

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Arvind Lifestyle Brands Limited Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Arvind Lifestyle Brands Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report including annexure thereof, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

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

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

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

**Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

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



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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

#### **Other Matters**

The comparative financial statements of the Company for the year ended March 31, 2022, have been audited by the joint auditors including us, who had expressed an unmodified opinion thereon as per their reports dated August 18, 2022. Our report on the statement is not modified in respect of this matter.

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.



- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to standalone financial statements 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 with reference to standalone financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 25 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 42(iv)(I) to the standalone financial statements, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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.
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 42(iv)(II) to the standalone financial statements, no funds have been received by the Company from any persons or entities, 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.



- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (iv) (a) and (b) above, contain any material misstatement.
- v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
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 **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117365W)



*Kartikeya Raval*

**Kartikeya Raval**  
(Partner)  
(Membership No. 106189)  
(UDIN: 23106189BGVORZ7938)

Place: Ahmedabad  
Date: May 30, 2023



**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 of even date)**

**Report on the Internal Financial Controls With reference to standalone financial  
statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013  
("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of Arvind Lifestyle Brands Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 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 Company's internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 Company's internal financial controls system with reference to standalone financial statements.



**Meaning of Internal Financial Controls With reference to standalone financial statements**

A company's internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements 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.

**Inherent Limitations of Internal Financial Controls With reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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 **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117365W)



*Kartikeya Raval*

**Kartikeya Raval**  
(Partner)  
(Membership No. 106189)  
(UDIN: 23106189BGVORZ7938)

Place: Ahmedabad  
Date: May 30, 2023

**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 of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment and right-of-use assets so to cover all the items once every 3 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 due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable properties of freehold land and building. In respect of immovable properties of building that have been taken on lease and disclosed as right-of-use assets in the standalone financial statements, the lease agreements are in the name of the company, where the company is the lessee in the agreement.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, including the revised submissions made by the Company to its lead bankers based on closure of books of accounts at the year end, the revised quarterly returns or statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.





- (iii) The Company has made investments in, provided guarantee and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

- (a) The Company has provided loans during the year and details of which are given below:  
(Rs. In crores)

Particulars	Loans
A. Aggregate amount granted / provided during the year:	
- Subsidiaries	44.70
- Others	1.18
B. Balance outstanding as at balance sheet date in respect of above cases:*	
- Subsidiaries	-
- Others	0.82

\*Includes opening balances.

The Company has not provided any advances in the nature of loans to any other entity during the year.

- (b) The investments made and the terms and conditions of the grant of all the above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) The Company has granted loans to its subsidiaries, which are payable on demand. Accrued interest at every year end is converted to loan as per the agreement. In our opinion, the repayments of principal amounts (when demanded) are regular. In respect of loans granted by the Company to others, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) None of the loans granted by the Company which have fallen due during the year, have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) During the year, the Company has granted loans which are repayable on demand, details of which are given below:

(Rs. In Crores)

Particulars	All Parties (including related parties)	Related Parties
Aggregate amount loans:	45.88	44.70
- Repayable on demand (A)	44.70	44.70
- Agreement does not specify any terms or period of repayment (B)	-	-
Total (A+B)	44.70	44.70
Percentage of loans/advances in nature of loans to the total loans given	97.43%	100%

- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.



- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:

- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there has been a delay in respect of remittance of TCS.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable except as disclosed with relation to TCS as given below:

(Rs. In Crores)

Name of Statute	Nature of Dues	Amount	Period to which the Amount Relates	Due Date	Date of payment	Remarks, if any
The Income Tax Act, 1961	TCS	0.61	2021-22 2022-23	7 <sup>th</sup> Day of following month	Unpaid	

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

(Rs. In Crores)

Name of Statute	Nature of Dues	Amount	Amount unpaid	Period to which the Amount Relates	Forum where Dispute is pending
The Income Tax Act, 1961	Income Tax	1.43	1.43	2016-17	Income Tax Appellate Tribunal
		30.15	30.15	2011-12 2013-14 2014-15 2017-18	Commissioner of Income Tax Appeal
The Karnataka Value Added Tax Act, 2003	Value Added Tax	6.09	2.26	2010-11	Deputy Commissioner, Commercial Taxes
		5.17	5.17	2012-13 2013-14 2014-15 2015-16 2016-17	High Court of Karnataka



Name of Statute	Nature of Dues	Amount	Amount unpaid	Period to which the Amount Relates	Forum where Dispute is pending
The Haryana Value Added Tax Act, 2003	Value Added Tax	0.85	0.85	2017-18	Excise & Taxation Officer
The Punjab Value Added Tax Act, 2005	Value Added Tax	1.81	1.31	2013-14	Excise and Taxation Officer
		0.58	0.43	2014-15	Excise and Taxation Officer
The Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	0.12	0.11	2012-13 2013-14	Assistant Commissioner, Commercial Taxes
The Central Sales Tax Act, 1956	Central Sales Tax	0.82	0.82	2016-17	VAT Officer, Department of Trade and Taxes (Delhi)
		1.15	1.15	2015-16	Assistant VAT Officer, Department of Trade and Taxes (Delhi)
		2.21	1.65	2014-15	Excise & Taxation Officer (Punjab)
		3.20	3.20	2016-17 2017-18	Excise & Taxation Officer (Haryana)
		2.06	1.55	2013-14	Excise and Taxation Commissioner (Punjab)

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.



- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) We report that the Company has neither taken any funds from any entity or person during the year nor it had any unutilised funds as at the beginning of the year of the funds raised through issue of shares or borrowings in the previous year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2023.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred any cash losses in the financial year covered by our audit but had incurred cash losses amounting to Rs. 70.36 crores in the immediately preceding financial year.





- (xviii) There has been resignation of one of the Joint auditor, Mukesh M. Shah & Co. of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) 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 and 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 indicating that 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 up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No.117365W)



*Kartikeya Raval*

**Kartikeya Raval**  
(Partner)

(Membership No. 106189)  
(UDIN: 23106189BGVORZ7938)

Place:  
Date: May 30, 2023

Arvind Lifestyle Brands Limited  
CIN - U64201GJ1995PLC024598  
Balance Sheet as at March 31, 2023

Rs. in Crores

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, Plant and Equipment	5	43.73	47.65
(b) Right-of-Use Asset	32	344.11	251.26
(c) Intangible assets	6	19.95	21.10
(d) Financial assets			
(i) Investments	7 (a)	68.17	68.17
(ii) Loans	7 (c)	0.14	0.81
(iii) Other financial assets	7 (f)	23.91	24.93
(e) Deferred tax assets (net)	24	322.01	325.12
(f) Non-Current tax assets (net)	10	13.44	16.24
(g) Other non-current assets	8	12.67	40.75
<b>Total non-current assets</b>		<b>848.13</b>	<b>796.03</b>
<b>II. Current assets</b>			
(a) Inventories	9	527.36	470.09
(b) Financial assets			
(i) Trade receivables	7 (b)	437.50	415.30
(ii) Cash and cash equivalents	7 (d)	8.46	5.78
(iii) Bank balances other than (ii) above	7 (e)	20.20	15.97
(iv) Loans	7 (c)	0.68	51.32
(v) Others financial assets	7 (f)	27.27	57.11
(c) Other current assets	8	239.39	224.21
(d) Assets held for sale	38	-	5.00
<b>Total current assets</b>		<b>1,260.86</b>	<b>1,244.78</b>
<b>Total Assets</b>		<b>2,108.99</b>	<b>2,040.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	157.50	157.50
(b) Perpetual debt	12.1	100.00	100.00
(c) Reserves and surplus	12.2	234.65	230.76
<b>Total equity</b>		<b>492.15</b>	<b>488.26</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13(a)	6.42	34.38
(ii) Lease Liabilities	32	285.79	218.73
(iii) Other financial liabilities	13 (c)	87.41	68.28
(b) Long-term provisions	14	7.39	7.91
<b>Total non-current liabilities</b>		<b>387.01</b>	<b>329.30</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13(a)	407.43	383.89
(ii) Lease Liabilities	32	88.39	70.31
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	13 (b)	38.75	47.45
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	13 (b)	642.53	645.70
(iv) Other financial liabilities	13 (c)	16.23	42.25
(b) Other current liabilities	15	33.32	24.02
(c) Short-term provisions	14	3.18	4.63
(d) Liabilities directly associated with assets held for sale	38	-	5.00
<b>Total current liabilities</b>		<b>1,229.83</b>	<b>1,223.25</b>
<b>Total Equity and Liabilities</b>		<b>2,108.99</b>	<b>2,040.81</b>
<b>Significant Accounting Policies</b>			
	3		

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

As per our report of even date attached  
For Deloitte Haskins & Sells  
Chartered Accountants

*Kartikeya Raval*  
Kartikeya Raval  
Partner

Place : Ahmedabad  
Date : May 30, 2023

For and on behalf of the board of directors of  
Arvind Lifestyle Brands Limited

*Shailesh Chaturvedi*  
Shailesh Chaturvedi  
Director  
(DIN: G3023079)

*Girdhar Chitlangis*  
Girdhar Chitlangis  
Director  
(DIN: 00589412)

*S. Raju Pathy*  
S. Raju Pathy  
Chief Financial Officer  
Place : Bengaluru  
Date : May 30, 2023

