

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

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AHMEDABAD-380 009

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ARVIND FASHIONS LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Arvind Fashions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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 standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 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 standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Emphasis of Matter Paragraph**

We draw your attention to Note 42 of the standalone financial statements which explains the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

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

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**A. Recognition of Revenue from Contracts with Customers**

**Key Audit Matter Description**

Revenue recognition involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, estimate of variable consideration, reduction of revenue on the basis of consideration payable to customers in the form of loyalty points, determination of Principal versus agent consideration, recognition of contract assets and refund liability that is amount of returns, and discounts that have been incurred and not yet settled with the customer. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Refer Note 4 and 16 to the Standalone Financial Statements

**How the Key Audit Matter Was Addressed in the Audit**

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.
- Selected a sample of continuing and new contracts and performed the following procedures:
  - Read, analyzed and identified the distinct performance obligations in these contracts and compared these performance obligations with that identified and recorded by the Company.
  - Considered the terms of the contracts to determine (a) the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration; (b) for determination of Principal versus agent consideration, recognition of contract assets and refund liability including historical trend of returns.
  - Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
  - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
  - Analysed returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.

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

- We reviewed the collation of information to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

### **B. Valuation of Inventory**

#### **Key Audit Matter Description**

Valuation of inventory requires (a) measurement of cost to be recognised as an inventory and carried forward until the related revenues are recognised; (b) any write-down to net realisable value; (c) identification of slow moving stock; and (d) accuracy of expected selling prices, particularly for products with significant time lapse between manufacture and ultimate date of sale of product to the consumer. These include inherently subjective judgements about forecast future demand with the risk increased due to recent situation of COVID 19 and estimated net realisable value at the time the product is expected to be sold based upon a detailed analysis of old season inventory.

Refer Note 4 and 9 to the Standalone Financial Statements

#### **How the Key Audit Matter Was Addressed in the Audit**

We assessed the Company's process to identify and measurement of all costs which comprise of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to identification and measurement of cost of inventory, slow moving goods and estimated net realisable value;
- Selected sample of Inventory to verify the correctness of cost components.
- Tested the relevant information technology systems generating report of slow moving goods specifically in relation to validity and completeness of the inventory flags and season codes applied;
- Performed sample testing for accuracy of net realizable value of inventory including slow moving goods with sales invoices;
- Validated cost write-down to estimated net realizable value.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

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

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


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

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

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

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

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



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### **Other Matters**

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

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

### **Report on Other Legal and Regulatory Requirements**

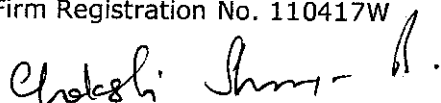
1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



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

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 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 standalone financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There have been no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
UDIN: 21100892AAAALM1572

Ahmedabad  
June 03, 2021

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

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.

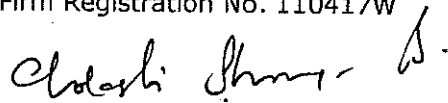
### **Limitations of Internal Financial Controls Over Financial Reporting**

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



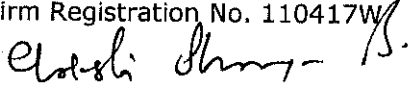
**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892

Ahmedabad  
June 03, 2021

**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 03, 2021



**Arvind Fashions Limited**  
CIN - L52399GJ2016PLC085595  
**Standalone Balance Sheet as at March 31, 2021**

Rs. In Crores

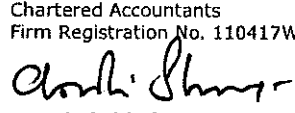
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	5	20.92	31.01
(b) Intangible assets	6	20.78	26.69
(c) Financial assets			
(i) Investments	7 (a)	1,754.30	1,301.48
(ii) Loans	7 (c)	0.01	0.03
(iii) Other financial assets	7 (f)	13.69	18.15
(d) Deferred tax assets (net)	26	19.35	19.81
(e) Other non-current assets	8	0.57	0.19
<b>Total non-current assets</b>		<b>1,829.62</b>	<b>1,397.36</b>
<b>II. Current assets</b>			
(a) Inventories	9	108.80	247.93
(b) Financial assets			
(i) Investments	7 (a)	-	-
(ii) Trade receivables	7 (b)	119.59	185.97
(iii) Cash and cash equivalents	7 (d)	0.65	8.00
(iv) Bank balances other than (iii) above	7 (e)	0.07	0.22
(v) Loans	7 (c)	43.09	110.86
(vi) Others financial assets	7 (f)	2.05	0.47
(c) Current tax assets (net)	10	5.98	15.18
(d) Other current assets	8	46.10	66.75
<b>Total current assets</b>		<b>326.33</b>	<b>635.38</b>
<b>Total Assets</b>		<b>2,155.95</b>	<b>2,032.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	42.43	23.47
(b) Other equity	12	1,752.55	1,325.79
<b>Total equity</b>		<b>1,794.98</b>	<b>1,349.26</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13 (a)	49.39	20.97
(ii) Other financial liabilities	13 (c)	1.94	4.14
(b) Long-term provisions	14	3.43	4.55
<b>Total non-current liabilities</b>		<b>54.76</b>	<b>29.66</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13 (a)	70.37	234.42
(ii) Trade payables	13 (b)		
a) Total outstanding dues of micro enterprises and small enterprises		17.65	57.97
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		199.48	338.42
(iii) Other financial liabilities	13 (c)	11.88	18.90
(b) Other current liabilities	15	6.27	3.57
(c) Short-term provisions	14	0.56	0.54
<b>Total current liabilities</b>		<b>306.21</b>	<b>653.82</b>
<b>Total Equity and Liabilities</b>		<b>2,155.95</b>	<b>2,032.74</b>

Significant Accounting Policies

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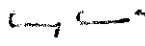
The accompanying notes are an integral part of these Standalone Financial Statements.

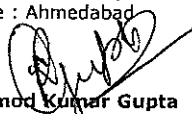
In terms of our report attached  
For **Sorab S. Engineer & Co.**  
Chartered Accountants  
Firm Registration No. 110417W


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

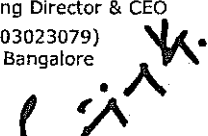
Place : Ahmedabad  
Date : June 03, 2021

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

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

  
**Pramod Kumar Gupta**  
Chief Financial Officer  
Place : Bangalore  
Date : June 03, 2021

  
**Shailesh Chaturvedi**  
Managing Director & CEO  
(DIN - 03023079)  
Place : Bangalore

  
**Vijaykumar B. S.**  
Company Secretary  
Place : Bangalore

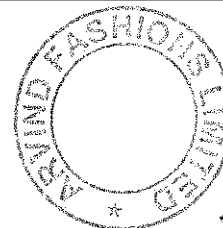
Arvind Fashions Limited  
CIN - L52399GJ2016PLC085595  
Standalone Statement of Cash Flows for the year ended March 31, 2021

Particulars	Rs. In Crores	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>A Operating activities</b>		
Profit/(Loss) Before taxation	(59.69)	(7.33)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation/Amortization	17.54	13.04
Interest Income	(10.20)	(8.22)
Gain on Reassessment of Lease	-	(0.05)
Interest and Other Borrowing Cost	31.43	37.32
Allowance for doubtful debts	6.00	2.55
Sundry debits written off	0.03	0.28
Provision for Litigation/Disputes	-	0.45
Bad debts written off	-	0.09
Foreign Exchange Difference	(0.55)	1.04
Financial guarantee commission	(3.98)	(3.72)
(Profit)/Loss on Sale of Property, Plant & Equipment /Intangible assets	(0.01)	0.33
Share based payment expense	2.20	0.48
<b>Operating Profit before Working Capital Changes</b>	<b>(17.23)</b>	<b>36.26</b>
Working Capital Changes:		
(Increase)/Decrease in Inventories	94.39	1.21
(Increase)/Decrease in Trade receivables	(4.33)	(41.22)
(Increase)/Decrease in Other financial assets	2.89	(3.67)
(Increase)/Decrease in Other bank balances	0.15	(0.19)
(Increase)/Decrease in Other assets	14.42	3.79
Increase/(Decrease) in Trade payables	(113.44)	22.41
Increase/(Decrease) in Other financial liabilities	(2.62)	(2.88)
Increase/(Decrease) in Provisions	(1.10)	(0.84)
Increase/(Decrease) in Other liabilities	2.77	(13.16)
<b>Net Changes in Working Capital</b>	<b>(6.87)</b>	<b>(34.55)</b>
<b>Cash Generated from Operations</b>	<b>(24.10)</b>	<b>1.71</b>
Direct Taxes paid (Net of Income Tax refund)	9.19	(1.94)
<b>Net Cash flow received/ (used in) Operating Activities</b>	<b>(14.91)</b>	<b>(0.23)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment/Intangible assets	(6.15)	(25.58)
Proceeds from disposal of Property, Plant & Equipment/Intangible assets	0.77	1.52
Purchase of Long term Investments	(445.71)	(50.00)
Changes in Loans and Advances	67.80	(79.26)
Proceeds from sale of undertaking	52.00	-
Interest Received	10.19	8.22
<b>Net cash flow received/ (used in) Investing Activities</b>	<b>(321.10)</b>	<b>(145.10)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Issue of share capital	499.30	9.30
Changes in Share application money	-	(8.51)
Changes in long term borrowings	29.07	2.86
Changes in short term borrowings	(163.50)	181.68
Repayment of Lease Liabilities	-	(0.78)
Interest and Other Borrowing Cost Paid	(36.21)	(32.38)
<b>Net Cash flow received/ (used in) Financing Activities</b>	<b>328.66</b>	<b>152.17</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>(7.35)</b>	<b>6.84</b>
Cash & Cash equivalent at the beginning of the year	8.00	1.16
Cash & Cash equivalent at the end of the year	0.65	8.00

Figures in brackets indicate outflows.

