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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND BEAUTY BRANDS RETAIL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arvind Beauty Brands Retail Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter Paragraph

We draw your attention to Note 40 of the financials which explains the uncertainties and management's assessment of the financial impact on the financial statement of the Company 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.

Information Other than the 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 Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) In our opinion, the aforesaid 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) The provision of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2022.

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:

    a) The Company does not have any pending litigation which would affect its financial position;

    b) The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;

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

    d)

        i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        ii. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

        iii. Based on the audit procedures conducted by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatements.

    e) According to the information and explanations provided to us, the Company has not declared any dividend during the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892
UDIN: 22100892AJRGXX9308

Bengaluru
May 26, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Beauty Brands Retail Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of **Arvind Beauty Brands Retail Private Limited** ("the Company") as of March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Bengaluru
May 26, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.

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

c) According to the information and explanations given to us and the records examined by us the Company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) which are held in the name of the Company.

d) According to the information and explanations given to us, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.

e) According to the information and explanation given to us, the Company has no proceedings pending for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii. In respect of the Company's Inventories:

a) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion the coverage and procedure of such verification is appropriate, and no material discrepancies were noticed on verification between the physical stocks and the book records which were 10% or more in the aggregate for each class of inventory.

b) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees from bank on the basis of security of current assets. In our opinion the revised quarterly returns or statements filed by the Company with such bank are in agreement with the books of accounts of the Company.

iii. According to the information and explanations given to us, the Company has made not made investments in, not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships. Hence reporting under this clause is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and has not advanced loans or not given guarantees or not provided security or not made investments covered under section 186 of the Act. Hence reporting under this clause is not applicable.

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

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

vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Goods and Service Tax, Duty of Custom, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) Following amounts have not been deposited as on March 31, 2022, on account of any dispute:

Nature of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	40,10,293	2015-16	Assessing Officer
		72,72,762	2016-17	Assessing Officer
		30,51,103	2017-18	Assessing Officer

viii. To the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions which are not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. In our opinion and according to the information and explanations given to us, in respect of the Company's Borrowings:

a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b) The Company is not a declared willful defaulter by any bank or financial institution or other lender.

c) The term loans of the company were applied for the purpose for which the loans were obtained.

d) The funds raised on short term basis have not been utilized for long term purposes.

e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. In our opinion and according to the information and explanations given to us, in respect of funds raised by the Company:

a) The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

b) The company has not made any preferential allotment or private placement of shares or non-convertible debentures during the year.

xi. In respect of fraud by the Company or on the Company:

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

b) There has been no report under sub-section (12) of section 143 of the Companies Act filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) There have been no whistle-blower complaints received during the year by the company.

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

xiii. To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details have been disclosed as required by the applicable Indian Accounting Standard (Ind AS)-24 Related Party Disclosures.

xiv. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

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

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

xvii. According to the information and explanations given to us, the company has not incurred cash losses in the financial year. There is cash loss amounting to Rs. 4,65,73,208/- in the immediately preceding financial year.

xviii. According to the information and explanations given to us, there has been no resignation of the statutory auditors during the year.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet dates will get discharged by the Company as and when they fall due.

xx. In respect of the Company's Corporate Social Responsibility, reporting under this clause is not applicable to the company.

xxi. According to the information and explanations given to us, this clause is not applicable to the Company as it is not required to prepare consolidated financial statements.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Bengaluru
May 26, 2022

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Balance Sheet as at March 31, 2022

Amount in Rs.

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	15,61,29,459	22,84,80,795
(b) Right-of-use assets	34	66,56,80,588	63,77,33,164
(c) Intangible assets	6	-	71,127
(d) Financial assets			
(i) Other financial assets	7 (d)	13,56,03,692	17,11,01,384
(e) Deferred tax assets (net)	25	17,02,65,744	17,02,65,744
(f) Non-current tax assets	10	1,65,97,190	1,28,99,480
(g) Other non-current assets	8	6,48,524	-
Total non-current assets		**1,14,49,25,197**	**1,22,05,51,694**
II. Current assets			
(a) Inventories	9	98,39,32,558	65,35,12,924
(b) Financial assets			
(i) Cash and cash equivalents	7 (b)	2,21,97,922	33,94,788
(ii) Bank balances other than (i) above	7 (c)	1,15,11,929	61,938
(iii) Loans	7 (a)	10,16,325	4,67,310
(iv) Others financial assets	7 (d)	8,21,36,977	10,78,05,879
(c) Other current assets	8	21,29,90,457	6,92,98,691
Total current assets		**1,31,37,86,168**	**83,45,41,530**
Total Assets		**2,45,87,11,365**	**2,05,50,93,224**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	8,93,94,880	7,68,94,880
(b) Other equity	12	6,51,47,724	33,28,75,875
Total equity		**15,45,42,604**	**40,97,70,755**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	-	2,26,697
(ii) Lease liabilities	34	60,07,39,238	66,81,60,775
(b) Long-term provisions	14	64,58,583	80,60,740
Total non-current liabilities		**60,71,97,821**	**67,64,48,212**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	73,03,15,464	41,00,87,707
(ii) Lease liabilities	34	21,89,00,174	15,30,69,435
(iii) Trade payables	13 (b)		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		69,12,72,786	35,67,97,357
(iv) Other financial liabilities	13 (c)	47,59,196	1,76,73,796
(b) Other current liabilities	15	4,64,27,265	2,57,00,053
(c) Short-term provisions	14	52,96,055	55,45,909
Total current liabilities		**1,69,69,70,940**	**96,88,74,257**
Total Equity and Liabilities		**2,45,87,11,365**	**2,05,50,93,224**
Significant Accounting Policies	3		

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

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

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place : Bengaluru
Date : May 26, 2022

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

Jayesh K Shah
Director
DIN: 00008349

Piyush Gupta
Director
DIN: 09612583

Place : Bengaluru
Date : May 26, 2022

Arvind Beauty Brands Retail Pvt Ltd

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of Profit and Loss for the year ended March 31, 2022

Amount in Rs.

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
I. Income			
Revenue from operations			
Sale of Products	16	2,39,20,37,442	1,40,38,29,207
Sale of Services	16	3,24,42,967	81,40,593
Operating Income	16	7,15,646	3,26,275
Revenue from operations		**2,42,51,96,055**	**1,41,22,96,075**
Other income	17	8,40,75,944	11,82,38,889
Total income (I)		**2,50,92,71,999**	**1,53,05,34,964**
II. Expenses			
Purchases of stock-in-trade	18	1,82,83,91,983	66,70,83,730
Changes in inventories of stock-in-trade	19	(33,04,19,634)	19,94,00,288
Employee benefits expense	20	26,66,41,678	19,77,10,923
Finance costs	21	12,02,82,433	15,87,53,060
Depreciation and amortization expense	22	33,20,97,866	28,12,90,819
Other expenses	23	55,68,75,789	33,75,60,171
Total expenses (II)		**2,77,38,70,115**	**1,84,17,98,991**
III. Profit/(Loss) before exceptional items and tax (I-II)		**(26,45,98,116)**	**(31,12,64,027)**
IV. Exceptional items	24	-	(1,66,00,000)
V. Profit/(Loss) before tax (III-IV)		**(26,45,98,116)**	**(32,78,64,027)**
VI. Tax expense			
Current tax	25	-	-
Deferred Tax charge / (credit)	25	3,61,109	(1,57,62,318)
Total tax expense		**3,61,109**	**(1,57,62,318)**
VII. Profit/(Loss) for the year (V-VI)		**(26,49,59,225)**	**(31,21,01,709)**
VIII. Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Re-measurement gains / (losses) on defined benefit plans	30	(13,88,880)	5,61,067
Income tax effect on above	25	3,61,109	(1,45,877)
		(10,27,771)	4,15,190
Other comprehensive income/(loss) not to be reclassified to profit or loss (Net)		**(10,27,771)**	**4,15,190**
IX. Total comprehensive income/(loss) for the year, net of tax (VII+VIII)		**(26,59,86,996)**	**(31,16,86,519)**
X. Earnings per equity share			
Nominal Value per share - Rs. 10/- (Previous year - Rs. 10/-)			
Basic - Rs.	32	(31.61)	(40.59)
Diluted - Rs.	32	(31.61)	(40.48)
Significant Accounting Policies	3		