*Lipi Jha*  
Lipi Jha  
Company Secretary

Arvind Lifestyle Brands Limited  
CIN - U64201GJ1995PLC024598  
Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	Rs. In Crores except for per share data	
		Year ended March 31, 2023	Year ended March 31, 2022
<b>I. Income</b>			
Revenue from operations	16	2,195.59	1,389.83
Sale of Products	16	14.89	16.86
Sale of Services	16	1.58	1.98
Operating Income		<b>2,212.06</b>	<b>1,408.67</b>
Revenue from operations			
Other income	17	28.00	38.41
<b>Total income (I)</b>		<b>2,240.06</b>	<b>1,447.08</b>
<b>II. Expenses</b>			
Purchases of stock-in-trade	18	1,310.77	877.40
Changes in inventories of stock-in-trade	19	(57.27)	(62.84)
Employee benefits expense	20	102.84	103.60
Finance costs	21	89.63	76.94
Depreciation and amortisation expense	22	125.55	129.51
Other expenses	23	660.20	472.82
<b>Total expenses (II)</b>		<b>2,231.72</b>	<b>1,597.43</b>
<b>III. Profit/(Loss) before tax (I-II)</b>		<b>8.34</b>	<b>(150.35)</b>
<b>IV. Tax expense</b>	24		
(Excess)/short provision related to earlier years		0.35	0.49
Deferred Tax charge / (credit)		3.43	3.14
<b>Total tax expense</b>		<b>3.78</b>	<b>3.63</b>
<b>V. Profit/(Loss) for the year (III-IV)</b>		<b>4.56</b>	<b>(153.98)</b>
VI. Profit/(Loss) for the period after tax from Discontinued Operations	38	(0.96)	(132.62)
<b>VII. Profit/(Loss) for the period after tax from Continuing and Discontinued Operations (V+VI)</b>		<b>3.60</b>	<b>(286.60)</b>
<b>VIII. Other comprehensive income</b>			
Items that will not to be reclassified to profit or loss:			
Re-measurement gains / (losses) on defined benefit plans	29	(0.91)	0.60
Income tax effect on above		0.32	(0.21)
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>(0.59)</b>	<b>0.39</b>
<b>IX. Total comprehensive income for the year, net of tax (VII+VIII)</b>		<b>3.01</b>	<b>(286.21)</b>
<b>X. Earnings per equity share</b>	31		
Nominal Value per share - Rs. 10/- (Previous year - Rs. 10/-)			
<b>For Continuing Operations</b>			
Basic - Rs.		0.29	(10.52)
Diluted - Rs.		0.29	(10.52)
<b>For Discontinued Operations</b>			
Basic - Rs.		(0.06)	(9.06)
Diluted - Rs.		(0.06)	(9.06)
<b>For Continuing and Discontinued Operations</b>			
Basic - Rs.		0.23	(19.58)
Diluted - Rs.		0.23	(19.58)
<b>Significant Accounting Policies</b>	3		

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

As per our report of even date attached  
For Deloitte Haskins & Sells  
Chartered Accountants

  
Kartikeya Raval  
Partner

Place : Ahmedabad  
Date : May 30, 2023

For and on behalf of the board of directors of  
Arvind Lifestyle Brands Limited

  
Shailesh Chaturvedi  
Director  
(DIN: 03023079)

  
Girdhar Chitlangia  
Director  
(DIN: 00589412)

  
S. Raghupathy  
Chief Financial Officer

Place : Bengaluru  
Date : May 30, 2023

  
Lipi Jha  
Company Secretary

Arvind Lifestyle Brands Limited  
CIN - U64201GJ1995PLC024598  
Statement of Cash Flows for the year ended March 31, 2023

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>A Operating activities</b>		
Profit/(Loss) after taxation from		
Continuing Operations		
Discontinued Operations		
Profit/(Loss) for the year from Continuing and Discontinued Operations	4.56	(153.98)
Adjustments to reconcile profit/(loss) before tax to net cash flows:	(0.96)	(132.62)
Depreciation/Amortization	3.60	(286.60)
Tax Expenses/(Credit)		
Interest Income	125.55	129.51
Interest and Other Borrowing Cost	3.78	3.63
Allowance for doubtful debts	(6.97)	(5.30)
Foreign Exchange Difference	89.63	76.94
(Profit)/Loss on Sale of Property, Plant & Equipment and Intangible assets	14.53	1.46
Share based payment expense	2.04	(0.89)
Gain on Reassessment of Lease	1.63	(4.31)
Provision for Non-moving Inventory and Returnable assets	0.88	0.36
Provision no longer required	(12.83)	(4.13)
Operating Profit before Working Capital Changes	(52.59)	31.98
Working Capital Changes:	(7.81)	-
(Increase) / Decrease in Inventories	161.44	(57.35)
(Increase) / Decrease in trade receivables		
(Increase) / Decrease in other assets	0.32	46.68
(Increase) / Decrease in other financial assets	(36.73)	(38.80)
(Increase) / Decrease in Other Bank Balances	4.29	3.30
Increase / (Decrease) in trade payables	30.99	58.54
Increase / (Decrease) in other liabilities	(4.23)	(5.20)
Increase / (Decrease) in other financial liabilities	(11.11)	151.31
Increase / (Decrease) in provisions	9.30	(10.86)
Net Changes in Working Capital	(3.68)	6.17
Cash Generated from Operations	(2.56)	(3.75)
Direct Taxes paid (Net of Income Tax refund)	(13.39)	207.39
Net Cash flow received / (used in) Operating Activities	148.05	150.04
<b>B Cash Flow from Investing Activities</b>	2.13	1.14
Purchase of Property, Plant & Equipment and Intangible assets	150.18	151.18
Proceeds from disposal of Property, Plant & Equipment and Intangible assets		
Loans (given)/received back (net)	(27.99)	(25.23)
Changes in Capital Advances	1.35	6.51
Interest received	51.30	(35.51)
Net Cash flow received / (used in) Investing Activities	8.61	-
<b>C Cash Flow from Financing Activities</b>	3.82	5.44
Proceeds from Issue of share capital	37.09	(48.79)
Proceeds from Issue of Non Convertible Debentures		
(Repayment) of long term borrowings (net)	-	242.99
(Repayment)/Proceeds from short term borrowings	-	100.00
Repayment of Lease Liabilities	(28.06)	(73.47)
Finance Cost Paid	23.64	(187.50)
Net Cash flow received / (used in) Financing Activities	(120.69)	(103.33)
Net Increase/(Decrease) in cash & cash equivalents	(59.47)	(76.83)
Cash & Cash equivalent at the beginning of the year	(184.59)	(98.14)
Cash & Cash equivalent at the end of the year	2.68	4.25
Figures in brackets indicate outflows.	5.78	1.53
Particulars	8.46	5.78
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand		
Balances with Banks		
Cash and cash equivalents as per Balance Sheet (Note 7d)	8.46	5.78
Cash and cash equivalents	8.46	5.78
The accompanying notes are an integral part of these Financial Statements.	8.46	5.78