Particulars	Rs. In Crores	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash and cash equivalents comprise of: (Note 7(d))</b>		
Cash on Hand	-	-
Balances with Banks	0.65	8.00
<b>Cash and cash equivalents</b>	<b>0.65</b>	<b>8.00</b>

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



Arvind Fashions Limited  
CIN - 152399G2016PLC085595  
Standalone Statement of Changes in Equity

A. Equity share capital

	Rs. In Crores
Balance	Note 11
As at April 1, 2019	23.20
Add : Shares allotted pursuant to exercise of Employee Stock Option Plan	0.27
As at March 31, 2020	23.47
Add: Issue of fully paid up shares (Refer Note 11.4)	15.99
Add: Issue of partly paid up shares (Refer Note 11.4)	2.96
Add : Shares allotted pursuant to exercise of Employee Stock Option Plan	0.01
As at March 31, 2021	42.43

B. Other equity

Particulars	Attributable to the equity holders						Total equity	
	Share Application		Reserves and Surplus		Items of Other Comprehensive Income			
	Money Pending Allotment	Share Based Payment Reserve	Securities premium	Retained Earnings	Cash Flow Hedge Reserve	Net Gain/(Loss) on FVOCI Equity Instruments		
	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Rs. In Crores	
Balance as at April 1, 2019	8.51	3.60	1,160.59	108.61	45.39	(0.05)	(Rs. 4,272)	1,326.65
Profit/ (Loss) for the year	-	-	-	(4.89)	-	-	-	(4.89)
Other comprehensive income/(loss) for the year	-	-	-	(0.17)	-	-	-	(0.17)
Total Comprehensive income/ (loss) for the year	-	-	-	(5.06)	-	-	(Rs. 4,272)	(5.06)
Addition during the year	-	3.73	9.03	-	-	-	-	12.76
Impact on adoption of Ind AS 116	-	-	-	(0.16)	-	-	-	(0.16)
Tax Impact on adoption of Ind AS 116	-	-	-	0.06	-	-	-	0.06
Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	-	-	-	(Rs. 4,272)	-	-	(Rs. 4,272)	-
Shares issued during the year	(8.51)	-	-	-	-	-	-	(8.51)
Reclassified to profit and loss	-	-	-	-	-	-	-	0.05
Transfer to securities premium	-	(0.90)	-	-	-	-	-	(0.90)
Transfer from share based payment reserve	-	-	0.90	-	-	-	-	0.90
Balance as at March 31, 2020	-	6.43	1,170.52	103.45	45.39	-	-	1,325.79
Balance as at April 1, 2020	-	6.43	1,170.52	103.45	45.39	-	-	1,325.79
Profit/ (Loss) for the year	-	-	-	(59.41)	-	-	-	(59.41)
Other comprehensive income/(loss) for the year	-	-	-	0.01	-	-	-	0.01
Total Comprehensive income/ (loss) for the year	-	-	-	(59.40)	-	-	-	(59.40)
Addition during the year	-	5.82	484.56	-	-	-	-	490.38
Equity issue expenses adjusted during the year	-	-	(4.22)	-	-	-	-	(4.22)
(Refer Note 11.4)	-	(1.02)	-	-	-	-	-	(1.02)
Transfer to securities premium	-	-	1.02	-	-	-	-	1.02
Transfer from share based payment reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	-	11.23	1,651.88	44.05	45.39	-	-	1,752.55

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

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 03, 2021

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

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

Shailesh Chaturvedi  
Managing Director & CEO  
(DIN - 03023079)  
Place : Bangalore

Pramod Kumar Gupta  
Chief Financial Officer  
Place : Bangalore  
Date : June 03, 2021

Vijaykumar P. S.  
Company Secretary  
Place : Bangalore

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 1. Corporate Information

Arvind Fashions Limited ("the Company") is a public limited company incorporated in India under the provisions of the Companies Act, 2013 and has its registered office at Arvind Limited Premises, Naroda Road, Ahmedabad - 380025 having CIN L52399GJ2016PLC085595. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited ("the Stock Exchanges"). The Company is marketing in India the branded apparel under various brands.

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

The Company and its subsidiaries have diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, topwear, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online). It also operates apparel value retails stores UNLIMITED through subsidiary company.

The Company's Standalone Financial Statements were approved by Board of Directors in the meeting held on June 3, 2021.

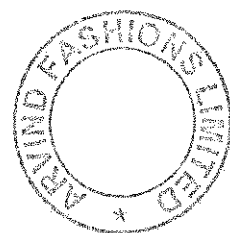
### 2. Statement of Compliance and Basis of Preparation

#### 2.1 Basis of Preparation and Presentation and Statement of Compliance

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

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

The Standalone Financial Statements comprising of Standalone Balance Sheet, Standalone Statement of Profit and Loss including other comprehensive income, Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows as at March 31, 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to Standalone financial statement.



## 2.2 Historical Cost Convention

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

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

## 2.3 Rounding of Amount

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

## 3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its Standalone Financial Statements – consistently to all the periods presented:

### 3.1. Current versus non-current classification

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

An asset is current when it is:

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

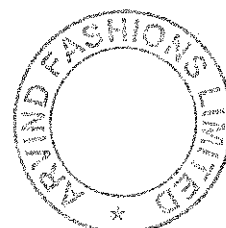
All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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



## **Operating cycle**

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

## **Non-Current Assets classified as held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

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

## **Discontinued operation**

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

## **3.2. Use of estimates and judgements**

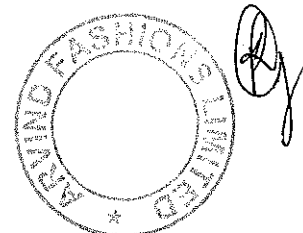
The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

## **3.3. Business combinations and goodwill**

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

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



interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

### **Business Combination under Common Control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Standalone Financial Statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

Acquisition-related costs are expensed as incurred.

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

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

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual



terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

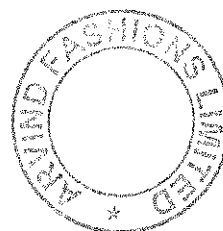
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired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

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted





through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### **3.4.Foreign currencies**

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

#### **Transactions and balances**

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

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

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

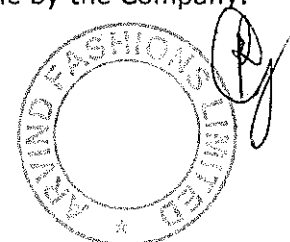
### **3.5.Fair value measurement**

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

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

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

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



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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

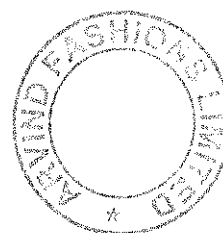
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as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

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

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

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

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



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

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

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

### **3.6. Property, plant and equipment**

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

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

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

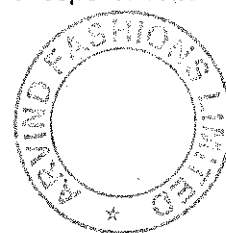
#### **Derecognition**

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

#### **Depreciation**

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

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Asset	Estimated Useful Life
Buildings	20 Years
Plant & Machinery	6 to 15 Years
Office Equipment	6 to 8 Years
Furniture & Fixture	6 to 9 Years
Motor Cars	4 Years

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

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013. Any change in useful file are being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

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

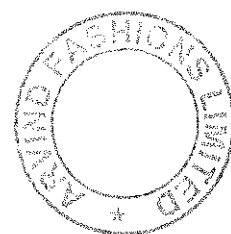
### 3.7. Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include 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.

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

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

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

### **The Company as a lessor**

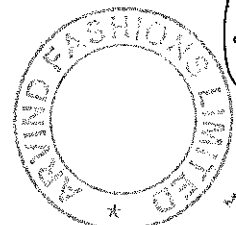
Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

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

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

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



### **3.8. Borrowing cost**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

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

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

### **3.9. Intangible Assets**

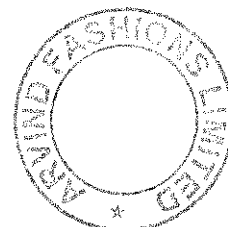
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs,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

The useful lives of intangible assets are assessed as finite.

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

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

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



### **Amortisation**

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

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

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

### **3.10. Inventories**

Trims and Accessories, Stock-in-trade and Packing Materials are valued at the lower of cost and net realisable value.

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

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

All other inventories are valued at cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **3.11. Impairment of non-financial assets**

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

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

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

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

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

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

### **3.12. Revenue Recognition**

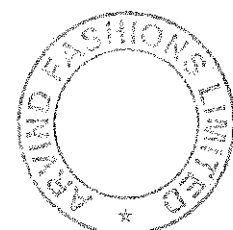
The Company derives revenues primarily from sale of traded goods and related services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in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

#### **a) Sale of goods**

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

#### **Variable consideration**

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





customers with a right of return and discounts. The rights of return and discounts give rise to variable consideration.

**i. Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

**ii. Discounts**

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

**b) Contract balances**

**i. Contract assets**

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

**ii. Trade receivables**

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

**iii. Contract liabilities**

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

**c) Assets and liabilities arising from rights of return**

**i. Right of return assets**

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



## **ii. Refund liabilities**

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

## **d) Sale of goods – customer loyalty programme (deferred revenue)**

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

## **e) Rendering of services**

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.

Revenue from other services are recognised based on the services rendered in accordance with the terms of contracts on the basis of work performed.

## **f) Gift Vouchers**

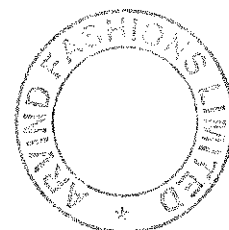
The amount collected on sale of a gift voucher is recognized as a liability and transferred to revenue (sales) when redeemed or to revenue (sale of services) on expiry.

## **g) Interest income**

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

## **h) Profit or loss on sale of Investments**

Profit or Loss on sale of investments is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.



### **i) Insurance claims**

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

### **j) Export Incentive**

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

## **3.13. Financial instruments – initial recognition and subsequent measurement**

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

### **a) Financial assets**

#### **(i) Initial recognition and measurement of financial assets**

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

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

#### **(ii) Subsequent measurement of financial assets**

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

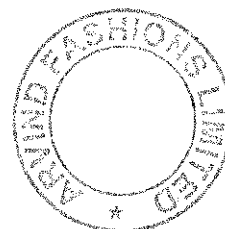
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

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

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

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

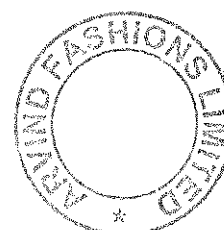
After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

- **Equity instruments:**

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

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

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



### **(iii) Derecognition of financial assets**

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

### **(iv) Reclassification of financial assets**

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

### **(v) Impairment of financial assets**

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance



- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

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

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- Right Of Use Assets resulting from transactions within the scope of Ind AS 116

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

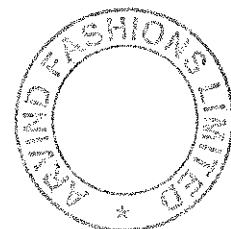
For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected



in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

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

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

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

## **b) Financial Liabilities**

### **(i) Initial recognition and measurement of financial liabilities**

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

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

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

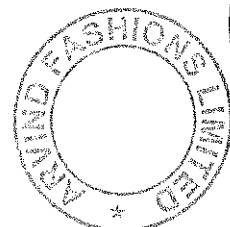
### **(ii) Subsequent measurement of financial liabilities**

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

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

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

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



are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

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

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

This category generally applies to borrowings.

**(iii) Derecognition of financial liabilities**

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

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

**c) Derivative financial instruments and hedge accounting**

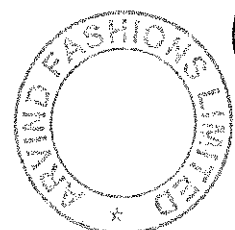
**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment





At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

**(i) Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

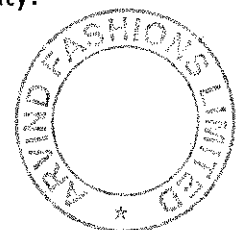
If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

**(ii) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.



If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### **d) Offsetting of financial instruments**

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

### **3.14. Cash and cash 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.

### **3.15. Taxes**

Tax expense comprises of current income tax and deferred tax.