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

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

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place : Bengaluru
Date : May 26, 2022

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

Jayesh K Shah
Director
DIN: 00008349

Piyush Gupta
Director
DIN: 09612583

Place : Bengaluru
Date : May 26, 2022

Arvind Beauty Brands Retail Pvt Ltd

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of Cash Flows for the year ended March 31, 2022

Amount in Rs.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A Operating activities		
Profit/(Loss) Before taxation	**(26,45,98,116)**	**(32,78,64,027)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation /Amortization	33,20,97,866	28,12,90,819
Interest Income	(93,03,297)	(17,017)
Interest and Other Borrowing Cost	12,02,82,433	15,87,53,060
Gain on reassessment of lease	(7,46,92,139)	(11,82,10,927)
Allowance for doubtful advances/written off	-	3,53,644
Loss on sale of property, plant and equipment	-	2,36,122
Share based payment expense	1,07,58,845	2,23,31,250
Operating Profit before Working Capital Changes	**11,45,45,592**	**1,68,72,924**
Working Capital Changes:		
(Increase) / Decrease in Inventories	(33,04,19,634)	19,94,00,288
(Increase) / Decrease in other assets	(14,36,91,766)	5,54,09,097
(Increase) / Decrease in other financial assets	6,07,22,732	(9,38,92,358)
(Increase) / Decrease in other bank balances	(1,14,49,991)	1,38,062
Increase / (Decrease) in trade payables	33,44,75,429	(2,61,74,985)
Increase / (Decrease) in other liabilities	2,07,27,212	(93,04,672)
Increase / (Decrease) in other financial liabilities	(1,18,12,545)	4,65,537
Increase / (Decrease) in provisions	(32,40,891)	44,95,119
Net Changes in Working Capital	**(8,46,89,454)**	**13,05,36,088**
Cash Generated from Operations	**2,98,56,138**	**14,74,09,012**
Direct Taxes paid (Net of Income Tax refund)	(36,97,710)	(9,88,835)
Net Cash flow received / (used in) Operating Activities	**2,61,58,428**	**14,64,20,177**
B Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment / Intangible assets	(4,42,81,678)	(2,32,05,019)
Changes in capital advances	(6,48,524)	21,72,745
Interest received	91,98,144	13,665
Net Cash flow received / (used in) Investing Activities	**(3,57,32,058)**	**(2,10,18,609)**
C Cash Flow from Financing Activities		
Changes in long term borrowings	(2,26,697)	(17,20,318)
Changes in short term borrowings	32,02,27,757	(16,09,98,841)
Share application money received, pending allotment	-	25,00,00,000
Repayment of Lease Liabilities	(17,02,39,808)	(5,15,67,023)
Interest and Other Borrowing Cost Paid	(12,13,84,488)	(15,80,60,765)
Net Cash flow received / (used in) Financing Activities	**2,83,76,764**	**(12,23,46,947)**
Net Increase/(Decrease) in cash & cash equivalents	**1,88,03,134**	**30,54,621**
Cash & Cash equivalent at the beginning of the year	33,94,788	3,40,167
Cash & Cash equivalent at the end of the year	2,21,97,922	33,94,788

Figures in brackets indicate outflows.

Amount in Rs.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash and cash equivalents comprise of:		
Cash on Hand	-	-
Balances with Banks	2,21,97,922	33,94,788
Cash and cash equivalents	**2,21,97,922**	**33,94,788**

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

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

Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2021	Net cash flows	Non Cash Changes: Adjustment on account of Business Combination	Non Cash Changes: Effect of change in Foreign Currency Rates	Non Cash Changes: Other Changes*	As at March 31, 2022
Borrowings:							
Long term borrowings	13(a)	2,26,697	(2,26,697)	-	-	-	-
Short term borrowings	13(a)	41,00,87,707	32,02,27,757	-	-	-	73,03,15,464
Total		**41,03,14,404**	**32,00,01,060**	-	-	-	**73,03,15,464**

Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2020	Net cash flows	Non Cash Changes: Adjustment on account of Business Combination	Non Cash Changes: Effect of change in Foreign Currency Rates	Non Cash Changes: Other Changes*	As at March 31, 2021
Borrowings:							
Long term borrowings	13(a)	19,47,015	(17,20,318)	-	-	-	2,26,697
Short term borrowings	13(a)	57,10,86,548	(16,09,98,841)	-	-	-	41,00,87,707
Total		**57,30,33,563**	**(16,27,19,159)**	-	-	-	**41,03,14,404**

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

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

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

CA. Chokshi Shreyas B.
Membership No. 100892
Partner

Place : Bengaluru
Date : May 26, 2022

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

Jayesh K Shah
Director
DIN: 00008349

Piyush Gupta
Director
DIN: 09612583

Place : Bengaluru
Date : May 26, 2022

Arvind Beauty Brands Retail Pvt Ltd

Arvind Beauty Brands Retail Private Limited (CIN - U52100GJ2015PTC082996)
Statement of changes in Equity for the year ended March 31, 2022

A. Equity share capital

Balance	No. of shares	Amount in Rs.
		Note 11
As at April 1, 2020	**76,89,488**	**7,68,94,880**
Issue of Equity Share capital	-	-
As at March 31, 2021	**76,89,488**	**7,68,94,880**
Issue of Equity Share capital	12,50,000	1,25,00,000
As at March 31, 2022	**89,39,488**	**8,93,94,880**

B. Other equity

Amount in Rs.

Particulars	Reserves and Surplus				Total equity
	Share application money pending allotment	Securities premium	Contribution from Parent for ESOP	Retained Earnings	
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2020	-	**83,32,04,742**	**2,74,52,442**	**(48,84,26,040)**	**37,22,31,144**
Profit / (Loss) for the year	-	-	-	(31,21,01,709)	**(31,21,01,709)**
Addition during the year	25,00,00,000	-	2,23,31,250	4,15,190	**27,27,46,440**
Other comprehensive income for the period	25,00,00,000	-	2,23,31,250	(31,16,86,519)	**(3,93,55,269)**
Total Comprehensive income for the period	-			-	-
Balance as at March 31, 2021	**25,00,00,000**	**83,32,04,742**	**4,97,83,692**	**(80,01,12,559)**	**33,28,75,875**
Balance as at April 1, 2021	**25,00,00,000**	**83,32,04,742**	**4,97,83,692**	**(80,01,12,559)**	**33,28,75,875**
Profit / (Loss) for the year	-	-	-	(26,49,59,225)	**(26,49,59,225)**
Addition during the year			1,07,58,845	-	**1,07,58,845**
Share issued during the year	-25,00,00,000	23,75,00,000	-	-	**(1,25,00,000)**
Other comprehensive income for the period	-	-	-	(10,27,771)	**(10,27,771)**
Total Comprehensive income for the period	-25,00,00,000	23,75,00,000	1,07,58,845	(26,59,86,996)	**(26,77,28,151)**
Balance as at March 31, 2022	-	**1,07,07,04,742**	**6,05,42,537**	**(1,06,60,99,555)**	**6,51,47,724**

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

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

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Bengaluru
Date : May 26, 2022

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

Jayesh K Shah
Director
DIN: 00008349

Piyush Gupta
Director
DIN: 09612583

Place : Bengaluru
Date : May 26, 2022

Arvind Beauty Brands Retail Pvt Ltd

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

Note 5 : Property, plant and equipment

Amount in Rs.