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

Rs. In Crores

**Particulars of liabilities arising from financing activity**

	Note No.	As at April 1, 2022	Net cash flows	Non Cash Changes		As at March 31, 2023
				Impact of Ind AS 116	Other Changes*	
<b>Borrowings:</b>						
Long term borrowings	13(a)	62.11	(28.06)	-	-	34.05
Short term borrowings	13(a)	356.16	23.64	-	-	379.80
Lease Liabilities	34	289.04	(120.69)	205.83	-	374.18
Interest accrued on borrowings	13(c)	7.88	(7.88)	-	-	6.57
<b>Total</b>		<b>715.19</b>	<b>(133.00)</b>	<b>205.83</b>	<b>6.57</b>	<b>794.60</b>

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

\* 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".

As per our report of even date attached  
For Deloitte Haskins & Sells  
Chartered Accountants

*Kartik Raval*  
Kartik Raval  
Partner

Place : Ahmedabad  
Date : May 30, 2023

For and on behalf of the board of directors of  
Arvind Lifestyle Brands Limited

*Shail Chaturvedi*  
Shailesh Chaturvedi  
Director  
(DIN: 03023079)

*S Raghupathy*  
S Raghupathy  
Chief Financial Officer  
Place : Bengaluru  
Date : May 30, 2023

*Rishi*  
Girdhar Chitlangia  
Director  
(DIN: 00589412)

*Lipi Jha*  
Lipi Jha  
Company Secretary

Arvind Lifestyle Brands Limited  
CIN - U64201GJ1995PLC024598  
Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital		Rs. In Crores
Balance		(Refer Note - 11)
As at April 01, 2021		132.70
Add : Issue of Equity Share capital		24.80
As at March 31, 2022		157.50
Add : Issue of Equity Share capital		-
As at March 31, 2023		157.50

B. Perpetual Debt		
Perpetual Non-Convertible Debentures		
Balance		(Refer Note - 12.1)
As at April 01, 2021		-
Add : Issue during the year		100.00
As at March 31, 2022		100.00
Add : Issue during the year		-
As at March 31, 2023		100.00

B. Other equity		Attributable to the equity holders					Rs. In Crores
Particulars	Reserves and Surplus					Items of Other Comprehensive Income	Total Other Equity
	Contribution from Parent for ESOP	Securities premium	Retained Earnings	Capital Reserve	Cash Flow Hedge Reserve		
	Note 12	Note 12	Note 12	Note 12	Note 12		
Balance as at April 01, 2021	3.46	1,432.71	(1,196.81)	59.05	-	-	298.41
Profit/(Loss) for the year	-	-	(286.60)	-	-	-	(286.60)
Other comprehensive income / (loss) for the year	-	-	0.39	-	-	-	0.39
Total Comprehensive income / (loss) for the year	-	-	(286.21)	-	-	-	(286.21)
Addition during the year	-	218.20	-	-	-	-	218.20
Contribution received during the year	0.36	-	-	-	-	-	0.36
Balance as at March 31, 2022	3.82	1,650.91	(1,483.02)	59.05	-	-	230.76
Profit/(Loss) for the year	-	-	3.60	-	-	-	3.60
Other comprehensive income / (loss) for the year	-	-	(0.59)	-	-	-	(0.59)
Total Comprehensive income / (loss) for the year	-	-	3.01	-	-	-	3.01
Addition during the year	-	-	-	-	-	-	-
Contribution received during the year	0.88	-	-	-	-	-	0.88
Balance as at March 31, 2023	4.70	1,650.91	(1,480.01)	59.05	-	-	234.65

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

As per our report of even date attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
*Kartikeya Raval*  
Kartikeya Raval  
Partner

Place : Ahmedabad  
Date : May 30, 2023

For and on behalf of the board of directors of  
Arvind Lifestyle Brands Limited

*Shailish Chaturvedi*  
Shailish Chaturvedi  
Director  
(DIN: 03023079)

*Girdhar Chitlangia*  
Girdhar Chitlangia  
Director  
(DIN: 00589412)

*S. Raghupathy*  
S Raghupathy  
Chief Financial Officer

Place : Bengaluru  
Date : May 30, 2023

*Lipi Jha*  
Lipi Jha  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Corporate Information

Arvind Lifestyle Brands Limited ('the Company') is engaged in the business of distribution and retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Company includes Domestic and International brands.

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 have been authorised for issue in accordance with a resolution of the directors on May 30, 2023.

### 2 Statement of Compliance and Basis of Preparation

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

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), read with Section 133 of the Companies Act, 2013 ("the Act") and presentation requirements of Division II of Schedule III of the Act and other relevant provisions of the Act as applicable. The financial statements have been prepared on accrual basis under the historical cost convention, except certain assets and liabilities, which have been measured at fair value as required by the relevant Ind AS.

Accounting policies have been 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, 2023 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.

The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are applicable for financial periods commencing from April 1, 2021. The Previous year numbers are regrouped or reclassified, where necessary to comply with the amendment. The Company has evaluated the effect of the amendments on its financial statements and complied with the same.