#### **Current income tax**

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

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

#### **Deferred tax**

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

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

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



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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

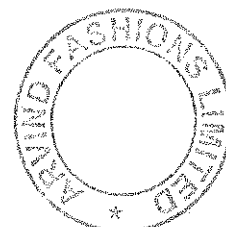
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit



asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

### **3.16. Employee Benefits**

#### **a) Short Term Employee Benefits**

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

#### **b) Post-Employment Benefits**

##### **(i) Defined contribution plan**

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

##### **(ii) Defined benefit plan**

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

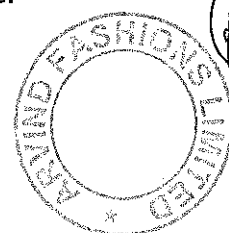
Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately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

#### **c) Other long term employment benefits:**

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

#### **d) Termination Benefits:**

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



### 3.17. Share-based payments

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

#### Equity-settled transactions

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

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

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

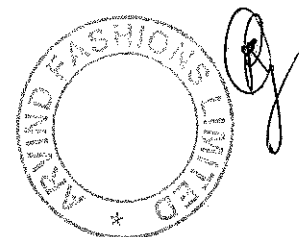
No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied,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

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

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

### 3.18. Earnings per share

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



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

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### **3.19.Provisions and Contingencies**

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

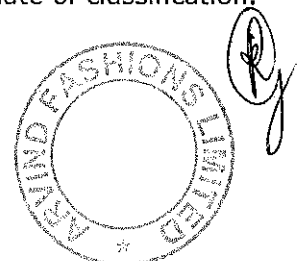
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Standalone Financial Statements.

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

### **3.20.Non-current assets held for sale/ distribution to owners and discontinued operations**

The Company classifies non-current assets (or disposal Company) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.



The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less cost to sell. A gain is recognised for any subsequent increases in the fair value less cost to sell of an assets but not in excess of the cumulative impairment loss previously recognised, A gain or loss previously not recognised by the date of sale of the non-current assets is recognised on the date of de-recognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A discontinued operation qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

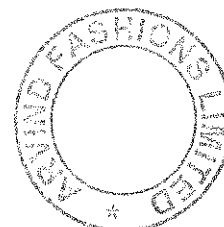
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in Standalone Statement of Profit and Loss.

### **3.21. Segment Reporting**

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

### **3.22. Events after the reporting period**

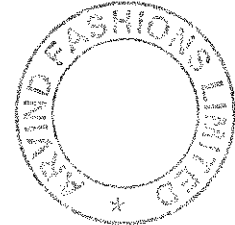
Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that



arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

**3.23. Exceptional Items**

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item.





#### **4. Critical accounting Judgements and key source of estimation uncertainty**

The preparation of the Standalone financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Revenue recognition**

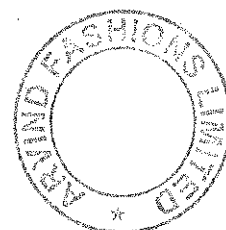
The Company assesses its revenue arrangement in order to determine if its business partner is acting as a principle or as an agent by analysing whether the Company has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Company has concluded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

##### **Customer loyalty program reward points**

Customer loyalty program reward points having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the reward point credits granted. The consideration allocated to the reward point credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

##### **Provision for discount and sales return**

The Company provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.



## Defined benefit plans

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

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

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

Further details about defined benefit obligations are provided in Note 31.

## Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

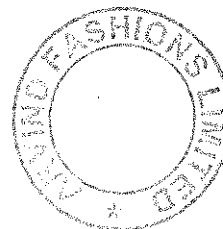
## Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 34.

## Taxes

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

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

Further details on taxes are disclosed in Note 26.

### **Inventories**

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

### **Useful lives of Property, Plant and Equipment and Intangible assets**

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended March 31, 2019, there were no changes in useful lives of property plant and equipment and intangible assets other than (a) useful lives of leasehold improvements which have been considered lower of the lease term or useful life and (b) those resulting from store closures / shifting of premises.

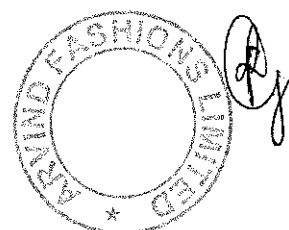
### **Impairment of non-financial assets**

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

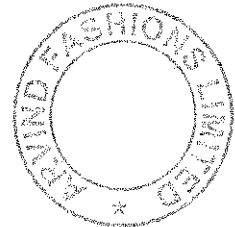
### **Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company.



Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Standalone Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer Note 14 and 27).



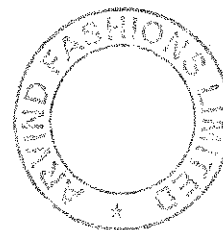
Note 5 : Property, plant and equipment

Rs. In Crores

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computers, Servers and Network	Total
<b>Gross Carrying Value</b>								
As at April 1, 2019	6.94	2.04	16.42	1.77	8.36	1.15	0.69	37.37
Additions	-	3.04	1.86	0.39	0.23	0.08	6.55	12.15
Deductions	-	0.33	3.52	0.61	2.05	0.25	0.03	6.79
<b>As at March 31, 2020</b>	<b>6.94</b>	<b>4.75</b>	<b>14.76</b>	<b>1.55</b>	<b>6.54</b>	<b>0.98</b>	<b>7.21</b>	<b>42.73</b>
Additions	-	-	1.79	0.46	0.54	0.01	0.30	3.10
Deductions	-	0.60	0.60	0.28	2.36	0.44	0.23	4.51
Adjustment Due To Business Transfer (Refer Note 41)	-	0.05	5.09	0.24	1.70	0.01	0.01	7.10
<b>As at March 31, 2021</b>	<b>6.94</b>	<b>4.10</b>	<b>10.86</b>	<b>1.49</b>	<b>3.02</b>	<b>0.54</b>	<b>7.27</b>	<b>34.22</b>
<b>Depreciation and Impairment</b>								
As at April 1, 2019	0.06	0.23	4.31	0.56	2.22	0.11	0.26	7.75
Depreciation for the year	0.20	0.30	4.97	0.42	2.04	0.26	0.72	8.91
Deductions	-	0.12	2.91	0.58	1.18	0.12	0.03	4.94
<b>As at March 31, 2020</b>	<b>0.26</b>	<b>0.41</b>	<b>6.37</b>	<b>0.40</b>	<b>3.08</b>	<b>0.25</b>	<b>0.95</b>	<b>11.72</b>
Depreciation for the year	0.21	1.60	2.72	0.24	1.76	0.48	1.93	8.94
Deductions	-	0.60	0.50	0.21	1.75	0.44	0.23	3.73
Adjustment Due To Business Transfer (Refer Note 41)	-	0.03	2.46	0.13	0.99	0.01	0.01	3.63
<b>As at March 31, 2021</b>	<b>0.47</b>	<b>1.38</b>	<b>6.13</b>	<b>0.30</b>	<b>2.10</b>	<b>0.28</b>	<b>2.64</b>	<b>13.30</b>
<b>Net Carrying Value</b>								
As at March 31, 2021	6.47	2.72	4.73	1.19	0.92	0.26	4.63	20.92
As at March 31, 2020	6.68	4.34	8.39	1.15	3.46	0.73	6.26	31.01

Notes:

- 1) In respect of Building, registration is pending in favour of the company.
- 2) For Properties pledge as security Refer Note 13 (a).
- 3) Refer Note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



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Note 6 : Intangible assets

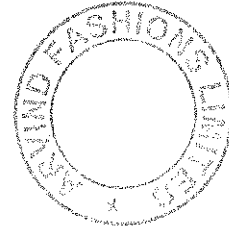
Rs. In Crores

Particulars	Computer Software	Brand Value & License Brands	Technical Process development	Product Development	Website	Total Intangible Assets
<b>Gross Carrying Value</b>						
As at April 1, 2019	0.41	21.27	8.00	-	2.46	32.14
Additions (Refer Note 1 below)	8.37	-	-	12.57	-	20.94
Deductions	-	-	-	-	-	-
As at March 31, 2020	8.78	21.27	8.00	12.57	2.46	53.08
Additions	2.69	-	-	-	-	2.69
Deductions	-	-	-	-	-	-
As at March 31, 2021	11.47	21.27	8.00	12.57	2.46	55.77
<b>Amortisation and Impairment</b>						
As at April 1, 2019	0.06	21.27	1.06	-	0.54	22.93
Amortisation for the Year	0.64	-	1.59	0.38	0.85	3.46
Deductions	-	-	-	-	-	-
As at March 31, 2020	0.70	21.27	2.65	0.38	1.39	26.39
Amortisation for the Year	2.09	-	1.61	4.22	0.68	8.60
Deductions	-	-	-	-	-	-
As at March 31, 2021	2.79	21.27	4.26	4.60	2.07	34.99
<b>Net Carrying Value</b>						
As at March 31, 2021	8.68	-	3.74	7.97	0.39	20.78
As at March 31, 2020	8.08	-	5.35	12.19	1.07	26.69

Note:

- 1) Product Developments, Software and Intangible Assets under development includes internally generated intangible assets

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Note 7 : Financial assets

7 (a) Investments

Particulars	Face Value per share in Rs.	Rs. In Crores	
		As at March 31, 2021	As at March 31, 2020
<b>Non-current investment</b>			
<b>Investment in equity shares (fully paid up) Subsidiaries and Controlled Joint Ventures - measured at cost (Unquoted)</b>			
Arvind Lifestyle Brands Limited (Refer Note 1, 2 and 4) (March 31, 2021: 13,27,00,000; March 31, 2020: 9,62,78,723)	10	1,461.84	1,081.01
Arvind Beauty Brands Retail Private Limited (Refer Note 1 and 2) (March 31, 2021 : 76,89,488; March 31, 2020: 76,89,488)	10	107.53	105.26
PVH Arvind Fashion Private Limited (Previously know as Calvin Klein Arvind Fashion Private Limited) (Refer Note 3) (March 31, 2021: 25,01,589; March 31, 2020: 5,04,648)	10	115.21	28.94
Arvind Youth Brands Private Limited (Refer Note 1, 2 and 4) (March 31, 2021:4,46,32,600 , March 31, 2020:Nil)	10	44.72	-
Tommy Hilfiger Arvind Fashion Private Limited (Refer note 3) (March 31, 2021:Nil, March 31, 2020 :1,49,47,159)	10	-	86.27
<b>Total equity Investments</b>		<b>1,729.30</b>	<b>1,301.48</b>
Share application money, pending allotment		25.00	-
<b>Total Investments</b>		<b>1,754.30</b>	<b>1,301.48</b>
Aggregate amount of quoted investments		-	-
Aggregate amount of unquoted investments		1,729.30	1,301.48
Aggregate impairment in value of Investment		-	-

Note 1: Increase in the cost of investment during the year includes recognition of cost of ESOPs issued to Employees of Subsidiaries. The same is detailed below:

Subsidiaries	Rs. In Crores	
	2020-21	2019-20
Arvind Lifestyle Brands Limited	1.39	0.87
Arvind Youth Brands Private Limited	(Rs. 21,358)	-
Arvind Beauty Brands Retail Private Limited	2.23	2.39

Note 2: Increase in the Cost of investment during the year includes recognition of Notional Commission on Fair Valuation of Financial Guarantee provided for loan taken by subsidiary. The same is detailed below:

Subsidiary	Rs. In Crores	
	2020-21	2019-20
Arvind Lifestyle Brands Limited	3.37	4.23
Arvind Youth Brands Private Limited	0.08	-
Arvind Beauty Brands Retail Private Limited	0.04	-

Note 3: The National Company Law Tribunal (NCLT), vide its order dated July 14, 2020 has approved the scheme of amalgamation of Tommy Hilfiger Arvind Fashion Private Limited with Calvin Klein Arvind Fashion Private Limited now renamed as PVH Arvind Fashion Private Limited. The scheme has become effective with appointed date i.e. April 01, 2019. 19,96,941 equity shares of Rs. 10 each of PVH Arvind Fashions Private Limited were issued to the Company pursuant to the Scheme of amalgamation.