Particulars	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computers, Servers and Network	Total
Gross Carrying Value							
As at April 1, 2020	5,07,29,303	25,49,75,375	38,99,998	24,56,74,826	6,67,83,519	1,57,98,798	63,78,61,819
Additions	29,23,264	50,03,235		1,39,47,264	2,05,612	11,25,644	2,32,05,019
Deductions	10,05,970	66,85,895	29,99,999	14,25,539	10,35,540	3,81,382	1,35,34,325
As at March 31, 2021	5,26,46,597	25,32,92,715	8,99,999	25,81,96,551	6,59,53,591	1,65,43,060	64,75,32,513
Additions	29,96,364	2,35,94,284	-	1,37,98,957	23,49,580	15,42,493	4,42,81,678
Deductions	24,20,553	3,35,81,166		3,38,13,187	45,58,135	66,50,605	8,10,23,646
As at March 31, 2022	5,32,22,408	24,33,05,833	8,99,999	23,81,82,321	6,37,45,036	1,14,34,948	61,07,90,545
Depreciation and Impairment							
As at April 1, 2020	2,78,85,814	11,72,50,957	30,65,784	14,49,72,653	3,53,19,070	65,26,623	33,50,20,901
Depreciation for the year	96,51,717	4,10,34,793	5,53,092	3,33,82,553	1,15,20,505	11,86,360	9,73,29,020
Deductions	10,05,970	66,85,895	27,63,877	14,25,539	10,35,540	3,81,382	1,32,98,203
As at March 31, 2021	3,65,31,561	15,15,99,855	8,54,999	17,69,29,667	4,58,04,035	73,31,601	41,90,51,718
Depreciation for the year	85,42,625	5,18,20,615	-	4,13,52,371	96,15,070	53,02,333	11,66,33,014
Deductions	24,20,553	3,35,81,166	-	3,38,13,187	45,58,135	66,50,605	8,10,23,646
As at March 31, 2022	4,26,53,633	16,98,39,304	8,54,999	18,44,68,851	5,08,60,970	59,83,329	45,46,61,086
Net Carrying Value							
As at March 31, 2022	1,05,68,775	7,34,66,529	45,000	5,37,13,470	1,28,84,066	54,51,619	15,61,29,459
As at March 31, 2021	1,61,15,036	10,16,92,860	45,000	8,12,66,884	2,01,49,556	92,11,459	22,84,80,795

Arvind Beauty Brands Retail Pvt Ltd

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

Note 6 : Intangible assets

Amount in Rs.

Particulars	Computer Software	Brand Value & License Brands	Total Intangible Assets
Gross Carrying Value			
As at April 1, 2020	**93,44,079**	**3,23,01,032**	**4,16,45,111**
Additions	-	-	-
Deductions		-	-
As at March 31, 2021	**93,44,079**	**3,23,01,032**	**4,16,45,111**
Additions	-	-	-
Deductions		-	-
As at March 31, 2022	**93,44,079**	**3,23,01,032**	**4,16,45,111**
Amortization and Impairment			
As at April 1, 2020	**55,29,365**	**2,94,42,805**	**3,49,72,170**
Amortization for the Year	37,43,587	28,58,227	**66,01,814**
Deductions	-	-	-
As at March 31, 2021	**92,72,952**	**3,23,01,032**	**4,15,73,984**
Amortization for the Year	71,127	-	**71,127**
Deductions	-	-	-
As at March 31, 2022	**93,44,079**	**3,23,01,032**	**4,16,45,111**
Net Carrying Value			
As at March 31, 2022	-	-	-
As at March 31, 2021	**71,127**	-	**71,127**

Arvind Beauty Brands Retail Pvt Ltd

Note 7 : Financial assets

7 (a) Loans

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good unless otherwise stated		
Current		
Loans to employees	10,16,325	4,67,310
Total Loans	**10,16,325**	**4,67,310**

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

7 (b) Cash and cash equivalent

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	2,21,97,922	33,94,788
Total cash and cash equivalents	**2,21,97,922**	**33,94,788**

7 (c) Other bank balance

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits with original maturity less than 12 months	1,15,11,929	61,938
Total other bank balances	**1,15,11,929**	**61,938**
Total Cash and Bank Balances	**3,37,09,851**	**34,56,726**

7 (d) Other financial assets
(Unsecured, considered good unless otherwise stated)

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Security deposits	13,53,27,430	17,09,01,384
Bank deposits with maturity of more than 12 months	2,76,262	2,00,000
	13,56,03,692	**17,11,01,384**
Current		
Security deposits	70,93,368	-
Accrued Interest	1,14,987	9,834
Other Receivables	7,49,28,622	10,77,96,045
	8,21,36,977	**10,78,05,879**
Total other financial assets	**21,77,40,669**	**27,89,07,263**

Arvind Beauty Brands Retail Pvt Ltd

7 (e) : Financial Assets by category

Amount in Rs.

Particulars	FVTPL	FVOCI	Amortised Cost
March 31, 2022			
Trade Recievables			-
Loans	-	-	-	10,16,325
Cash and Cash equivalents	-	-	-	2,21,97,922
Other Bank Balance				1,15,11,929
Other financial assets	-	-	-	21,77,40,669
Total Financial Assets	-	-	-	**25,24,66,845**
March 31, 2021			
Trade Recievables			-
Loans	-	-	-	4,67,310
Cash and Cash equivalents	-	-		33,94,788
Other Bank Balance				61,938
Other financial assets	-	-	-	27,89,07,263
Total Financial Assets	-	-	-	**28,28,31,299**

For Financial instruments risk management objectives and policies, refer Note 37
Fair value disclosure for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures are in Note 36

Note 8 : Other assets
(Unsecured, considered good unless otherwise stated)

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Sales Tax Paid under protest	6,48,524	-
Capital advances	-	-
	6,48,524	-
Current		
Advances		
Advance to others	50,85,060	38,81,216
Prepaid expenses	25,67,135	16,88,429
Returnable Assets	66,31,797	-
Balance with Government Authorities (Refer note 1 below)	19,54,20,276	6,34,81,517
Balance with collectorate of central excise and customs	18,80,022	2,47,529
Other Current Assets	14,06,167	-
	21,29,90,457	**6,92,98,691**
Total	**21,36,38,981**	**6,92,98,691**
Advance to directors or to firm/private company where director is interested	-	-

Note :

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

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

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Stock-in-trade	98,39,32,558	64,75,29,683
Packing materials	-	59,83,241
Total	**98,39,32,558**	**65,35,12,924**

1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realizable value, for Rs. 5,96,44,246 (March 31, 2021: Rs. 4,76,53,986/-). The changes in write downs are recognized as an expense in the Statement of profit and loss.