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## 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;

## 2.3 Rounding off

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

## 3 Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its 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.



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## **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. For the purpose of current/non-current classification of assets, the Company has ascertained its normal operating cycle as twelve months.

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

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

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

## **Discontinued operation**

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

## **Use of estimates and judgements**

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

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

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

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



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Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### **3.4 Foreign currencies**

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

#### **Transactions and balances**

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-



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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.

### 3.5 Fair value measurement

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

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

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

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

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

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

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

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

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

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



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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.

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 compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

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

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

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

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

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. 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 life 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.

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.



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## Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful life 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	Estimated Useful Life
Plant & Machinery	6 to 15 Years
Office Equipment	6 to 8 Years
Furniture & Fixture	6 to 9 Years
Motor Cars	4 Years

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

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets are different from the useful life 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 life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.7 Leases

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

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee.



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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.

### **Covid-19-Related Rent Concessions**

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 upto June 30, 2022.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.
- (ii) There is no substantive change to other terms and conditions of the lease



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Pursuant to the above amendment, the Company has applied the practical expedient with effect from April 01, 2020. The Company has accounted the unconditional rent concessions in "Other Income" in the Statement of Profit and Loss.

### **3.8 Borrowing cost**

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

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

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

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

### **3.9 Intangible Assets**

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

The useful life of intangible assets are assessed as finite.

Intangible assets with finite life are amortised over their useful economic life 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 life is recognised in the Statement of Profit and Loss.

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



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

### **Amortisation**

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight-Line basis over the period of five years.

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

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

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

### **3.10 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:

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

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

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

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



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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.

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

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

### **3.12 Revenue Recognition**

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

#### **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.



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## **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 refundable liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

### **ii. Discounts**

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

## **b) Contract balances**

### **i. Contract assets**

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

### **ii. Trade receivables**

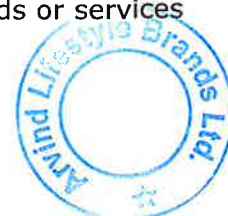
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (xiv) Financial instruments – initial recognition and subsequent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

### **iii. Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services



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to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**c) Assets and liabilities arising from returns**

**i. Returnable Asset**

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

**ii. Refundable liabilities**

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

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

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

**e) Rendering of services**

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

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

**f) Gift Vouchers**

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

**g) Interest income**

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using



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the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

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

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

#### **i) Insurance claims**

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

#### **j) Export Incentive**

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

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

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

#### **a) Financial assets**

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

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

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

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

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

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



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- **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.



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## b) Equity instruments:

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

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

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

### (iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The 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



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

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

### **a) 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 109 and Ind AS 115

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 109 and Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 109 and Ind AS 115 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 116

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

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

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



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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



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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:

### **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.



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

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

#### **3.14 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **3.15 Taxes**

Tax expense comprises of current income tax and deferred tax.

##### **Current income tax**

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

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

##### **Deferred tax**

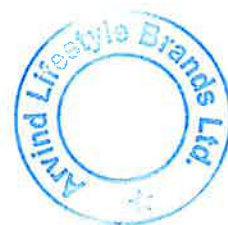
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



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

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

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

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

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

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

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

### **3.16 Employee Benefits**

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

All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term



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

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

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

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

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

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

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

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

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

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

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

## **3.17 Share-based payments**

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

### **Equity-settled transactions**

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



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

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

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

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

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

### 3.18 Earnings per share

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

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

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined



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independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### **3.19 Provisions and Contingencies**

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

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

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

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

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

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts are recoverable 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,



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- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

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

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

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

### 3.21 Segment Reporting

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

### 3.22 Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

### 3.23 Exceptional Items

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



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

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

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

##### 4.1 Revenue recognition

The Company assesses its revenue arrangement in order to determine if its business partner is acting as a principle or as an agent by analysing whether the Company has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Company has concluded that certain arrangements are on principal to agent basis where its business partner is acting as an agent. Hence, sale of goods to its business partner is recognised once they are sold to the end customer. Where the company is the principal in the transaction, the sales are recorded at the gross value. Where the company is effectively the agent in the transactions, the difference between the revenue and the cost of the merchandise is disclosed as the other operating income. (Refer Note 16)

##### 4.2 Customer loyalty program reward points

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

##### 4.3 Provision for discount and sales return

The Company provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to



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ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.

#### **4.4 Defined benefit plans**

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

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

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

Further details about defined benefit obligations are provided in Note 29.

#### **4.5 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 34 for further disclosures.

#### **4.6 Allowance for uncollectible trade receivables**

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

#### **4.7 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



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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 42.

#### **4.8 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 24.

#### **4.9 Inventories**

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

#### **4.10 Useful life of Property, Plant and Equipment and Intangible assets**

The Company reviews the estimated useful life of property, plant and equipment and intangible assets at the end of each reporting period. During the financial year ended March 31, 2023, there were no changes in useful life of property plant and equipment and intangible assets other than (a) useful life 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.

#### **4.11 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.



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#### 4.12 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 25).