Note 4: The Company has pledged 5,07,26,265 equity shares of Arvind Lifestyle Brands Limited as a security against working capital loans availed by the Company and Arvind Lifestyle Brands Limited. The Company has pledged 2,56,97,557 equity shares of Arvind Youth Brands Retail Private Limited as a security against working capital loans availed by the Company.

7 (b) Trade receivables - Current

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	143.37	229.09
Credit Impaired	13.27	7.27
Less: Allowance for doubtful debts	(13.27)	(7.27)
	143.37	229.09
Less: Refundable Liability - Refer Note 3 below	(23.78)	(43.12)
<b>Total Trade receivables</b>	<b>119.59</b>	<b>185.97</b>

- 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.
- Trade receivables are given as security for borrowings as disclosed under Note 13(a)
- Refundable Liability are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers



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**Allowance for doubtful debts**

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

Movement in allowance for doubtful debt :

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	7.27	5.48
Add : Allowance for the year (Refer Note 24 and Note 25)	6.00	2.55
Less : Write off of bad debts (Net of recovery)	-	(0.76)
<b>Balance at the end of the year</b>	<b>13.27</b>	<b>7.27</b>

**7 (c) Loans**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Loans to employees	0.01	0.03
	<b>0.01</b>	<b>0.03</b>
<b>Current</b>		
Loans to related parties (Refer Note 32)	42.77	110.42
Loans to employees	0.32	0.44
	<b>43.09</b>	<b>110.86</b>
<b>Total Loans</b>	<b>43.10</b>	<b>110.89</b>

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

**7 (d) Cash and cash equivalents**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	-
Balances with Bank		
In Current accounts and debit balance in cash credit accounts	0.65	8.00
<b>Total cash and cash equivalents</b>	<b>0.65</b>	<b>8.00</b>

**7 (e) Other bank balances**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
In Deposit Account		
Held as Margin Money*	0.07	0.22
<b>Total other bank balances</b>	<b>0.07</b>	<b>0.22</b>

\* Under lien with bank as Security for Guarantee Facility

**7 (f) Other financial assets**

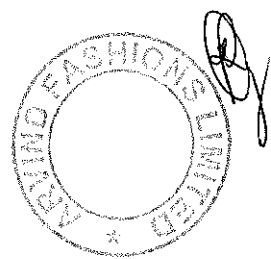
Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Security deposits	13.69	18.15
<b>Current</b>		
Security deposits	1.00	-
Income receivable	1.01	0.09
Accrued Interest	0.01	(Rs. 39,729)
Insurance claim receivable	0.03	0.38
	<b>2.05</b>	<b>0.47</b>
<b>Total other financial assets</b>	<b>15.74</b>	<b>18.62</b>

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

Movement in allowance for doubtful advances :

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	-	0.02
Add : Addition during the year	-	-
Less : Write off (Net of recovery)	-	(0.02)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

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7 (g) : Financial Assets by category

Particulars	Rs. In Crores		
	Cost	FVOCI	Amortised Cost
<b>March 31, 2021</b>			
Investments			
- Equity Shares	1,754.30	-	-
Trade Receivables	-	-	119.59
Loans	-	-	43.10
Cash & Bank balances	-	-	0.72
Other financial assets	-	-	15.74
<b>Total Financial Assets</b>	<b>1,754.30</b>	<b>-</b>	<b>179.15</b>
<b>March 31, 2020</b>			
Investments			
- Equity Shares	1,301.48	-	-
Trade Receivables	-	-	185.97
Loans	-	-	110.89
Cash & Bank balances	-	-	8.22
Other financial assets	-	-	18.62
<b>Total Financial Assets</b>	<b>1,301.48</b>	<b>-</b>	<b>323.70</b>

For financial instruments risk management objectives and policies, refer Note 39  
Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 8 : Other assets

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Sales tax paid under protest	0.55	-
Capital advances	0.02	0.19
	<b>0.57</b>	<b>0.19</b>
<b>Current</b>		
Advance to suppliers	7.37	12.66
GST / Sales tax / VAT / Service tax receivable (Refer Note 1 below)	20.92	7.33
Export incentive receivable	0.50	0.42
Returnable Asset (Refer Note 3 below)	0.85	23.72
Prepaid expenses	7.88	2.40
Other Current Assets	8.58	20.22
	<b>46.10</b>	<b>66.75</b>
<b>Total</b>	<b>46.67</b>	<b>66.94</b>

Notes :

- Balance with Government Authorities mainly consist of input credit availed.
- Other current assets are given as security for borrowings as disclosed under Note 13(a).
- Returnable Asset are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers.
- No advances are due from directors or promoters of the Company either severally or jointly with any person.

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

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Trims and accessories	2.04	5.38
Stock-in-trade	106.04	240.29
Packing materials	0.72	2.26
<b>Total</b>	<b>108.80</b>	<b>247.93</b>

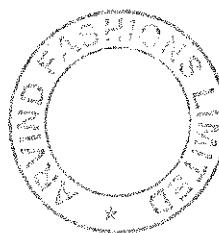
1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 15.90 Crores (March 31, 2020 Rs. 8.32 Crores). The changes in write downs are recognised as an expense in the Statement of Profit and Loss.

2) Inventories are given as security for borrowings as disclosed under Note 13(a)

Note 10 : Current Tax Assets (Net)

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Tax Paid in Advance (Net of Provision)	5.98	15.18
<b>Total</b>	<b>5.98</b>	<b>15.18</b>

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**Note 11 : Equity share capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs. In Crores	No. of shares	Rs. In Crores
<b>Authorised share capital</b>				
Equity shares of Rs.4 each (March 31, 2020: Rs. 4 each)	18,75,00,000	75.00	18,75,00,000	75.00
<b>Issued and subscribed share capital</b>				
Equity shares of Rs.4 each (March 31, 2020: Rs. 4 each)	11,34,87,487	42.43	5,86,79,364	23.47
<b>Subscribed and fully paid up</b>				
Equity shares of Rs.4 each (March 31, 2020: Rs. 4 each)	9,86,85,711	39.47	5,86,79,364	23.47
<b>Subscribed and Partly paid up</b>				
Equity shares of Rs. 4 each (Rs. 2 each Paid) (March 31, 2020: Nil)	1,48,01,776	2.96	-	-
<b>Total</b>	<b>11,34,87,487</b>	<b>42.43</b>	<b>5,86,79,364</b>	<b>23.47</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Rs. In Crores	No. of shares	Rs. In Crores
<b>At the beginning of the period</b>	<b>5,86,79,364</b>	<b>23.47</b>	<b>5,79,94,673</b>	<b>23.20</b>
Add: Issue of fully paid up shares (Refer Note 11.4)	3,99,79,347	15.99	-	-
Add: Issue of partly paid up shares (Refer Note 11.4)	1,48,01,776	2.96	-	-
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan	27,000	0.01	6,84,691	0.27
<b>Outstanding at the end of the period</b>	<b>11,34,87,487</b>	<b>42.43</b>	<b>5,86,79,364</b>	<b>23.47</b>

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

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

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

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Aura Securities Private Limited	4,31,18,605	37.99%	1,91,12,362	32.57%
Plenty Private Equity Fund I Limited	75,10,649	6.62%	39,35,458	6.71%

**11.4. Issue of Shares under Right Issue**

On June 21, 2020, the Board of Directors of the Company had approved the revised size of Rights Issue of 3,99,79,347 shares of face value of Rs. 4 each (the "Rights Issue Shares") at a price of Rs. 100 per Rights Equity Shares (including premium of Rs. 96 per Rights Equity Share) in the ratio of 62:91, i.e. 62 Rights Equity Shares for every 91 existing Equity Shares held by the eligible equity shareholders on the record date, i.e. March 18, 2020. On July 24, 2020, the Company has approved the allotment of 3,99,79,347 equity shares of face value Rs. 4/- each to the eligible equity shareholders as fully paid up.

On February 03, 2021, the Board of Directors of the Company and subsequently on February 18, 2021, the Committee of Directors had approved the Rights Issue of 1,48,02,856 equity shares of face value of Rs. 4 each (the "Rights Issue Shares") at a price of Rs. 135 per Rights Equity Shares (including premium of Rs. 131 per Rights Equity Share) in the ratio of 3:20, i.e. 3 Rights Equity Shares for every 20 existing Equity Shares held by the eligible equity shareholders on the record date, i.e. February 24, 2021. On March 25, 2021, the Company has approved the allotment of 1,48,01,776 equity shares of face value Rs. 4/- each to the eligible equity shareholders as partly paid up for an amount of Rs. 70/- per Rights Issue Share received on application (of which Rs. 2/- was towards face value and Rs. 68/- towards premium). The allotment of 1,080 Rights Equity Shares has been kept in abeyance pending regulatory/other clearance. The first and final call of Rs. 65/- (of which Rs. 2/- was towards face value and Rs. 63/- towards premium) per Rights Issue Share was made in the month of May 2021.

Equity Issue expenses of Rs. 4.22 Crores has been adjusted against Securities Premium

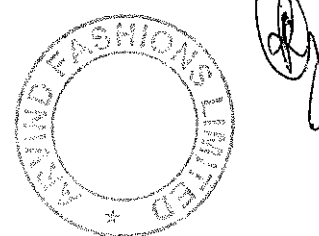
**11.5. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the reporting date :**

- 1) The Company has allotted 26,04,676 Equity Shares as bonus shares by capitalization of Securities Premium during the year 2017-2018 in the ratio of 0.023 equity shares for 1 existing equity share held.
- 2) The Company has allotted 5,17,23,414 Equity Shares pursuant to the scheme of arrangement during the year 2018-19.