Note 10 : Current Tax Assets (Net)

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Tax Paid in Advance (Net of Provision)	1,65,97,190	1,28,99,480
Total	**1,65,97,190**	**1,28,99,480**

Arvind Beauty Brands Retail Pvt Ltd

Note 11 : Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Authorised share capital Equity shares of Rs. 10 each (March 31, 2021: Rs. 10 each)	10,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued and subscribed share capital Equity shares of Rs. 10 each (March 31, 2021: Rs. 10 each)	89,39,488	8,93,94,880	76,89,488	7,68,94,880
Subscribed and fully paid up Equity shares of Rs. 10 each (March 31, 2021: Rs. 10 each)	89,39,488	8,93,94,880	76,89,488	7,68,94,880
Total	**89,39,488**	**8,93,94,880**	**76,89,488**	**7,68,94,880**

11.1. Reconciliation of shares

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	**76,89,488**	**7,68,94,880**	**76,89,488**	**7,68,94,880**
Add: Shares issued during the year	12,50,000	1,25,00,000	-	-
Outstanding at the end of the period	**89,39,488**	**8,93,94,880**	**76,89,488**	**7,68,94,880**

11.2. Rights, preferences and restrictions attached to the equity shares
The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.3. Shares held by holding company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Arvind Fashions Limited (along with nominees)	89,39,488	8,93,94,880	76,89,488	7,68,94,880

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

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited (along with nominees)	89,39,488	100%	76,89,488	100%

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

Arvind Beauty Brands Retail Pvt Ltd

Note 12 : Other Equity

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Note 12.1 Reserves & Surplus		
Share Application money pending for allotment		
Balance as per last financial statements	25,00,00,000	
Add: addition during the year	-	25,00,00,000
Less: Shares issued during the year	(25,00,00,000)	-
Balance at the end of the year	-	25,00,00,000
Securities premium		
Balance as per last financial statements	83,32,04,742	83,32,04,742
Add: Shares issued during the year	23,75,00,000	-
Balance at the end of the year	1,07,07,04,742	83,32,04,742
Contribution from Parent for ESOP (Refer Note 33)		
Balance as per last financial statements	4,97,83,692	2,74,52,442
Add: Contribution received during the year	1,07,58,845	2,23,31,250
Balance at the end of the year	6,05,42,537	4,97,83,692
Surplus in statement of profit and loss		
Balance as per last financial statements	(80,01,12,559)	(48,84,26,040)
Impact on adoption of Ind AS 116	-	-
Tax Impact on adoption of Ind AS 116	-	-
Add: Profit/(loss) for the year	(26,49,59,225.00)	(31,21,01,709)
Add / (Less): OCI for the year	(10,27,771)	4,15,190
Balance at the end of the year	(1,06,60,99,555)	(80,01,12,559)
Total reserves & surplus	6,51,47,724	33,28,75,875
Total Other equity	6,51,47,724	33,28,75,875

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

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

b **Contribution from Parent for ESOP**
This reserve relates to share options granted by Arvind Fashions Limited (Holding Company) under it's employee share option plan. Further information about share-based payments to employees is set out in Note 33.

Note 13 : Financial liabilities

13 (a) Borrowings

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Long-term Borrowings (Refer Note 1(a) below)		
(At amortised cost)		
Non-current portion		
Secured		
Term loan from Banks	-	2,26,697
Total long-term borrowings	-	2,26,697
Short-term Borrowings (Refer Note 1(b))		
(At amortised cost)		
Secured (at amortised cost)		
Current maturities		
Term loan from Banks	2,26,697	2,51,851
Working Capital Loans		
Working Capital Loans repayable on demand from Banks	25,00,00,000	30,00,00,000
Unsecured		
Intercorporate Deposits - From Related Parties (Refer Note 31)	48,00,88,767	10,98,35,856
Total short-term borrowings	73,03,15,464	41,00,87,707
Total borrowings	73,03,15,464	41,03,14,404

Arvind Beauty Brands Retail Pvt Ltd

1. Secured Borrowings
(a) Long term

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

Particulars	Amount in Rs.	Rate of Interest	Security	Terms of repayment
Hire Purchase loans	2,26,697	8.50%	Hypothecation of Vehicles	Monthly payment of 60 Equated Monthly Instalments beginning from the month subsequent to taking the loans

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

c

Particulars	Amount in Rs.	Rate of Interest	Security
Working Capital loans	25,00,00,000	7.25%	1. First charge on entire current assets. 2. Corporate guarantee by Arvind Fashions Limited (Holding Company)

d All necessary charges or satisfaction are registered with ROC within the statutory period.
e The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.
f Quarterly returns or statements of current assets filed by the Company with banks or financial institutes are in agreement with the books of accounts.

13 (b) Trade payables

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Acceptances	-	-
Other Trade Payables		
-Total outstanding dues of micro enterprises and small enterprises (refer note a below)	-	-
-Total outstanding dues other than micro enterprises and small enterprises	69,12,72,786	35,67,97,357
Total	**69,12,72,786**	**35,67,97,357**

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

(a) the principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year;
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;

(e) the amount of interest accrued and remaining unpaid at the end of each accounting year

(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Trade Payables ageing schedule:
As at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	46,83,32,066	10,09,49,417	-	-	-	56,92,81,483
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	12,19,91,303	-	-	-	-	12,19,91,303
Total	**59,03,23,369**	**10,09,49,417**	-	-	-	**69,12,72,786**

As at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	23,90,86,419	7,02,66,817	-	-	-	30,93,53,236
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	4,74,44,121	-	-	-	-	4,74,44,121
Total	**28,65,30,540**	**7,02,66,817**	-	-	-	**35,67,97,357**

13 (c) Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Interest accrued and due	1,78,767	12,80,822
Payable to employees	12,71,662	1,33,53,693
Payable for capital goods	33,08,767	30,39,281
	47,59,196	**1,76,73,796**
Total	**47,59,196**	**1,76,73,796**

Note: As at March 31, 2022 there is no amount due and outstanding to be transferred to the Investor Education and Protection Fund.

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Notes to the Financial Statements
13(d) : Financial Liabilities by category

Amount in Rs.

Particulars	FVTPL	FVOCI	Amortized Cost
March 31, 2022			
Borrowings	-	-	73,03,15,464
Trade payables	-	-	69,12,72,786
Payable to employees	-	-	12,71,662
Interest Accrued but Due	-	-	1,78,767
Lease Liabilities	-	-	81,96,39,412
Payable in respect of Capital goods	-	-	33,08,767
Total Financial liabilities	-	-	**2,24,59,86,858**
March 31, 2021			
Borrowings	-	-	41,03,14,404
Trade payables	-	-	35,67,97,357
Payable to employees	-	-	1,33,53,693
Interest Accrued and Due	-	-	12,80,822
Lease Liabilities	-	-	82,12,30,210
Payable in respect of Capital goods	-	-	30,39,281
Total Financial liabilities	-	-	**1,60,60,15,767**

For Financial instruments risk management objectives and policies, refer Note 37
Fair value disclosure for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures are in Note 36

Arvind Beauty Brands Retail Pvt Ltd

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Notes to the Financial Statements
Note 14: Provisions

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Long-term		
Provision for employee benefits (Refer Note 30)		
Provision for leave encashment	64,58,583	41,04,963
Provision for Gratuity	-	39,55,777
	64,58,583	**80,60,740**
Short-term		
Provision for employee benefits (Refer Note 30)		
Provision for leave encashment	-	19,02,729
Provision for Gratuity	50,41,342	-
Others		
Short term provision for litigation/disputed matters (Refer Note a below)	2,54,713	36,43,180
	52,96,055	**55,45,909**
Total	**1,17,54,638**	**1,36,06,649**

(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 :

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as per last financial statements	36,43,180	8,53,248
Addition during the year (Net) (Refer Note 23)	-	40,00,000
Settlement during the year (Net)	(33,88,467)	(12,10,068)
Balance as at the end of the year	**2,54,713**	**36,43,180**

Note 15 : Other current liabilities / non current liabilities

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Current		
Liability for Vouchers issued	1,02,83,879	61,04,540
Statutory dues including provident fund and tax deducted at source etc.	60,32,743	1,12,27,692
Deferred income of loyalty program reward points (Refer note (a) below)	1,59,16,584	66,82,824
Refund Liability	1,18,25,967	-
Deferred income for Unaccrued Sale	23,68,092	16,84,997
Total	**4,64,27,265**	**2,57,00,053**

(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 :

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as per last financial statements	66,82,824	1,70,28,698
Add: Provision made during the year (Net) (Refer Note 16)	92,33,760	43,97,436
(Less): Redemption made during the year	-	1,47,43,310
Balance at the end of the year	**1,59,16,584**	**66,82,824**