#### 4.13 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.



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Arvind Lifestyle Brands Limited  
CIN - U64201GJ1995PLC024598  
Notes to the Financial Statements for the year ended March 31, 2023

Note 5 : Property, plant and equipment

Particulars	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computers, Servers and Network	Total
							Rs. In Crores
<b>Gross Carrying Amount</b>							
<b>As at April 01, 2021</b>	<b>99.98</b>	<b>182.97</b>	<b>3.88</b>	<b>193.66</b>	<b>29.67</b>	<b>50.97</b>	<b>561.13</b>
Additions	1.20	4.15	0.17	8.55	0.24	4.56	18.87
Deductions due to Discontinued Operation (Refer Note 38)	(77.42)	(86.51)	-	(105.36)	(20.95)	(11.30)	(301.54)
Deductions	(5.86)	(9.56)	(1.72)	(20.97)	(2.73)	(30.60)	(71.44)
<b>As at March 31, 2022</b>	<b>17.90</b>	<b>91.05</b>	<b>2.33</b>	<b>75.88</b>	<b>6.23</b>	<b>13.63</b>	<b>207.02</b>
Additions	0.80	10.09	0.26	2.94	0.54	5.52	20.15
Deductions	(1.70)	(4.75)	(0.86)	(7.76)	(0.65)	(0.50)	(16.22)
<b>As at March 31, 2023</b>	<b>17.00</b>	<b>96.39</b>	<b>1.73</b>	<b>71.06</b>	<b>6.12</b>	<b>18.65</b>	<b>210.95</b>
<b>Accumulated Depreciation</b>							
<b>As at April 01, 2021</b>	<b>85.72</b>	<b>145.90</b>	<b>1.83</b>	<b>147.30</b>	<b>24.69</b>	<b>43.47</b>	<b>448.91</b>
Depreciation for the year	1.78	2.50	0.63	13.30	1.10	4.05	23.36
Depreciation for the year Discontinued Operation (Refer Note 38)	1.77	10.37	-	5.81	0.48	0.36	18.79
Deductions	(5.62)	(9.20)	(1.02)	(20.23)	(2.66)	(30.51)	(69.24)
Deductions due to Discontinued Operation (Refer Note 38)	(69.04)	(77.90)	-	(86.34)	(18.86)	(10.31)	(262.45)
<b>As at March 31, 2022</b>	<b>14.61</b>	<b>71.67</b>	<b>1.44</b>	<b>59.84</b>	<b>4.75</b>	<b>7.06</b>	<b>159.37</b>
Depreciation for the year	1.34	9.67	0.43	5.25	0.72	3.68	21.09
Deductions	(1.44)	(3.39)	(0.81)	(6.65)	(0.48)	(0.47)	(13.24)
<b>As at March 31, 2023</b>	<b>14.51</b>	<b>77.95</b>	<b>1.06</b>	<b>58.44</b>	<b>4.99</b>	<b>10.27</b>	<b>167.22</b>
<b>Net Carrying Value</b>							
<b>As at March 31, 2023</b>	<b>2.49</b>	<b>18.44</b>	<b>0.67</b>	<b>12.62</b>	<b>1.13</b>	<b>8.38</b>	<b>43.73</b>
<b>As at March 31, 2022</b>	<b>3.29</b>	<b>19.38</b>	<b>0.89</b>	<b>16.04</b>	<b>1.48</b>	<b>6.57</b>	<b>47.65</b>

Notes:

- 1) For properties pledged as security, refer Note 13 (a).
- 2) Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



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Rs. In Crores

Note 6 : Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development	Product Development	Total Intangible Assets
<b>Gross Carrying Amount</b>						
As at April 01, 2021	58.33	17.52	2.09	32.21	6.01	116.16
Additions	6.36	-	-	-	-	6.36
Deductions	(33.88)	-	-	-	(3.25)	(37.13)
Deductions due to Discontinued Brand (Refer Note 38)	(0.90)	-	-	-	(1.27)	(2.17)
As at March 31, 2022	29.91	17.52	2.09	32.21	1.49	83.22
Additions	5.53	-	-	2.32	-	7.85
As at March 31, 2023	35.44	17.52	2.09	34.53	1.49	91.06
<b>Amortisation</b>						
As at April 01, 2021	38.66	17.52	2.09	27.00	2.02	87.28
Amortisation	9.30	-	-	1.50	3.16	13.96
Deductions	(33.88)	-	-	-	(3.25)	(37.13)
Deductions due to Discontinued Brand (Refer Note 38)	(1.23)	-	-	-	(0.76)	(1.99)
As at March 31, 2022	12.85	17.52	2.09	28.50	1.16	62.12
Amortisation	7.40	-	-	1.36	0.24	9.00
As at March 31, 2023	20.25	17.52	2.09	29.86	1.40	71.11
<b>Net Carrying Value</b>						
As at March 31, 2023	15.19	-	-	4.67	0.09	19.95
As at March 31, 2022	17.06	-	-	3.71	0.33	21.10

Notes:

- Product Development and Computer Software include development cost capitalized being an internally generated intangible asset.



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Note 7 : Financial assets

7 (a) Investments		Rs. In Crores	
Particulars	Face Value per share in Rs.	As at March 31, 2023	As at March 31, 2022
Non-current investment			
Investment in equity shares (fully paid up)			
Subsidiaries - measured at cost (Unquoted)			
Arvind Youth Brands Private Limited* (Refer Note 1 below) (March 31, 2023: 6,80,68,879 ; March 31, 2022: 6,80,68,879)	10	68.16	68.16
Value Fashion Retail Limited (March 31, 2023: 10,000 ; March 31, 2022: 10,000)	10	0.01	0.01
Total Investments		68.17	68.17
Aggregate amount of quoted investments		-	-
Aggregate amount of unquoted investments		68.17	68.17
Aggregate impairment in value of investment		-	-
6,40,39,844 shares (March 31, 2023: 5,40,39,844) which are pledged against borrowings of the Company.			