**11.6. Shares reserved for issue under options and contracts :**

Refer Note 34 for details of shares to be issued under Employee Stock Option Schemes (ESOPs)

**11.7. Objective, policy and procedure of capital management, refer Note 40**



Note 12 : Other Equity

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Capital reserve</b>		
Balance as per last financial statements	45.39	45.39
Balance at the end of the year	<u>45.39</u>	<u>45.39</u>
<b>Share application money pending allotment</b>		
Balance as per last financial statements	-	8.51
Less: Shares issued during the year	-	(8.51)
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>Securities premium</b>		
Balance as per last financial statements	1,170.52	1,160.59
Add: Addition during the year	484.56	9.03
Add: Transfer from share based payment reserve	1.02	0.90
Less: Equity issue expenses adjusted during the year (Refer Note 11.4)	(4.22)	-
Balance at the end of the year	<u>1,651.88</u>	<u>1,170.52</u>
<b>Share based payment reserve (Refer Note 34)</b>		
Balance as per last financial statements	6.43	3.60
Add: Addition during the year	5.82	3.73
Less: Transfer to Securities Premium Account	(1.02)	(0.90)
Balance at the end of the year	<u>11.23</u>	<u>6.43</u>
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	103.45	108.61
Add: Profit/ (Loss) for the year	(59.41)	(4.89)
(Less): Impact on adoption of Ind AS 116	-	(0.16)
Add: Tax Impact on adoption of Ind AS 116	-	0.06
Add: Transfer from Net Gain/(Loss) on FVOCI Equity Instruments	-	(Rs. 4,272)
Add / (Less): OCI for the year	0.01	(0.17)
Balance at the end of the year	<u>44.05</u>	<u>103.45</u>
<b>Total reserves &amp; surplus</b>	<u><b>1,752.55</b></u>	<u><b>1,325.79</b></u>
<b>Note 12.2 Other comprehensive income</b>		
<b>Net Gain/(Loss) on FVOCI Equity Instruments</b>		
Balance as per last financial statements	-	(Rs. 4,272)
Less: Transfer to Retained Earnings	-	(Rs. 4,272)
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>Cash Flow Hedge reserve</b>		
Balance as per last financial statements	-	(0.05)
Less: Reclassified to profit and loss	-	0.05
Balance at the end of the year	<u>-</u>	<u>-</u>
<b>Total Other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total Other equity</b>	<u><b>1,752.55</b></u>	<u><b>1,325.79</b></u>

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

**a Capital reserve**

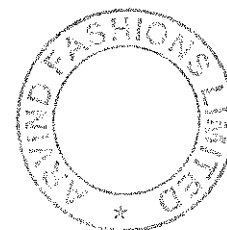
Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the Company.

**b Securities premium**

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

**c Share based payment reserve**

This reserve relates to share options granted by the Company to its employees (including subsidiary Companies) and erstwhile Holding Company's employee share option plan. Further information about share-based payments to employees is set out in Note 34.



**d Net Gain/(Loss) on FVOCI Equity Instruments**

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

**e Cash Flow Hedge Reserve**

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

**Note 13 : Financial liabilities**

**13 (a) Borrowings**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Long-term Borrowings (Refer Note 1(a) below)</b> (At amortised cost)		
<b>Non-current portion</b>		
<b>Secured</b>		
Term loan from Banks	49.39	16.06
<b>Unsecured</b>		
Deferred Payment liabilities from others	-	4.91
	<b>49.39</b>	<b>20.97</b>
<b>Current maturities (Refer Note 13c)</b>		
<b>Secured</b>		
Term loan from Banks	3.54	2.89
	<b>3.54</b>	<b>2.89</b>
<b>Total long-term borrowings</b>	<b>52.93</b>	<b>23.86</b>
<b>Short-term Borrowings (Refer Note 1(b) and 2(a) below)</b> (At amortised cost)		
<b>Secured</b>		
Working Capital Loans repayable on demand from Banks	70.32	161.10
<b>Unsecured</b>		
Under Buyer's Credit Arrangement	-	23.19
Intercorporate Deposits	-	50.08
From Related Parties (Refer Note 32)	-	0.05
From Others	0.05	0.05
<b>Total short-term borrowings</b>	<b>70.37</b>	<b>234.42</b>
<b>Total borrowings</b>	<b>123.30</b>	<b>258.28</b>

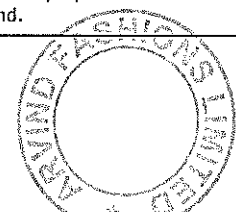
**1. Secured Borrowings**  
**(a) Long term**

Particulars	Rs. In Crores	Rate of interest	Security	Terms of repayment
Rupee Loans	17.68	7.85%	Secured against first pari passu charge over the entire fixed assets of the Company both present and future, and second charge is created over the entire September 2019 stock, receivables and other current assets of the Company both present and future.	Repayable in quarterly installments beginning from September 2019
Rupee Loans	34.38	7.75% to 9.25%	1. Guaranteed By National Credit Guarantee Trustee Company Ltd 2. Second Charge on all current assets of borrower both present and future 3. Extention of second ranking charge over existing primary and collateral securities created in favor of the bank ( including but not limited to hypothecation on present and future stock, book debts and movable fixed assets of the company and assets of the borrower created out of this Facility	Repayable in 48 Monthly installments beginning from April 2022
Hire Purchase loans	0.87	8.10 to 9.10%	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans.

**(b) Short term**

Particulars	Rs. in Crores	Rate of interest	Security
Working Capital loans	70.32	8.2% to 9.1%	First pari passu charge on entire current asset of the Company both present and future. Loans of Rs. 28.89 Crores are secured against Pledge of 43,75,000 shares of Arvind Lifestyle Brands Limited and 81,15,018 shares of Arvind Youth Brands Private Limited (AYBPL). Pledge on AYBPL Shares is not registered till year end. Loan of Rs. 35.43 Crores are secured against Pledge 175,82,539 shares of AYBPL. Pledge on AYBPL Shares is not registered till year end.

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**Arvind Fashions Limited**  
CIN - L52399GJ2016PLC085595  
**Notes to the Standalone Financial Statements**  
**2. Unsecured Borrowings**  
**(a) Short Term**

Particulars	Rs. in Crores	Rate of Interest
Intercompany Deposits	0.05	8.50%

**13 (b) Trade payables**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Acceptances	16.04	102.16
<b>Other Trade Payables (Refer Note a below)</b>		
-Total outstanding dues of micro enterprises and small enterprises	17.65	57.97
-Total outstanding dues other than micro enterprises and small enterprises	183.44	236.26
<b>Total</b>	<b>217.13</b>	<b>396.39</b>

- a Based on the information available, the disclosures as required under section 22 of the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 are presented as follows :

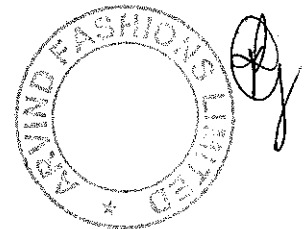
Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
i) Principal	17.65	57.97
ii) Interest	1.11	6.76
(b) the amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	8.68	0.02
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	1.11	6.76
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	1.11	6.76
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	1.11	6.76

**13 (c) Other financial liabilities**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Security Deposit	1.67	3.52
Financial Guarantee Contract	0.27	0.62
	<b>1.94</b>	<b>4.14</b>
<b>Current</b>		
Security Deposit	0.42	-
Current maturity of long term borrowings (Refer Note 13a)	3.54	2.89
Interest accrued and due on others	1.86	7.61
Interest accrued but not due on borrowings	3.83	2.86
Payable to employees	1.26	2.20
Payable for capital goods	0.62	2.84
Financial Guarantee Contract	0.35	0.50
	<b>11.88</b>	<b>18.90</b>
<b>Total</b>	<b>13.82</b>	<b>23.04</b>

**Notes :**

- 1) There is no amount due and outstanding to be transfer to the Investor Education and Protection Fund (IEPF).
- 2) The Company has given the financial guarantee to Banks on behalf of Subsidiary Company.



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13 (d) : Financial Liabilities by category

Particulars	Rs. In Crores		
	FVOCI	FVTPL	Amortised Cost
<b>March 31, 2021</b>			
Borrowings	-	-	123.30
Trade payables	-	-	217.13
Security Deposits	-	-	2.09
Payable to employees	-	-	1.26
Financial Guarantee Contract	-	0.62	-
Interest accrued but not due	-	-	3.83
Interest accrued and due	-	-	1.86
Payable in respect of Capital goods	-	-	0.62
<b>Total Financial liabilities</b>	<b>-</b>	<b>0.62</b>	<b>350.09</b>
<b>March 31, 2020</b>			
Borrowings	-	-	258.28
Trade payables	-	-	396.39
Security Deposits	-	-	3.52
Financial Guarantee Contract	-	1.12	-
Payable to employees	-	-	2.20
Interest accrued but not due	-	-	2.86
Interest accrued and due	-	-	7.61
Payable in respect of Capital goods	-	-	2.84
<b>Total Financial liabilities</b>	<b>-</b>	<b>1.12</b>	<b>673.70</b>

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 14: Provisions

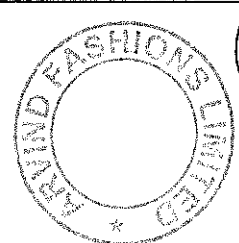
Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Long-term</b>		
<b>Provision for employee benefits (Refer Note 31)</b>		
Provision for leave encashment	1.02	1.48
Provision for Gratuity	2.41	3.07
	<b>3.43</b>	<b>4.55</b>
<b>Short-term</b>		
<b>Provision for employee benefits (Refer Note 31)</b>		
Provision for leave encashment	0.38	0.52
Provision for Gratuity	0.18	-
<b>Others</b>		
Short term provision for litigation/disputed matters (Refer Note a below)	-	0.02
	<b>0.56</b>	<b>0.54</b>
<b>Total</b>	<b>3.99</b>	<b>5.09</b>

(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	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Balance as per last financial statements</b>	<b>0.02</b>	<b>0.64</b>
Add: Provision during the year (Refer Note 24)	-	0.45
Less: Adjusted during the year	(0.02)	(1.07)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>0.02</b>



**Note 15 : Other current liabilities**

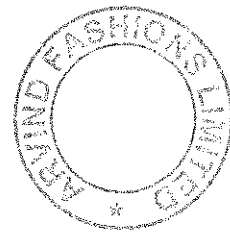
Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Advance from customers	4.15	-
Statutory dues including provident fund and tax deducted at source etc	1.74	2.75
Deferred income of loyalty program reward points (Refer note (a) below)	0.35	0.67
Deferred Revenue	0.03	0.15
<b>Total</b>	<b>6.27</b>	<b>3.57</b>

**(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	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
Balance as per last financial statements	0.67	1.32
Add: Provision made during the year (Net of Expiry) (Refer Note 16)	0.14	3.11
Less: Redemption made during the year	0.46	(3.76)
<b>Balance at the end of the year</b>	<b>0.35</b>	<b>0.67</b>

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**Note 16 : Revenue from operations**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Sale of products	297.46	851.76
Operating income		
Export incentives	0.19	0.33
Foreign Exchange fluctuation on Vendors and Customers (Net)	0.65	1.85
Royalty Income	(Rs. 17,088)	0.13
Miscellaneous receipts	-	0.04
	0.84	2.35
<b>Total</b>	<b>298.30</b>	<b>854.11</b>

**I. Disaggregation of revenue from contracts with customers**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>A. Revenue based on Geography</b>		
i. Domestic	294.06	840.58
ii. Export	4.24	13.53
	<b>298.30</b>	<b>854.11</b>
<b>B. Revenue based on Business Segment</b>		
Branded Apparels and accessories	<b>298.30</b>	<b>854.11</b>

**II. Reconciliation of Revenue from Operation with Contract Price :**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Contract Price	354.24	1,126.81
Less:		
Schemes and Discounts	55.80	269.59
Customer Loyalty Program	0.14	3.11
Total Revenue from Operations	<b>298.30</b>	<b>854.11</b>

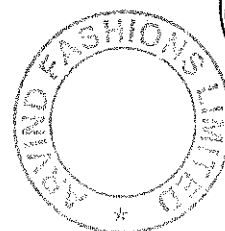
**Note 17 : Other income**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest income on financial assets recognised at amortised cost	10.20	8.22
Financial Guarantee Commission (Refer Note a below)	3.98	3.72
Gain on Reassessment of Lease (Refer Note 35)	-	0.05
Profit on sale of Property, Plant & Equipment (Net)	0.01	-
Exchange Difference (Net)	0.36	-
Miscellaneous income	0.19	0.45
<b>Total</b>	<b>14.74</b>	<b>12.44</b>

Note (a): The Company has given financial guarantee to Banks on behalf of the subsidiary. Fair value of the financial guarantee has been accounted as liability and amortised over the period of loan as commission income.