Arvind Beauty Brands Retail Pvt Ltd

Note 16 : Revenue from operations

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Sale of products	2,39,20,37,442	1,40,38,29,207
Sale of services	3,24,42,967	81,40,593
Operating income		
Foreign exchange fluctuation on vendors (Net)	7,15,646	3,26,275
Total	**2,42,51,96,055**	**1,41,22,96,075**

I. Disaggregation of revenue from contracts with customers

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A. Revenue based on Geography		
i. Domestic	2,42,51,96,055	1,41,22,96,075
ii. Export	-	-
	2,42,51,96,055	**1,41,22,96,075**
B. Revenue based on Business Segment		
Cosmetics products	2,39,20,37,442	1,40,38,29,207
Others*	3,31,58,613	84,66,868
	2,42,51,96,055	**1,41,22,96,075**

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

II. Reconciliation of Revenue from Operation with Contract Price

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Contract Price	2,44,49,81,941	1,41,66,93,511
Less:		
Sales Returns	1,05,52,126	-
Customer Loyalty Program	92,33,760	43,97,436
Total Revenue from Operations	**2,42,51,96,055**	**1,41,22,96,075**

Note 17 : Other income

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest income on financial assets measured at amortised cost	93,03,297	17,017
Gain on reassessment of lease (Refer Note 34)	7,46,92,139	11,82,10,927
Profit on sale of fixed assets (Net)	80,508	
Miscellaneous income	-	10,945
Total	**8,40,75,944**	**11,82,38,889**

Note 18 : Purchases of stock-in-trade

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Cosmetics & Accessories	1,82,83,91,983	66,70,83,730
Total	**1,82,83,91,983**	**66,70,83,730**

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Stock at the end of the year		
Stock-in-trade	98,39,32,558	65,35,12,924
Stock at the beginning of the year		
Stock-in-trade	65,35,12,924	85,29,13,212
Total	**(33,04,19,634)**	**19,94,00,288**

Note 20 : Employee benefits expense

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	23,56,00,085	15,61,88,034
Contribution to provident and other funds	1,20,35,753	94,91,417
Welfare and training expenses	82,46,995	97,00,222
Share based payment to employees (Refer Note 33)	1,07,58,845	2,23,31,250
Total	**26,66,41,678**	**19,77,10,923**

Arvind Beauty Brands Retail Pvt Ltd

Note 21 : Finance costs

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest Expenses on financial liabilities measured at amortised cost		
Term Loans	18,715	58,199
Cash Credit	1,51,35,171	69,81,507
Others	2,22,72,801	7,30,14,465
Lease Liabilities (Refer Note 34)	8,28,55,746	7,86,98,889
Total	**12,02,82,433**	**15,87,53,060**

Note 22 : Depreciation and amortization expense

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation on Property, Plant and Equipment (Refer Note 5)	11,66,33,014	9,73,29,020
Amortization on Intangible assets (Refer Note 6)	71,127	66,01,814
Depreciation of right-of-use assets (Refer Note 34)	21,53,93,725	17,73,59,985
Total	**33,20,97,866**	**28,12,90,819**

Note 23 : Other expenses

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Power and fuel	3,67,60,529	2,56,01,118
Service Charges	4,96,80,000	2,80,80,000
Insurance	29,11,907	27,92,424
Printing, stationery & communication	38,72,639	35,51,455
Rent		
- Short Term leases and leases of low-value assets (Refer Note 34)	10,36,80,171	6,07,91,544
Commission, Brokerage & Discount	62,78,581	29,16,884
Rates and taxes	77,33,128	53,46,306
Provision for litigation/ disputed matters (Refer Note 14)		40,00,000
Repairs :		
To Others	6,62,38,837	4,88,82,564
Royalty on Sales	4,80,77,478	2,86,82,034
Freight, insurance & clearing charge	2,00,29,688	1,40,69,604
Legal & Professional charges	2,90,08,242	44,66,710
Housekeeping Charges	1,21,83,544	75,50,750
Security Charges	1,34,39,994	90,53,588
Conveyance & Travelling expense	75,42,900	19,50,869
Advertisement and Publicity	11,17,18,993	6,21,34,389
Sales Promotion	34,57,614	10,92,320
Charges for Credit Card Transactions	91,01,993	60,15,344
Packing Materials Expenses	83,87,743	67,55,869
Contract Labour Charges	48,13,725	43,83,525
Sundry debits written off	-	3,53,644
Sampling and Testing Expenses	-	9,745
Loss on sale of property, plant and equipment	-	2,36,122
Auditor's remuneration (Refer Note a below)	28,88,196	27,14,600
Bank charges	53,30,214	21,14,292
Miscellaneous expenses	37,39,673	40,14,471
Total	**55,68,75,789**	**33,75,60,171**

a. Break up of Auditor's Remuneration

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Payment to Auditors as :		
Auditors	12,00,000	12,00,000
For tax audit	5,05,000	3,15,000
For GST audit	5,00,000	5,00,000
For other certification work	4,75,196	5,54,600
For reimbursement of expenses	2,08,000	1,45,000
Total	**28,88,196**	**27,14,600**

Arvind Beauty Brands Retail Pvt Ltd

Note 24 : Exceptional Item

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventory Dormancy Provision	-	(1,66,00,000)
Total	-	(1,66,00,000)

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Notes to the Financial Statements

Note 25 : Income Tax

The major component of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Statement of Profit & Loss		
Deferred Tax		
Deferred tax Charge/(Credit)	3,61,109	(1,57,62,318)
Income tax expense reported in the statement of standalone profit & loss	**3,61,109**	**(1,57,62,318)**

OCI Section

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognized in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3,61,109	(1,45,877)
Deferred tax charged to OCI	**4,05,760**	**(1,01,591)**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2022 and March 31, 2021:

A) Current tax

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Accounting loss before tax from continuing operations	(26,45,98,116)	(32,78,64,027)
Tax Rate	26%	26%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	(6,87,95,510)	(8,52,44,647)
Adjustments		
Expenditure not deductible for Tax	27,97,300	58,17,344
Deferred tax assets not recognised as realization is not probable	6,63,59,319	6,36,64,985
At the effective income tax	**3,61,109**	**(1,57,62,318)**
Effective Income Tax Rate %	**0.00%**	**0.00%**

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B) Deferred tax

Amount in Rs.

Particulars	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income	Standalone Balance Sheet	Statement of Standalone Profit & Loss and Other Comprehensive Income
	As at March 31, 2022	Year Ended March 31, 2022	As at March 31, 2021	Year Ended March 31, 2021
In respect of book depreciation more than IT depreciation	7,05,40,235	(2,20,49,629)	4,84,90,606	(84,25,641)
Deductible on payment bases (43B items)	39,85,179	4,59,336	44,44,515	(5,65,592)
Unabsorbed depreciation & business loss	2,74,51,763	3,03,59,420	5,78,11,183	-
Impact of Ind AS 116 - Leases	5,25,47,494	(61,36,849)	4,64,10,645	(6,54,048)
Others	1,57,41,073	(26,32,278)	1,31,08,795	(59,71,160)
Net deferred tax assets/(liabilities)	**17,02,65,744**	-	**17,02,65,744**	**(1,56,16,441)**

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. 68,59,85,771/- as at March 31, 2022 (March 31, 2021: Rs. 51,67,84,646/-). Out of the same, tax credits on losses of Rs. 41,65,52,605/- (March 31, 2021: Rs. 24,73,51,480/-) have not been recognized on the basis that recovery is not probable in the foreseeable future.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Opening balance as at April 1	17,02,65,744	15,46,49,303
Deferred Tax income/(expense) during the period recognized in profit or loss	(3,61,109)	1,57,62,318
Deferred Tax income/(expense) during the period recognized in OCI	3,61,109	(1,45,877)
Closing balance as at March 31	**17,02,65,744**	**17,02,65,744**

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.