\*Includes 5,40,39,844 shares (March 31, 2022: 5,40,39,844) which are pledged against borrowings of the Company.

Notes :

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

Subsidiary	Rs. In Crores	
	2022-23	2021-22
Arvind Youth Brands Private Limited	-	0.09

2. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

3. The Company is wholly owned subsidiary of Arvind Fashions Limited, Parent Company which has prepared consolidated financial statement for the year ended March 31, 2023. Accordingly, the Company has availed an exemption as per Ind AS 110 paragraph 4(a) for not preparing the consolidated financial statements.

**7 (b) Trade receivables - Current**

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	600.08	548.99
Significant increase in Credit Risk	-	-
Credit Impaired	36.89	22.35
Less : Allowance for doubtful debts	(36.89)	(22.35)
Less : Provision for Refundable liability (Refer Note No. 3 below)	(162.58)	(133.69)
<b>Total Trade receivables</b>	<b>437.50</b>	<b>415.30</b>

Notes:

- 1) No trade receivables are due from directors or other officers of the Company either severally or jointly with any person nor any trade receivables are due from firms or private companies respectively in which any director is a director, a partner or a member.
- 2) Trade receivables are given as security for borrowings as disclosed under Note 13(a).
- 3) Refundable Liability recognized pursuant to Ind AS 115 - revenue from contracts with customer.
- 4) Trade receivable includes amount receivable from subsidiary company towards commission margin, business support service and payment made to vendors / discharge of obligations on behalf of subsidiary company (refer note 30).

**Allowance for doubtful debts**

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

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	22.36	27.66
Add : Allowance for the year (Refer Note 23)	14.53	-
Less : Provision reversed during the year (Refer Note 17)	-	(5.30)
<b>Balance at the end of the year</b>	<b>36.89</b>	<b>22.36</b>

**Trade receivables ageing Schedule:**  
**As at March 31, 2023**

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - Considered Good	368.21	210.63	21.24	-	0.00	-	600.08
Undisputed Trade receivables - credit impaired	-	-	21.21	2.02	2.44	6.13	31.80
Disputed Trade receivables - credit impaired	0.00	0.00	0.01	0.58	2.47	2.03	5.09
<b>Total</b>	<b>368.21</b>	<b>210.63</b>	<b>42.46</b>	<b>2.60</b>	<b>4.91</b>	<b>8.16</b>	<b>636.97</b>
Less : Allowance for doubtful debts							(36.89)
Less : Provision for Refundable liability							(162.58)
<b>Net trade receivables</b>							<b>437.50</b>



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## Trade receivables ageing Schedule:

As at March 31, 2022

Rs. In Crores

As at March 31, 2022							
Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months -	1-2 years	2-3 years	More than 3 years		
Undisputed Trade receivables - Considered Good	361.42	176.86	7.96	2.75			548.99
Undisputed Trade receivables - credit impaired	-	-	-	6.76	4.37	9.28	20.41
Disputed Trade receivables - credit impaired	-	-	-	1.75	-	0.19	1.94
<u>credit impaired</u>							
<b>Total</b>	<b>361.42</b>	<b>176.86</b>	<b>7.96</b>	<b>11.26</b>	<b>4.37</b>	<b>9.47</b>	<b>571.34</b>
Less : Allowance for doubtful debts							(22.35)
<b>Less : Provision for Refundable liability</b>							<b>(133.69)</b>
<b>Net trade receivables</b>							<b>415.30</b>

## 7 (c) Loans

Rs. In Crores

Particulars	As at	
	March 31, 2023	March 31, 2022
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Loans to employees	0.14	0.81
	<b>0.14</b>	<b>0.81</b>
<b>Current</b>		
Loans to employees	0.68	3.31
Loans to related parties(Refer Note 30)	-	48.01
	<b>0.68</b>	<b>51.32</b>
<b>Total Loans</b>	<b>0.82</b>	<b>52.13</b>

## Notes:

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

## Loans to related parties that are repayable on demand

Type of Borrower	Year ended March 31, 2023		Year ended March 31, 2022	
	Loan Outstanding	Loan Outstanding (%)	Loan Outstanding	Loan Outstanding (%)
Related Parties	-	0.00%	48.01	92.09%

## 7 (d) Cash and cash equivalents

Particulars	As at	
	March 31, 2023	March 31, 2022
Cash on hand	-	-
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	8.46	5.78
<b>Total cash and cash equivalents</b>	<b>8.46</b>	<b>5.78</b>

## 7 (e) Other bank balance

Rs. In Crores

Particulars	As at	
	March 31, 2023	March 31, 2022
Held as Margin Money*	20.20	15.97
<b>Total other bank balances</b>	<b>20.20</b>	<b>15.97</b>

\* Under lien with bank as Security for Guarantee Facility




## 7 (f) Other financial assets

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Security deposits	23.91	24.93
	<b>23.91</b>	<b>24.93</b>
<b>Current</b>		
Security deposits		
- Considered Good	24.15	54.14
- Considered Doubtful	2.01	2.01
Less : Allowance for Doubtful Deposits	(2.01)	(2.01)
	<b>24.15</b>	<b>54.14</b>
Income receivable	-	0.15
Accrued Interest	0.45	0.32
Insurance claim receivable	0.10	0.19
Other Receivables		
- Considered Good	2.57	2.31
- Considered Doubtful	0.11	-
Less : Allowance for Doubtful receivables	(0.11)	-
	<b>2.57</b>	<b>2.31</b>
	<b>27.27</b>	<b>57.11</b>
<b>Total other financial assets</b>	<b>51.18</b>	<b>82.04</b>

Note : Other Current Financial assets are given as security for borrowings as disclosed under Note 13(a).