**Note 18 : Cost of Trims and accessories consumed**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Stock at the beginning of the year	5.38	3.81
Add : Purchases	5.03	6.09
	10.41	9.90
Less : Inventory at the end of the year	2.04	5.38
<b>Total</b>	<b>8.37</b>	<b>4.52</b>





**Note 19 : Purchases of stock-in-trade**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Garments and accessories	55.96	577.52
<b>Total</b>	<b>55.96</b>	<b>577.52</b>

**Note 20 : Changes in inventories of stock-in-trade**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Stock at the end of the year</b>		
Stock-in-trade	106.04	240.29
<b>Stock at the beginning of the year</b>		
Stock-in-trade	240.29	244.98
Adjustment due to Business Transfer	30.08	
<b>Total</b>	<b>104.17</b>	<b>4.69</b>

**Note 21 : Employee benefits expense**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 31)	29.07	48.42
Contribution to provident and other funds (Refer Note 31)	2.85	4.31
Welfare and training expenses	1.29	2.89
Share based payment to employees (Refer Note 34)	2.20	0.48
<b>Total</b>	<b>35.41</b>	<b>56.10</b>

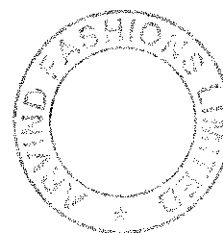
**Note 22 : Finance costs**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest Expenses on financial liabilities measured at amortised cost		
Term Loans	2.19	1.88
Cash Credit Facilities	12.05	12.07
Lease Liabilities (Refer Note 35)	-	0.08
Others	10.89	13.14
Other borrowing cost	6.30	10.15
<b>Total</b>	<b>31.43</b>	<b>37.32</b>

**Note 23 : Depreciation and amortization expense**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation and Amortization on Property, Plant & Equipment (Refer Note 5)	8.94	8.91
Depreciation on Right-of-use Assets (Refer Note 35)	-	0.67
Amortization on Intangible assets (Refer Note 6)	8.60	3.46
<b>Total</b>	<b>17.54</b>	<b>13.04</b>

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**Arvind Fashions Limited**  
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**Notes to the Standalone Financial Statements**

**Note 24 : Other expenses**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Power and fuel	0.21	0.63
Insurance	0.78	0.78
Processing charges	1.00	1.95
Printing, stationery & communication	0.36	0.95
Rent		
- Short Term leases and leases of low-value assets (Refer Note 35)	5.63	3.71
Commission & Brokerage	1.67	4.04
Rates and taxes	1.14	0.13
Repairs :		
To Building	0.14	0.16
To Others	0.33	2.18
Royalty on Sales	20.11	43.56
Freight, insurance & clearing charge	3.98	8.80
Legal & Professional charges	1.31	1.02
Housekeeping Charges	0.45	0.93
Security Charges	0.86	1.23
Computer Expenses	0.30	0.04
Conveyance & Travelling expense	0.75	5.42
Advertisement and Publicity	10.74	31.87
Sales Promotion	-	0.19
Charges for Credit Card Transactions	0.01	0.09
Packing Materials Expenses	2.86	3.28
Contract Labour Charges	17.82	35.35
Sundry debits written off	0.03	0.28
Bad debt written off	-	0.09
Allowance for doubtful debts (Refer Note 7b)	-	0.70
Provision for Litigation/Disputed Matters (Refer Note 14)	-	0.45
Sampling and Testing Expenses	0.48	4.88
Director's sitting fees	0.08	0.09
Auditor's remuneration (Refer Note a below)	0.87	0.66
Business Conducting Fees	-	0.02
Bank charges	0.43	0.22
Warehouse Charges	0.80	1.07
Spend on CSR activities (Refer Note 36)	0.89	0.89
Loss on Sale of Property, Plant & Equipment	-	0.33
Exchange Difference Loss (Net)	-	1.06
Miscellaneous expenses	0.09	4.38
<b>Total</b>	<b>74.12</b>	<b>161.43</b>

**a. Break up of Auditor's Remuneration**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Payment to Auditors as :</b>		
Auditors	0.30	0.30
For income tax and sales tax matters	0.18	0.08
For corporate law matters	0.15	0.15
For other certification work	0.19	0.08
For reimbursement of expenses	0.05	0.05
<b>Total</b>	<b>0.87</b>	<b>0.66</b>

This is excluding payment of Rs 0.33 Crores (Rs. Nil for March 31, 2020) in respect of Rights Issues which has been charged to securities premium

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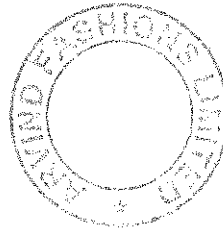
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**Arvind Fashions Limited**  
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Notes to the Standalone Financial Statements

**Note 25 : Exceptional Items**

Particulars	Rs. In Crores	
	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
<b>Impact due to COVID-19</b>		
Margin on Sales Return Provision	(7.29)	(12.52)
Inventory Dormancy Provision	(32.44)	(4.89)
Allowance for Doubtful Debtors	(6.00)	(1.85)
<b>Total</b>	<b>(45.73)</b>	<b>(19.26)</b>



**Arvind Fashions Limited**  
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**Notes to the Standalone Financial Statements**

**Note 26 : Income Tax**

The major component of income tax expense:

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Statement of Profit &amp; Loss</b>		
<b>Current Tax</b>		
Current income tax	-	-
Excess provision related to earlier years	-	(0.17)
<b>Deferred Tax</b>		
Deferred tax Charge/(Credit)	(0.28)	(2.27)
<b>Income tax expense reported in the statement of standalone profit &amp; loss</b>	<b>(0.28)</b>	<b>(2.44)</b>

**OCI Section**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Statement to Other comprehensive income (OCI)</b>		
Deferred tax related to items recognised in OCI during the year		
- Net loss / (gain) on actuarial gains and losses	-	(0.09)
<b>Deferred tax charged to OCI</b>	<b>-</b>	<b>(0.09)</b>

**Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:**

**A) Current tax**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Accounting profit/(loss) before tax	(59.69)	(7.33)
Tax Rate	34.944%	34.944%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	(20.86)	(2.56)
<b>Adjustments</b>		
Expenditure not deductible for Tax	1.06	1.41
Share based Payment Expense	-	(0.15)
Guarantee Commission Income	(1.39)	(1.30)
Non-recognition of deferred taxes due to absence of probable certainty of reversal in future	18.86	-
Others	2.05	0.16
<b>At the effective income tax</b>	<b>(0.28)</b>	<b>(2.44)</b>
<b>Effective Income Tax Rate %</b>	<b>0.00%</b>	<b>0.00%</b>

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Arvind Fashions Limited  
CIN - L52399GJ2016PLC085595  
Notes to the Standalone Financial Statements

B) Deferred tax

Particulars	Rs. In Crores					
	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income	Deferred Tax (Asset)/Liability transferred due to Business Transfer	Impact on adoption of Ind AS 116 recognised in Retained Earnings	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income
	As at March 31, 2021	Year Ended March 31, 2021	Year Ended March 31, 2021	As at April 1, 2019	As at March 31, 2020	Year Ended March 31, 2020
Accelerated depreciation for tax purposes	5.00	(0.45)	(0.74)	-	5.29	0.16
Expenditure allowable on payment basis over the period	1.99	0.19	-	-	2.18	(0.21)
Expenses on Employee Stock Option	0.87	(0.40)	-	-	0.47	(0.17)
Allowance for Doubtful Receivables/Advances	2.54	-	-	-	2.54	(0.62)
Amortisation of Preliminary Expenses	0.13	0.38	-	-	0.51	0.50
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	6.35	-	-	-	6.35	0.33
Unabsorbed Depreciation and Business Loss	2.46	-	-	-	2.46	(2.46)
Impact of Ind AS 116	-	-	-	(0.06)	-	0.06
Others	0.01	-	-	-	0.01	0.05
<b>Net deferred tax assets/(liabilities)</b>	<b>19.35</b>	<b>(0.28)</b>	<b>(0.74)</b>	<b>(0.06)</b>	<b>19.81</b>	<b>(2.36)</b>

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.

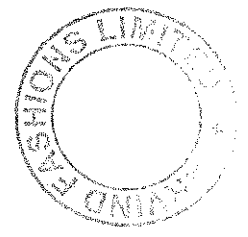
The Company has unused carried forward losses of Rs. 61.87 Crores as at March 31, 2021 (March 31, 2020: Rs. 7.03 Crores). Out of the same, tax credits on losses of Rs. 54.84 Crores (March 31, 2020: Rs. 0.14) have not been recognized on the basis that recovery is not probable in the foreseeable future.