Arvind Beauty Brands Retail Pvt Ltd

Note 26 : Contingent liabilities

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Contingent liabilities not provided for		
Disputed demands in respect of Sales tax and VAT	1,43,34,158	1,54,61,739

Notes :

(a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above Contingent liabilities

(c) The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Company will make provision, on receiving further clarity on the subject.

Note 27 : Capital commitments

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	-	45,07,419
Other commitments	-	-

Note 28 : Foreign Exchange Exposures not hedged

A. Exposure Not Hedged

Nature of exposure	Currency	As at March 31,2022		As at March 31,2021	
		Amount In FC	Amount in Rs.	Amount In FC	Amount in Rs.
Payable to creditors	USD	55,260	41,88,300	35,690	26,09,273
Payable to creditors	AED	48,200	9,94,607	48,200	9,59,421

Note 29 : Segment Reporting

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

Geographical segment

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Segment Revenue*		
a) In India	2,42,51,96,055	1,41,22,96,075
b) Rest of the world	-	-
Total Sales	**2,42,51,96,055**	**1,41,22,96,075**
Carrying Cost of Segment Assets**		
a) In India	2,45,87,11,365	2,05,50,93,224
b) Rest of the world	-	-
Total	**2,45,87,11,365**	**2,05,50,93,224**
Carrying Cost of Segment Non Current Assets@**		
a) In India	83,90,55,761	87,91,84,566
b) Rest of the world	-	-
Total	**83,90,55,761**	**87,91,84,566**

* Based on location of Customers
** Based on location of Assets
@ Excluding Financial Assets and Deferred Tax Assets

Information about major customers (revenues from single external customer more than 10% of total revenue):
Considering the nature of business of Company in which it operates, the Company deals with various customers including multiple geographics. Consequently, none of the customer contribute materially to the revenue of the Company.

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Notes to the Financial Statements

Note 30 : Disclosure pursuant to Employee benefits

A Defined Contribution Plans

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Provident Fund	58,29,349	54,84,826
Contributory Pension Scheme	30,45,300	32,50,191
	88,74,649	87,35,017

Note:

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

B Defined Benefit Plans

The company has following post employment benefits which are in the nature of defined benefit plans:

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan is a Funded plan administered by the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date us

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-measureme 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, 2022: Changes in defined benefit obligation and plan assets

Amount in Rs.

2021-22	April 1, 2021	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2022
		Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 20)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	(53,03,920)	(14,24,864)	(3,03,429)	(17,28,293)	8,64,676	-	(1,67,288)	(1,87,301)	(10,62,931)	(14,17,520)	(51,980)	-	(76,37,037)
Fair value of plan assets	13,48,143	-	83,585	83,585	11,35,327	28,640	-	-	-	28,640	-	-	25,95,695
Total benefit liability	(39,55,777)	(14,24,864)	(2,19,844)	(16,44,708)	20,00,003	28,640	(1,67,288)	(1,87,301)	(10,62,931)	(13,88,880)	(51,980)	-	(50,41,342)

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

Amount in Rs.

2020-21	April 1, 2020	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2021
		Service cost	Net interest expense / income	Sub-total included in statement of profit and loss (Note 20)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	(53,41,265)	(15,59,878)	(2,99,608)	(18,59,486)	13,00,046	-	67,366	4,09,940	56,945	5,34,251	62,534	-	(53,03,920)
Fair value of plan assets	25,00,539	-	1,20,301	1,20,301	(13,00,046)	26,816	-	-	-	26,816	-	533	13,48,143
Total benefit liability	(28,40,726)	(15,59,878)	(1,79,307)	(17,39,185)	-	26,816	67,366	4,09,940	56,945	5,61,067	62,534	533	(39,55,777)

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

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Others (Insurance company Products)	100%	100%
(%) of total plan assets	**100%**	**100%**

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

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Discount rate	6.20%	6.20%
Future salary increase	5.37% for Front End Employees 7.46% for Others	5.52% for Front End Employees 5.64% for Others
Expected rate of return on plan assets	6.20%	6.20%
Attrition rate	30% for Front End Employees 17.9% for Others	34.2% for Front End Employees 12.8% for Others
Morality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

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

Gratuity **Amount in Rs.**

Particulars	Sensitivity level	Increase / (Decrease) in defined benefit obligation Year Ended March 31, 2022	Year Ended March 31, 2021
Gratuity			
Discount rate	50 basis points increase	(1,48,277)	(1,13,393)
	50 basis points decrease	1,54,361	1,18,635
Salary increase	50 basis points increase	1,26,959	99,319
	50 basis points decrease	(1,23,083)	(98,193)
Attrition rate	50 basis points increase	(31,956)	(28,340)
	50 basis points decrease	32,082	28,399

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 :

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Gratuity		
Within the next 12 months (next annual reporting period)	12,80,470	8,19,805
Between 2 and 5 years	48,39,158	32,83,733
Beyond 5 years	25,76,318	18,51,187
Total expected payments	**86,95,946**	**59,54,725**

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

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Gratuity	5 years	5 years

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

C Leave encashment

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

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Leave encashment	21,89,412	23,52,980
	21,89,412	**23,52,980**

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Note 31 : Related Party Transactions

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

Name of Related Parties	Period
Holding Company	
Arvind Fashions Limited	
Fellow Subsidiary Company	
Arvind Lifestyle Brands Limited	
Tommy Hilfiger Arvind Fashion Private Limited	up to September 8, 2020
PVH Arvind Fashion Private Limited	
(previously known as Calvin Klein Arvind Fashion Private Limited	
Arvind Youth Brands Private Limited	w.e.f. February 27, 2020
Value Fashion Retail Limited	w.e.f. March 6, 2020
Enterprise having significant influence by Key Managerial Personnel	
Arvind Limited	
Arvind Ruf & Tuf Private Limited	
Arvind True Blue Limited	
Arvind Premium Retail Limited	
Arvind Smart Textile Limited	
Enterprise having significant influence by Non Executive Director	
Arvind Goodhill Suit Manufacturing Private Limited	
Arvind Envisol Limited	
Key Managerial Personnel - Directors	
Pramod Kumar Gupta	Upto March 15, 2022
Jayesh K Shah	w.e.f. March 15, 2022
Shailesh Chaturvedi	Upto March 15, 2022
Suresh Jayaraman	Upto March 15, 2022
Ashishkumar Srivastava	
Aamir Akhtar	
Susheel Kaul	

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

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b Transactions with related parties for the year ended March 31, 2022 and March 31, 2021.

Amomunt in Rs.

Particulars	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director
Receiving of Services - Shared services				
March 31, 2022	-	12,28,99,998	-	40,550
March 31, 2021	-	5,69,05,446	-	-
Receiving of Services - Commission				
March 31, 2022	-	-	-	-
March 31, 2021	-	-	-	-
Receiving of Services - Others				
March 31, 2022	-	3,73,02,276	-	-
March 31, 2021	-	1,43,34,416	-	-
Rendering of Services - Shared service				
March 31, 2022	-	74,60,212	-	-
March 31, 2021	-	-	-	-
Interest Expense				
March 31, 2022	63,24,114	41,88,399	-	-
March 31, 2021	2,46,93,004	1,74,70,411	-	-
Issue of shares (Net of Share Application movement)				
March 31, 2022	-	-	-	-
March 31, 2021	25,00,00,000	-	-	-
Loan Taken/(Repayment of Loan)				
March 31, 2022	(2,36,75,726)	39,38,39,870	-	-
March 31, 2021	(57,00,00,000)	7,00,00,000	-	-

c Balances

Amomunt in Rs.

