47,43,451	20,82,73,703
Deletions	-	-
Depreciation	(17,73,59,985)	(20,72,55,074)
Balance at the end of the year	63,77,33,164	80,03,49,698

D. Movement in lease liabilities

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Balance at the beginning of the year	97,62,64,709	-
Recognition of Lease Liability on adoption of Ind AS 116	-	94,67,24,480
Additions	1,47,43,451	20,82,73,703
Deletions	-	-
Finance cost accrued during the year	7,86,98,889	8,93,08,521
Adjustment due to Rent Waivers (Refer Note a below)	(11,82,10,927)	-
Payment of lease liabilities	(13,02,65,912)	(26,80,41,995)
Balance at the end of the year	82,12,30,210	97,62,64,709

Note a: The Ministry of Corporate Affairs vide notification dated July 24, 2020, issued an amendment to Ind AS 116-Leases, by inserting a practical expedient w.r.t "Covid-19-Related Rent Concessions" effective from the period beginning on or after April 01, 2020. Pursuant to the above amendment, the Group has applied the practical expedient by accounting the unconditional rent concessions of Rs. 11,82,10,927/- for year ended March 31, 2021 in Other Income.

E. Contractual maturities of lease liabilities

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Less than one year	15,30,69,435	15,94,87,476
One to five years	55,94,64,509	62,89,18,469
More than five years	10,86,96,266	18,78,58,764
Total	82,12,30,210	97,62,64,709

- F. The Company 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.

- G. The amount recognised in the statement of profit or loss are as follows:

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation expense of right-of-use assets	9,73,29,020	10,66,64,481
Interest expense on lease liabilities	7,86,98,889	8,93,08,521
Rent expense - short-term lease and leases of low value assets	6,07,91,544	4,87,59,939
Total	23,68,19,453	24,47,32,941

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**Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Notes to the Financial Statements**

Note 35 : Fair value disclosures for financial assets and financial liabilities

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

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Financial liabilities		
Borrowings		
Carrying Amount	41,03,14,404	57,30,33,563
Fair Value	41,03,14,404	57,30,33,563

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 36 : Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2021 and March 31, 2020

Particulars	Date of valuation	Total	Fair value measurement using			Amount in Rs.
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Liabilities measured at fair value						
	March 31, 2021	41,03,14,404	-	41,03,14,404	-	-
	March 31, 2020	57,30,33,563	-	57,30,33,563	-	-

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.



Note 37 : Financial instruments risk management objectives and policies

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

The company's risk management is carried out by a Treasury department under policies approved by the Board of directors. The 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 analyze and manage risk, the company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at respective period/year end including the effect of hedge accounting, if any.

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, 2021, approximately 27% of the Company's Borrowings are at fixed rate of interest (March 31, 2020: 100%)

Interest rate sensitivity

- 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.

Particulars	Effect on profit before tax
March 31, 2021	
Increase in 50 basis points	(15,00,000)
Decrease in 50 basis points	15,00,000
March 31, 2020	
Increase in 50 basis points	-
Decrease in 50 basis points	-

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 28.

Foreign currency sensitivity

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

Particulars	Amount in Rs.			
	Change in USD rate	Effect on profit before tax	Change in AED rate	Effect on profit before tax
March 31, 2021	+2%	(52,185)	+2%	(19,188)
	-2%	52,185	-2%	19,188
March 31, 2020	+2%	(48,926)	+2%	(25,956)
	-2%	48,926	-2%	25,956

(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 Company 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 Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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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 of March 31, 2021 and March 31, 2020 is the carrying amount as disclosed in Note 35.

(c) Liquidity risk

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

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

Particulars	Amount in Rs.	
	Less than 1 year	1 year or more
As at March 31, 2021		
Interest bearing borrowings	41,00,87,707	2,26,697
Lease Liabilities	15,30,69,435	66,81,60,775
Trade payables	36,29,01,897	-
Other financial liabilities	1,76,73,796	-
	94,37,32,835	66,83,87,472
As at March 31, 2020		
Interest bearing borrowings	57,18,86,187	11,47,376
Lease Liabilities	15,94,87,476	81,67,77,233
Trade payables	38,90,76,882	-
Other financial liabilities	1,68,48,643	-
	1,13,72,99,188	81,79,24,609

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.

Note 38 : Capital management

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

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

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Interest-bearing loans and borrowings (Note 13(c))	41,03,14,404	57,30,33,563
Less: Cash and Cash equivalent (including other bank balance and book overdraft)	(34,56,726)	(5,40,167)
Net debt	40,68,57,678	57,24,93,396
Equity share capital (Note 11)	7,68,94,880	7,68,94,880
Other equity (Note 12)	33,28,75,875	37,22,31,144
Total capital	40,97,70,755	44,91,26,024
Capital and net debt	81,66,28,433	1,02,16,19,420
Gearing ratio	49.82%	56.04%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021, March 31, 2020.

Note 39 : COVID-19

Due to Covid19, the fashion business has been severely impacted. This initially led to lower sales, resulting into inventory build-up and slower collection of receivables. With easing of lockdown restrictions, the Company's performance for the subsequent quarters has been progressively better, until the same was once again impacted somewhat in the current quarter due to second wave of Covid 19.

With objectives of faster releasing cash and have fresh inventory offered to customers, the Company decided to offer higher discounts to liquidate old inventory rapidly. In order to achieve these objectives, the Company has made additional provision on inventory dormancy, which is disclosed under exceptional items.

The Company believes that this pandemic is not likely to impact the recoverability of the carrying value of its assets further. The Company is closely monitoring the developments and possible effects that may result from the present pandemic on its financial condition, liquidity and operations and working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Financials.

Note 40 : Code of Social Security, 2020

The Parliament of India has approved the Code of Social Security, 2020 (the Code) which may impact the contribution by the Company towards Provident Fund, Gratuity and ESIC. The Code have been published in the Gazette of India. However effective date has yet not been notified. The Company will assess the impact of the Code and will record related impact in the period it becomes effective.

Note 41 : New Accounting Pronouncements to be adopted after March 31, 2021

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 Company in the current or future reporting periods.

Note 42 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform with those of current year.

Note 43 : Events occurring after the reporting period

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of June 3, 2021, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

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