**Reconciliation of Deferred Tax Assets/(Liabilities), Net**

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Opening balance as at April 1	19.81	17.39
Impact on adoption of Ind AS 116 recognised in Retained Earnings	-	0.06
Deferred Tax (Assets)/Liability transferred during the year as per Business Transfer	(0.74)	-
Deferred Tax income/(expense) during the period recognised in profit or loss	0.28	2.27
Deferred Tax income/(expense) during the period recognised in OCI	-	0.09
<b>Closing balance as at March 31</b>	<b>19.35</b>	<b>19.81</b>

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**Note 27 : Contingent liabilities**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Contingent liabilities not provided for</b>		
a. Bills discounted	4.45	2.32
b. Disputed demands in respect of (Refer Notes below)		
VAT/CST	8.53	0.87
Income Tax	0.30	0.22
c. Guarantee given by bank on behalf of Company	1.00	1.90
d. Guarantee given to bank on behalf of Subsidiary Companies	1,223.26	1,046.78

**Notes :**

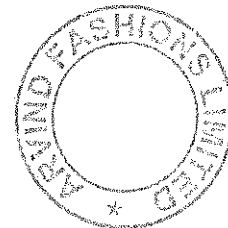
- (a) It is not practical for the Company to estimate the timing of cash outflows, if any, respect of the above pending resolution of the respective proceedings  
(b) The Company does not expect any reimbursements in respect of the above Contingent liabilities  
(c) The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of the operations

**Note 28 : Capital commitment and other commitments**

Particulars	Rs. In Crores	
	As at March 31, 2021	As at March 31, 2020
<b>Capital commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	0.25	2.33
<b>Other commitments</b>	-	-

**Note 29 : Foreign Exchange Exposures not hedged**

Nature of exposure	Rs. in Crores	
	In:FC USD	
<b>Receivables</b>		
As at March 31, 2021	0.04	2.79
As at March 31, 2020	0.05	3.43
<b>Payable towards borrowings</b>		
As at March 31, 2021	-	-
As at March 31, 2020	0.31	23.19
<b>Payable to creditors</b>		
As at March 31, 2021	0.17	12.32
As at March 31, 2020	0.11	8.43



**Note 30 : Segment Reporting**

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

**Geographical segment**

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

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Segment Revenue*</b>		
a) In India	294.06	840.58
b) Rest of the world	4.24	13.53
<b>Total Sales</b>	<b>298.30</b>	<b>854.11</b>
<b>Carrying Cost of Segment Assets**</b>		
a) In India	2,153.16	2,029.31
b) Rest of the world	2.79	3.43
<b>Total</b>	<b>2,155.95</b>	<b>2,032.74</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>		
a) In India	42.27	57.89
b) Rest of the world	-	-
<b>Total</b>	<b>42.27</b>	<b>57.89</b>

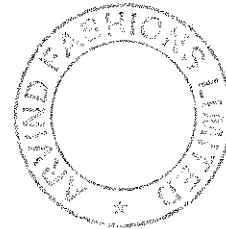
\* Based on location of Customers

\*\* 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):**

The Company has one customer contributing Rs. 77.95 Crores (March 31, 2020 : Rs. 416.75 Crores) to the revenue of the Company



Note 31 : Disclosure pursuant to Employee benefits

A Defined Contribution Plans

The following amounts are recognised as expense and included in Note 21 "Employee benefit expenses"

Particulars	Year Ended	
	March 31, 2021	March 31, 2020
Provident Fund	1.40	1.93
Contributory Pension Scheme	0.50	0.87
<b>Total</b>	<b>1.90</b>	<b>2.80</b>

Note

(a) Employees of the Company receive benefits from a provident fund, which is a defined contribution plan. The eligible employees and the company make monthly contributions to the provident fund plan equal to a specified percentage of the employees' salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The remaining portion is contributed to the government administered pension fund. Employees of the Company receive benefits from a government administered provident fund, which is a defined contribution plan. The Company has no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

B 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 Funderd 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.

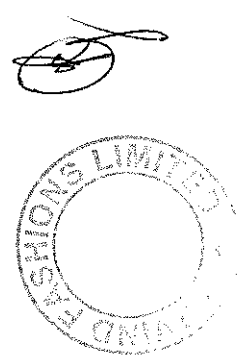
The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent 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

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination /transfer	March 31, 2021
	April 1, 2020	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	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		
Gratuity	4.55	0.68	0.26	0.94				0.31	0.01	3.11
Defined benefit obligation	(1.48)	-	(0.06)	(0.06)	(1.02)	(0.10)	(0.20)	(0.20)	(1.35)	(0.52)
Fair value of plan assets										
<b>Total benefit liability</b>	<b>3.07</b>	<b>0.68</b>	<b>0.20</b>	<b>0.88</b>	<b>(0.10)</b>	<b>(0.20)</b>	<b>(0.20)</b>	<b>0.31</b>	<b>0.01</b>	<b>2.59</b>

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

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination /transfer	March 31, 2020
	April 1, 2019	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	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		
Gratuity	5.18	0.93	0.36	1.29				0.32	0.39	4.55
Defined benefit obligation	(2.47)	-	(0.16)	(0.16)	(1.25)	0.14	(0.07)	-	(0.65)	(1.48)
Fair value of plan assets										
<b>Total benefit liability</b>	<b>2.71</b>	<b>0.93</b>	<b>0.20</b>	<b>1.13</b>	<b>(0.65)</b>	<b>0.14</b>	<b>(0.07)</b>	<b>0.32</b>	<b>(0.26)</b>	<b>3.07</b>





**Note 31 : Disclosure pursuant to Employee benefits (Continued)**

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%
<b>(%) of total plan assets</b>	<b>100%</b>	<b>100%</b>

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	5.70%	6.20%
Future salary increase	4.65% for Front End Employees	7.40% for Front End Employees
Expected rate of return on plan assets	4.90% for others	7.60% for others
Attrition rate	5.70%	6.20%
Mortality rate during employment	34.5% for Front End Employees	27.6% for Front End Employees
	21.5% for Others	16.5% for Others
	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

**A Quantitative sensitivity analysis for significant assumptions is as shown below:**

Particulars	Sensitivity level	Rs. In Crores	
		Increase / (Decrease) in defined benefit obligation (Impact)	
		Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Gratuity</b>			
Discount rate	50 basis points increase	(0.05)	(0.09)
	50 basis points decrease	0.05	0.10
Salary increase	50 basis points increase	0.05	0.08
	50 basis points decrease	(0.04)	(0.08)
Attrition rate	50 basis points increase	(Rs. 33,029)	(0.02)
	50 basis points decrease	Rs. 32,824	0.01

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	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	0.70	0.87
Between 2 and 5 years	2.52	3.53
Beyond 5 years	2.11	3.52
<b>Total expected payments</b>	<b>5.33</b>	<b>7.92</b>

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

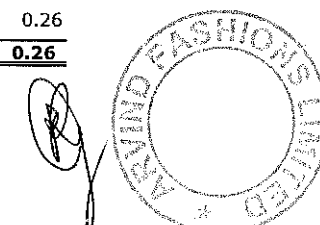
Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Gratuity</b>	4 years	4 years

**C Leave encashment**

The Company has a policy on leave encashment which are both accumulating and non-accumulating in nature. The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. The liability of leave encashment is funded through Life Insurance Corporation.

Particulars	Rs. In Crores	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Leave encashment	0.55	0.26
	<b>0.55</b>	<b>0.26</b>

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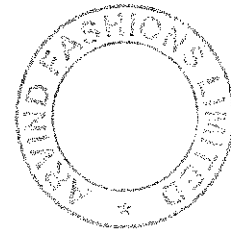
**Note 32 : Related Party Transactions**

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

<b>Name of Related Parties</b>	<b>Nature of Relationship :</b>
Arvind Limited	Enterprise having significant influence by Non-Executive Director
Arvind Lifestyle Brand Limited	Subsidiary Company
Arvind Beauty Brands Retail Private Limited	Subsidiary Company
Tommy Hilfiger Arvind Fashion Private Limited	Controlled Joint Venture Upto July 14, 2020
PVH Arvind Fashion Private Limited (previously known as Calvin Klein Arvind Fashion Pvt Ltd)	Controlled Joint Venture
Arvind Youth Brands Private Limited	Subsidiary Company of Arvind Lifestyle Brands Limited
Arvind Ruf & Tuf Private Limited	Enterprise having significant influence by Key Management Personnel
Arvind True Blue Limited	Enterprise having significant influence by Key Management Personnel
Arvind Premium Retail Limited	Enterprise having significant influence by Key Management Personnel
Arvind Goodhill Suit Manufacturing Private Limited	Enterprise having significant influence by Non-Executive Director
Aura Securities Private Limited	Enterprise having significant Influence by Non-Executive Director
Suresh Jayaraman	Key Management Personnel , Managing Director and CEO up to February 1, 2021 and Additional Director of the Company w.e.f. February 02, 2021
Shailesh Shyam Chaturvedi	Key Management Personnel, Additional Director of the Company w.e.f. November 12, 2020 and Managing Director & CEO w.e.f. February 01, 2021
Pramod Kumar Gupta, Chief Financial Officer Vijay Kumar BS , Company Secretary	Key Management Personnel Key Management Personnel
Sanjaybhai Srenikbhai Lalbhai	Non Executive Director
Jayesh Kantilal Shah	Non Executive Director upto November 12, 2020
Nithya Easwaran	Non Executive Director
Kulin S. Lalbhai	Non Executive Director
Punit S. Lalbhai	Non Executive Director
Nilesh D. Shah	Non Executive Director
Abanti Sankaranarayanan	Non Executive Director
Vallabh R. Bhanshali	Non Executive Director
Naqesh D. Pinqe	Non Executive Director
Achal A. Bakeri	Non Executive Director
Vani Kola	Non Executive Director

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

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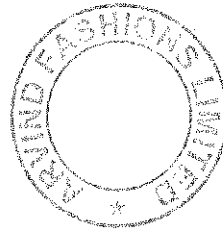


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b Transactions with related parties for the years ended March 31, 2021 and years ended March 31, 2020.  
 Rs. In Crores

Particulars	Subsidiaries and Controlled Joint Ventures	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director
<b>Purchase of Goods and Materials</b>			
March 31, 2021	-	-	-
March 31, 2020	-	-	14.66
<b>Purchase of Property, Plant &amp; Equipment and Intangible Assets</b>			
March 31, 2021	-	-	-
March 31, 2020	-	-	13.50
<b>Net Sales of Goods and Materials</b>			
March 31, 2021	77.28	-	4.97
March 31, 2020	416.75	-	4.97
<b>Receiving of Services-Royalty</b>			
March 31, 2021	5.14	-	-
March 31, 2020	21.94	-	-
<b>Receiving of Services-Shared services</b>			
March 31, 2021	2.65	-	-
March 31, 2020	2.76	-	0.29
<b>Receiving of Services-Commission and Others</b>			
March 31, 2021	-	-	-
March 31, 2020	2.99	-	0.38
<b>Guarantee Commission Income/(Expenses)</b>			
March 31, 2021	3.98	-	(0.40)
March 31, 2020	3.72	-	(0.40)
<b>Rendering of Services-Shared service and Other Income</b>			
March 31, 2021	14.52	-	-
March 31, 2020	0.05	-	9.87
<b>Interest Income</b>			
March 31, 2021	10.08	-	-
March 31, 2020	7.99	-	-

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Arvind Fashions Limited  
Notes to the Standalone Financial Statements

b Transactions with related parties for the years ended March 31, 2020 and years ended March 31, 2019

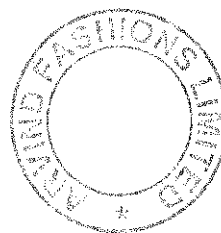
Particulars	Rs. In Crores		
	Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant Influence by Key Management Personnel and Non-Executive Director
<b>Interest Expenses</b>			
March 31, 2021	-	-	1.34
March 31, 2020	-	-	0.09
<b>Remuneration</b>			
March 31, 2021	-	4.90	-
March 31, 2020	-	6.07	-
<b>Sitting Fees</b>			
March 31, 2021	-	0.11	-
March 31, 2020	-	0.05	-
<b>Contribution Given for Employee Benefit Plans</b>			
March 31, 2021	-	-	-
March 31, 2020	-	-	-
<b>Loan Given/(Repaid)</b>			
March 31, 2021	-76.98	-	-
March 31, 2020	72.20	-	-
<b>Loan Taken/(Repaid)</b>			
March 31, 2021	-	-	-50.00
March 31, 2020	-	-	50.00
<b>Business Transfer</b>			
March 31, 2021	52.00	-	-
March 31, 2020	-	-	-
<b>Investments made including share application money</b>			
March 31, 2021	395.71	-	-
March 31, 2020	54.08	-	-