Particulars	Holding Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise having significant influence by Key Management Personnel and Non-Executive Director
Payable in respect of Loans				
March 31, 2022	-	48,00,88,767	-	-
March 31, 2021	2,36,75,726	8,61,60,130	-	-
Guarantee payable				
March 31, 2022	30,00,00,000	-	-	-
March 31, 2021	30,00,00,000	-	-	-
Payable in respect of Current Liabilities				
March 31, 2022	-	1,51,93,905	-	-
March 31, 2021	10,24,28,313	-	-	12,36,936
Receivable in respect of Current Assets				
March 31, 2022	1,72,907	-	-	-
March 31, 2021	-	14,31,05,699	-	-

d The amounts recognised as an expense during the year for share based payment in respect of Directors is Rs 94,63,882/- (March 31, 2021: Rs. 2,23,31,250/-).

e Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken at the year-end are unsecured and interest free and settlement occurs in cash.

2) Loans in INR taken from the related party carries interest rate of 8.50% (March 31, 2021 : 8.50%)

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Note 32 : Earnings per share (Basic and Diluted)

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit/(Loss) attributable to ordinary equity holders	(26,49,59,225)	(31,21,01,709)
Total no. of equity shares at the end of the year	89,39,488	76,89,488
Weighted average number of equity shares		
For basic EPS	83,81,269	76,89,488
For diluted EPS	83,81,269	77,10,035
Nominal value of equity shares	10	10
Basic earnings per share	(31.61)	(40.59)
Diluted earnings per share	(31.61)	(40.48)
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	83,81,269	76,89,488
Effect of dilution: Share application money pending allotment	-	20,547
Weighted average number of equity shares adjusted	83,81,269	77,10,035

Note 33 : Share based payments

Arvind Fashions Limited, the Holding Company (AFL) has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and employee stock option scheme 2018("ESOP 2018"). As on March 31, 2021, AFL has 18,69,274 (As on March 31, 2021, 19,85,522) options outstanding under ESOP 2016 and 3,15,200 (As on March 31, 2021, 13,15,200) options outstanding under ESOP 2018 in lieu of demerger under the scheme and convertible into equal number of equity shares of face value of Rs 4 each.

Expense arising from share-based payment transactions

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Employee option plan	1,07,58,845	2,23,31,250
Total employee share based payment expense	**1,07,58,845**	**2,23,31,250**

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Note 34 : Leases

A. The Company has adopted modified retrospective approach as per para C8 (C) (i) of Ind-AS 116 "Leases" to its leases.

B. The Company has taken Showrooms and other facilities on lease period of 1 to 9 years with option of renewal.
Disclosures as per Ind AS 116 - Leases are as follows:

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Balance at the beginning of the year	63,77,33,164	80,03,49,698
Recognition of ROU Asset on adoption of Ind AS 116	4,81,47,145	
Additions	19,51,94,004	1,47,43,451
Deletions	-	-
Depreciation	(21,53,93,725)	(17,73,59,985)
Balance at the end of the year	**66,56,80,588**	**63,77,33,164**

D. **Movement in lease liabilities**

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Balance at the beginning of the year	82,12,30,210	97,62,64,709
Recognition of Lease Liability on adoption of Ind AS 116	-	-
Additions	19,51,94,004	1,47,43,451
Deletions	-	-
Finance cost accrued during the year	8,28,55,746	7,86,98,889
Adjustment due to Rent Waivers (Refer Note a below)	(7,46,92,139)	(11,82,10,927)
Payment of lease liabilities	(20,49,48,409)	(13,02,65,912)
Balance at the end of the year	**81,96,39,412**	**82,12,30,210**

Note a: The Ministry of Corporate Affairs vide notification dated July 24, 2020, issued an amendment to Ind AS 116-Leases, by inserting a practical expedient w.r.t "Covid-19-Related Rent Concessions" effective from the period beginning on or after April 01, 2020 and vide notification dated June 18, 2021, extended practical expedient up to June 30, 2022.

Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in "Other Income".

E. **Contractual maturities of lease liabilities**

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Less than one year	21,89,00,174	15,30,69,435
One to five years	54,95,29,491	55,94,64,509
More than five years	5,12,09,747	10,86,96,266
Total	**81,96,39,412**	**82,12,30,210**

F. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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

Amount in Rs.

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation expense of right-of-use assets	11,66,33,014	9,73,29,020
Interest expense on lease liabilities	8,28,55,746	7,86,98,889
Rent expense - short-term lease and leases of low value assets	10,36,80,171	6,07,91,544
Total	**30,31,68,931**	**23,68,19,453**

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

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

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Financial liabilities		
Borrowings		
Carrying Amount	73,03,15,464	41,03,14,404
Fair Value	73,03,15,464	41,03,14,404

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

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

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

Note 36 : Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2022 and March 31, 2021

Amount in Rs.

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value	March 31, 2022	73,03,15,464	-	73,03,15,464	-
	March 31, 2021	41,03,14,404	-	41,03,14,404	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.
The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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Note 37 : Financial instruments risk management objectives and policies

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

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

(a) Market risk

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

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

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.

- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interst rates. The Company's explosure to the risk of changes in market interest rates relates primiarily to the Company's debt obligations with floating interst rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2022, approximately 27% of the Company's Borrowings are at fixed rate of interest (March 31, 2021: 100%)

Interest rate sensitivity

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

Particulars	Effect on profit before tax
March 31, 2022	
Increase in 50 basis points	(12,50,000)
Decrease in 50 basis points	12,50,000
March 31, 2021	
Increase in 50 basis points	-
Decrease in 50 basis points	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate.

The company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the company given in Note 28.

Foreign currency sensitivity

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

Amount in Rs.

Particulars	Change in USD rate	Effect on profit before tax	Change in AED rate	Effect on profit before tax
March 31, 2022	+2%	(52,185)	+2%	(19,188)
	-2%	52,185	-2%	19,188
March 31, 2021	+2%	(48,926)	+2%	(25,956)
	-2%	48,926	-2%	25,956

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the company adjusts its exposure to various counterparties. The company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2022 and March 31, 2021 is the carrying amount as disclosed in Note 35.

(c) Liquidity risk

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

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

Amount in Rs.

Particulars	Less than 1 year	1 year or more
As at March 31, 2022		
Interest bearing borrowings	73,05,42,161	-
Lease Liabilities	21,89,00,174	60,07,39,238
Trade payables	69,12,72,786	-
Other financial liabilities	47,59,196	-
	1,64,54,74,317	**60,07,39,238**
As at March 31, 2021		
Interest bearing borrowings	41,03,39,558	2,26,697
Lease Liabilities	15,30,69,435	66,81,60,775
Trade payables	35,67,97,357	-
Other financial liabilities	1,76,73,796	-
	93,78,80,146	**66,83,87,472**

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Note 38 : Capital management

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

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

Amount in Rs.

Particulars	As at March 31, 2022	As at March 31, 2021
Interest-bearing loans and borrowings (Note 13(c))	73,03,15,464	41,03,14,404
Less: Cash and Cash equivalent (including other bank balance)	(3,37,09,851)	(34,56,726)
Net debt	**69,66,05,613**	**40,68,57,678**
Equity share capital (Note 11)	8,93,94,880	7,68,94,880
Other equity (Note 12)	6,51,47,724	33,28,75,875
Total capital	**15,45,42,604**	**40,97,70,755**
Capital and net debt	**85,11,48,217**	**81,66,28,433**
Gearing ratio	**81.84%**	**49.82%**

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022, March 31, 2021.

Note 39 : Other Notes

a. During the year ended March 31, 2022 and March 31, 2021, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Further, during the year ended March 31, 2022 and March 31, 2021, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
ii) provide any guarantee, security, or the like on behalf of the ultimate beneficiaries.

b. The Company has not invested or traded in Crypto Currency or Virtual Currency during the year ended March 31, 2022 (Previous year: Nil).

c. No proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder during the year ended March 31, 2022 (Previous year: Nil).

d. The Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority during the year ended March 31, 2022 (Previous year: Nil).

e. The Company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961) during the year ended March 31, 2022 (Previous year: Nil).

f. The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended March 31, 2022 (Previous year: Nil).

Note 40 : COVID-19

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

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ix) Net Profit Ratio :					
Profit / (Loss) after Tax (a)	Amount in Rs.	-26,49,59,225	-31,21,01,709		Improvement in business performance in current year
Net Sales (b)	Amount in Rs.	2,42,51,96,055	1,41,22,96,075		
Net Profit Ratio (a/b)	%	-11%	-22%	51%	
Numerator - Profit / (Loss) after tax					
Denominator - Net Sales					
x) Return on Capital Employed (ROCE) :					
Earnings before Interest and Taxes (a)	Amount in Rs.	-14,43,15,683	-15,25,10,967		
Capital Employed (b)	Amount in Rs.	71,45,92,324	64,98,19,415		
Return on Capital Employed (a/b)	%	-20%	-23%	14%	
Numerator - Earnings before Interest and Taxes					
Denominator - (Total Equity (Including Perpetual Securities) + Total Debt + Deferred Tax Liabilities/(Assets)					
xi) Return on Investment (ROI) :					
Return or Profit or Earnings (a)	Amount in Rs.	93,03,297	17,017		Decrease in interest earnings and increase in base
Average Invested Funds (b)	Amount in Rs.	16,24,48,025	1,30,969		
Return on Investment (a/b)	%	6%	13%	56%	
Numerator - Income generated from invested funds (Deposits)					
Denominator - Average Invested Funds					

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Note 45 : Ratio Analysis	UOM	For the year ended 31st March, 2022	For the year ended 31st March, 2021	% Variance	Reason for Variance
i) Current Ratio :					
Current Assets (a)	Amount in Rs.	1,31,37,86,168	83,45,41,530		
Current Liabilities (b)	Amount in Rs.	1,69,69,70,940	96,88,74,257		
Current Ratio (a/b)	Times	0.77	0.86	10%	
Numerator - Total Current Assets					
Denominator - Total Current Liabilities					
ii) Debt-Equity Ratio:					
Debt (a)	Amount in Rs.	73,03,15,464	41,03,14,404		
Equity (b)	Amount in Rs.	15,45,42,604	40,97,70,755		
Debt - Equity Ratio (a/b)	%	4.73	1.00	-372%	Increase in debt due to funding business operation requirements.
Numerator - Total debt					
Denominator - Total equity (Including perpetual Securities)					
iii) Debt Service coverage Ratio :					
Earnings available for Debt services (a)	Amount in Rs.	18,73,40,566	12,81,78,292		
Interest + Installments (b)	Amount in Rs.	24,26,26,947	21,03,20,083		
Debt Service coverage Ratio (a/b)	%	0.77	0.61	-27%	Improvement in business performance in current year
Numerator - Profit after taxes and before Depreciation and Amortisation Expenses and Finance Costs and other adjustments like loss on sale of Fixed assets.					
Denominator - Interest (excluding interest on lease liabilities) + Lease repayments + Principal Repayment of debt					
iv) Return on Equity Ratio :					
Loss after Taxes	Amount in Rs.	(26,49,59,225)	(31,21,01,709)		
Equity (b)	Amount in Rs.	8,31,44,880	7,68,94,880		
Return on Equity Ratio (a/b)	%	-3.19	-4.06	21%	
Numerator - Profit/(Loss) after Taxes - Distribution on Perpetual Securities					
Denominator - Average Shareholders' Equity					

Arvind Beauty Brands Retail Pvt Ltd

ix) Net Profit Ratio :					
Profit / (Loss) after Tax (a)	Amount in Rs.	-26,49,59,225	-31,21,01,709		
Net Sales (b)	Amount in Rs.	2,42,51,96,055	1,41,22,96,075		
Net Profit Ratio (a/b)	%	-11%	-22%	51%	Improvement in business performance in current year
Numerator - Profit / (Loss) after tax Denominator - Net Sales					
x) Return on Capital Employed (ROCE) :					
Earnings before Interest and Taxes (a)	Amount in Rs.	-14,43,15,683	-15,25,10,967		
Capital Employed (b)	Amount in Rs.	71,45,92,324	64,98,19,415		
Return on Capital Employed (a/b)	%	-20%	-23%	14%	
Numerator - Earnings before Interest and Taxes Denominator - (Total Equity (Including Perpetual Securities) + Total Debt + Deferred Tax Liabilities/(Assets)					
xi) Return on Investment (ROI) :					
Return or Profit or Earnings (a)	Amount in Rs.	93,03,297	17,017		
Average Invested Funds (b)	Amount in Rs.	16,24,48,025	1,30,969		
Return on Investment (a/b)	%	6%	13%	56%	Decrease in interest earnings and increase in base
Numerator - Income generated from invested funds (Deposits) Denominator - Average Invested Funds					

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

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

The financial statements were authorised for issue in accordance with a resolution of the directors on May 26, 2022.

2. Statement of Compliance and Basis of Preparation

2.1 Basis of Preparation and Presentation and Statement of Compliance

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

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

The Financial Statements comprising of Balance Sheet, Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and Statement of Cash Flows as at March 31, 2021 have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.

2.2 Historical Cost Convention

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

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

3. Summary of Significant Accounting Policies

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

3.1. Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

3.2. Use of estimates and judgements

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

3.3. Foreign currencies

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

Transactions and balances

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

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

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

3.4. Fair value measurement

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

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

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

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

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

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)

3.5. Property, plant and equipment

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

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

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

Derecognition

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

Depreciation

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

Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Plant & Machinery	15 Years	6 to 15 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Computer Software	-	5 Years
Motor Cars	6 Years	4 Years

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

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

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

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

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

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

3.6. Leases

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

The Company as a lessor

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

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

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

3.7. Borrowing cost

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.
Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year. Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

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

3.8. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

Amortisation

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

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

3.9. Inventories

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

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

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

All other inventories are valued at cost.

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

3.10. Impairment of non-financial assets

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

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

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

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

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

3.11. Revenue Recognition

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

a) Sale of goods

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

Variable consideration

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

i. Rights of return

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

ii. Discounts

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

b) Sale of goods – customer loyalty programme (deferred revenue)

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

c) Rendering of services

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

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

d) Gift Vouchers

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

e) Interest income

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

f) Insurance claims

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

3.12. Financial instruments – initial recognition and subsequent measurement

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

a) **Financial assets**

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

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

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

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

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

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

- **Financial assets at amortised cost**:

A financial asset is measured at amortised cost if:

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

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

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

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

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

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

- **Financial assets at fair value through profit or loss**
  FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

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

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

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

(v) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii)Subsequent measurement of financial liabilities

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

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

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

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

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

- **Loans and Borrowings**

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

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

(iii) Derecognition of financial liabilities

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

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

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

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

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

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged 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.

compensated absences, awards, ex-gratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

c) Other long term employment benefits:

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

d) Termination Benefits :

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

3.16. Share-based payments

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

Equity-settled transactions

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

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

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

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

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

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

3.17. Earnings per share

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

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

3.18. Provisions and Contingencies

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

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

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

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

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

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

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

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

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.
The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

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

Fair value measurement of financial instruments

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

Share-based payments

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

Taxes

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

The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.
Further details on taxes are disclosed in Note 25.

Inventories

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

Useful lives of Property, Plant and Equipment and Intangible assets

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During the financial year ended March 31, 2022, there were no changes in useful lives of property plant and equipment and intangible assets other than (a) useful lives of leasehold improvements which have been considered lower of the lease term or useful life and (b) those resulting from store closures / shifting of premises.

Impairment of non-financial assets

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

Provisions and contingencies

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

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

There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer Note 14 and 26).

Lease Term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.