Arvind Fashions Limited  
Notes to the Standalone Financial Statements

c Balances

Particulars	Rs. In Crores		
	Subsidiaries and Controlled Joint Ventures	Key Managerial Personnel and Non Executive Directors	Enterprise having significant Influence by Key Management Personnel and Non-Executive Director
<b>Guarantee Given</b>			
March 31, 2021	1,223.26	-	-
March 31, 2020	1,046.78	-	-
<b>Trade and Other Receivable</b>			
March 31, 2021	34.89	-	1.13
March 31, 2020	115.91	-	0.14
<b>Trade and Other Payable</b>			
March 31, 2021	0.03	-	-
March 31, 2020	0.69	-	8.19
<b>Payable in respect of Loans</b>			
March 31, 2021	-	-	-
March 31, 2020	-	-	50.08
<b>Receivable in respect of Loans</b>			
March 31, 2021	42.77	-	-
March 31, 2020	110.42	-	-
<b>Investment</b>			
March 31, 2021	1,754.30	-	-
March 31, 2020	1,301.48	-	-

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**Note 33 : Earnings per share – EPS (Basic and Diluted)**

Particulars	Rs. In Crores #	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Profit/(Loss) for the year	(59.41)	(4.89)
Less: Right Issue Expenses Debited to Securities Premium	(4.22)	-
Adjusted Profit for the year for EPS Calculation	<b>(63.63)</b>	<b>(4.89)</b>
Total no. of equity shares at the end of the year	11,34,87,487	5,86,79,364
<b>Weighted average number of equity shares</b>		
For basic EPS	No. 9,28,38,211	7,77,46,252
For diluted EPS	No. 9,29,00,936	7,82,99,435
Nominal value of equity shares	Rs. 4	4
Basic earnings per share	Rs. (6.85)	(0.63)
Diluted earnings per share	Rs. (6.85)	(0.62)
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	9,28,38,211	7,77,46,252
Effect of dilution: Share options	62,725	5,53,183
Weighted average number of equity shares adjusted for the effect of dilution	9,29,00,936	7,82,99,435

Pursuant to IND AS 33 - Earnings Per Share, basic and diluted earnings per share for the previous year have been restated for the bonus element in respect of Right Issue.

#All numbers are in Rs. crore except weighted average number of equity shares, nominal value of Shares and Basic and Diluted EPS

**Note 34 : Share based payments**

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. Up to March 31, 2021, the Company has granted 32,48,049 options under ESOP 2016 and issued 3,15,200 options under ESOS 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. The following table sets forth the particulars of the options granted during the year ended 31st March 2021 under ESOS 2016 and ESOS 2018

The following table sets forth the particulars of ESOP 2016 :

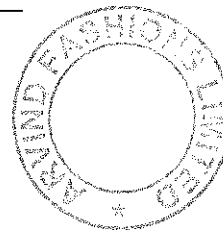
Scheme	ESOP 2016			
	26-Jul-20	26-Jul-20	02-Sep-20	30-Dec-20
Date of grant	26-Jul-20	26-Jul-20	02-Sep-20	30-Dec-20
Number of options granted	1,75,000	25,000	4,85,000	2,00,000
Exercise price per option	Rs. 140	Rs. 50	Rs. 141.3	Rs. 157.15
Vesting period	Over a period of 4 years			
Vesting requirements	Time based vesting	Time based vesting	Time based vesting	Time based vesting
Exercise period	5 years from the date of vesting			
Method of settlement	Equity			

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

Particulars	ESOP 2016			
	March 31, 2021	Weighted average exercise price per option (Rs.) #	March 31, 2020	Weighted average exercise price per option (Rs.)
<b>Options</b>				
Outstanding at the beginning of the year	11,57,445	415.04	16,87,193	343.41
Issued during the year	8,85,000	142.05	3,35,000	369.72
Vested but not exercised at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	(29,923)	134.82	(1,80,057)	356.46
Exercised during the year	(27,000)	43.27	(6,84,691)	135.86
Reduction in options due to consolidation of shares	-	-	-	-
Outstanding at the end of the year	19,85,522	302.64	11,57,445	471.77
Exercisable at the end of the year	5,69,835	409.01	1,24,178	710.20

# Price adjusted due to Right Issue bonus factor of Rs. 56.73 per option outstanding

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Particulars	ESOP 2018			
	March 31, 2021	Weighted average exercise price per option (Rs.) #	March 31, 2020	Weighted average exercise price per option (Rs.)
<b>Options</b>				
Outstanding at the beginning of the year	3,15,200	834.13	3,15,200	890.86
Issued during the year	-	-	-	-
Vested but not exercised at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	3,15,200	834.13	3,15,200	890.86
Exercisable at the end of the year	3,15,200	834.13	1,80,000	890.86

# Price adjusted due to Right Issue bonus factor of Rs. 56.73 per option outstanding

**Share Options Exercised Year ending March 31, 2021**

Option Series	No. of Options	Exercise Date	Weighted Average Share Price at
ESOS 2016	27,000	29-Dec-20	43.27

**Share Options Exercised Year ending March 31, 2020**

Option Series	No. of Options	Exercise Date	Weighted Average Share Price at
ESOS 2016*	1,58,725	12-Mar-19	121.58
ESOS 2016*	2,94,510	13-Mar-19	127.28
ESOS 2016*	75,242	14-Mar-19	144.72
ESOS 2016*	7,417	15-Mar-19	179.92
ESOS 2016*	68,477	18-Mar-19	169.21
ESOS 2016*	25,647	19-Mar-19	105.58
ESOS 2016*	8,688	20-Mar-19	177.90
ESOS 2016*	1,279	26-Mar-19	189.64
ESOS 2016	8,308	16-Aug-19	105.58
ESOS 2016	1,279	21-Aug-19	189.64
ESOS 2016	21,470	26-Aug-19	189.64
ESOS 2016	1,023	29-Aug-19	189.64
ESOS 2016	2,046	04-Sep-19	189.64
ESOS 2016	1,279	09-Sep-19	212.00
ESOS 2016	2,046	10-Sep-19	189.64
ESOS 2016	5,755	11-Sep-19	212.00
ESOS 2016	1,500	15-Sep-19	189.64

\* Allotment of Shares made in April 2019

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 6.87 years (March 31, 2020: 6.91 years). The range of exercise price is from Rs. 43.27 to Rs. 1,324.35

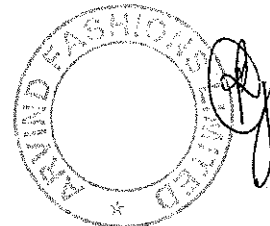
The share options outstanding at the end of the period under ESOP 2018 have a weighted average remaining contractual life of 1.26 years (March 31, 2020: 2.26 years). The range of exercise price is from Rs. 612.78 to Rs. 1000.38

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date	Rs. 146.25	
Expected volatility	48.13%	No grants made during the period
Expected life (years)	2.98 years	
Dividend yield	0%	
Risk-free interest rate (%)	4.82%	

**Expense arising from share-based payment transactions**

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

Particulars	Rs. In Crores	
	Year Ended	Year Ended
Employee option plan	2.20	0.48
<b>Total employee share based payment expense</b>	<b>2.20</b>	<b>0.48</b>



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**Note 35 : 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. 2.47 Crores calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 2.31 Crores determined at net of the amount calculated by applying the standard since the date of the commencement of lease and the resulting depreciation up to the date of adoption. The net effect of Rs. 0.10 Crores (net of deferred tax asset of Rs. 0.06 Crores) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.
- B.** The Company has taken Buildings and other facilities on lease period of 1 to 9 years. Disclosures as per Ind AS 116 - Leases are as follows:

**C. Changes in the carrying value of right of use assets (Showrooms)**

Particulars	Rs. In Crores	
	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	-	-
Recognition of right of use asset on adoption of Ind AS 116	-	2.31
Additions	-	-
Deletions	-	(1.64)
Depreciation	-	(0.67)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

**D. Movement in lease liabilities**

Particulars	Rs. In Crores	
	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
Balance at the beginning of the year	-	-
Recognition of Lease Liability on adoption of Ind AS 116	-	2.47
Additions	-	-
Deletions	-	(1.69)
Finance cost accrued during the year	-	0.08
Payment of lease liabilities	-	(0.86)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

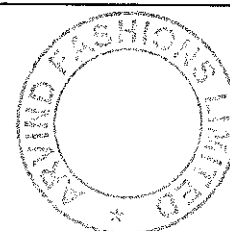
- E.** The amount recognised in the statement of profit or loss are as follows:

Particulars	Rs. In Crores	
	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	-	0.67
Interest expense on lease liabilities	-	0.08
Rent expense - short-term lease and leases of low value assets	5.63	3.71
<b>Total</b>	<b>5.63</b>	<b>4.46</b>

**Note 36 : Corporate Social Responsibility (CSR) Activities**

Particulars	Rs. In Crores	
	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Company during the year	0.89	0.89
b) Amount spent during the year on,		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above including Rs 0.89 Crores pertaining to previous year	1.78	-
c) Amount unspent during the year	-	0.89

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**Arvind Fashions Limited**  
CIN - L52399GJ2016PLC085595  
**Notes to the Standalone Financial Statements**

**Note 41 : Business Combination**

**Summary of business combination**

During the year the Company has transferred by way of sale, the wholesale trading business of "Flying Machine" ("FM") brand as a going concern to Arvind Youth Brands Private Limited (AYBPL), a step down subsidiary company on a slump sale basis for a lump sum consideration of Rs. 52.00 Crores.

Following are the details of net assets transferred:

<b>Particulars</b>	<b>Rs. In Crores</b>
<b>Assets</b>	
Property, plant and equipment	3.47
Inventories	44.74
Other Current assets	6.24
Trade receivables	65.23
Deferred Tax Assets	0.73
<b>Total Assets</b>	<b>120.41</b>
<b>Liabilities</b>	
Trade payables	66.38
Other Current Liabilities	2.03
<b>Total Liabilities</b>	<b>68.41</b>
<b>Net Assets Transferred</b>	<b>52.00</b>

Due to business combination previous year figures are not comparative with that of current year.

**Note 42 : 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 few period has been progressively better, until the same was once again impacted somewhat in the last quarter at the end of the year 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 and take back goods sold from customers where collection of funds was getting delayed to sell it through other channels for faster liquidation. In order to achieve these objectives, the Company has made special provision which are disclosed under Exceptional Item as per Note 25

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 43 : Social Code**

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 44 : 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 Group in the current or future reporting periods.

**Note 45 : Regrouped, Recast, Reclassified**

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

**Note 46 : 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 03, 2021, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