## Movement in allowance for Doubtful deposits

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	2.01	0.55
Add : Allowance for the year (Refer note 23)	-	1.46
Less : Write off (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>2.01</b>	<b>2.01</b>

## Movement in allowance for Doubtful receivables

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	-
Add : Allowance for the year (Refer note 23)	0.11	-
Less : Write off (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>0.11</b>	<b>-</b>

## 7 (g) : Financial Assets by category

Particulars	Rs. In Crores			
	COST	FVTPL	FVOCI	Amortised Cost
<b>March 31, 2023</b>				
Investments				
- Equity Shares	68.17	-	-	-
Trade Receivables	-	-	-	437.50
Loans	-	-	-	0.82
Cash & Bank balance	-	-	-	28.66
Other financial assets	-	-	-	51.18
<b>Total Financial Assets</b>	<b>68.17</b>	<b>-</b>	<b>-</b>	<b>518.16</b>
<b>March 31, 2022</b>				
Investments				
- Equity Shares	68.17	-	-	-
Trade Receivables	-	-	-	415.30
Loans	-	-	-	52.13
Cash & Bank balance	-	-	-	21.75
Other financial assets	-	-	-	82.04
<b>Total Financial Assets</b>	<b>68.17</b>	<b>-</b>	<b>-</b>	<b>571.22</b>

For Financial instruments risk management objectives and policies, refer Note 36.

Fair value disclosure for financial assets and liabilities are in Note 34 and fair value hierarchy disclosures are in Note 35.





**Note 8 : Other assets**

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Capital advances	0.58	9.19
Sales tax paid under protest	12.09	31.56
	<b>12.67</b>	<b>40.75</b>
<b>Current</b>		
Advance to suppliers	16.17	22.57
- Considered Good	1.56	1.56
- Considered Doubtful	(1.56)	(1.56)
Less : Provision for doubtful advances	0.16	-
Advance to Employee	16.33	22.57
Export incentive receivable	0.04	-
Prepaid expenses	6.49	6.10
Returnable Asset (Refer Note No. 3 below)	56.64	51.31
Balance with Government Authorities (Refer Note No. 1 below)	126.02	107.62
Other Current Assets	33.87	36.61
	<b>239.39</b>	<b>224.21</b>
<b>Total</b>	<b>252.06</b>	<b>264.96</b>

**Notes:**

- Balance with Government Authorities mainly consist of input credit.
- Other current assets are given as security for borrowings as disclosed under Note 13(a).
- Returnable Asset recognized pursuant to Ind AS 115.
- No advances are due from directors or promoters of the Company either severally or jointly with any person.
- Returnable Assets are accounted, considering the nature of inventory expected to be received, ageing and net realisable value. Accordingly, Rs.12.43 Crores (March 31, 2022 Rs. 11.70 Crores) has been provided. The changes in write downs are recognised as an expense in the Statement
- Other current assets includes Goods and Service Tax paid on primary sales / stock transfer of traded goods amounting Rs 33.87 Crores (March 31, 2022 Rs. 36.33 crores) on "Sale or Return basis" and tax on refund liability component. Balance outstanding as at year end will be adjusted against secondary sale of traded goods and actual credit note issued for sales returns.

**Provision for Doubtful Advances**

Movement in provision for doubtful advances:

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1.56	1.56
Add : Provision made during the year	-	-
Less : Write off of doubtful advances	-	-
Balance at the end of the year	<b>1.56</b>	<b>1.56</b>

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

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Stock-in-trade (Garments and Accessories)	527.36	470.09
<b>Total</b>	<b>527.36</b>	<b>470.09</b>

- Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value. Accordingly Rs. 60.03 Crores (Previous year - Rs. 112.62 Crores) has been provided. The changes in write downs are recognised as an expense in the Statement of profit and loss.
- Inventories are given as security for borrowings as disclosed under Note 13(a).

**Note 10 : Non- Current Tax Assets (Net)**

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Tax Paid in Advance (Net of Provision)	13.44	16.24
<b>Total</b>	<b>13.44</b>	<b>16.24</b>



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**Arvind Lifestyle Brands Limited**

CIN - U64201GJ1995PLC024598

**Notes to the Financial Statements for the year ended March 31, 2023**
**Note 11 : Equity share capital**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. In Crores	No. of shares	Rs. In Crores
<b>Authorised share capital</b>				
Equity shares of Rs. 10 each (March 31, 2022: Rs. 10 each)	20,00,00,000	200.00	20,00,00,000	200.00
<b>Issued and subscribed share capital</b>				
Equity shares of Rs. 10 each (March 31, 2022: Rs. 10 each)	15,75,00,000	157.50	15,75,00,000	157.50
<b>Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each (March 31, 2022: Rs. 10 each)	15,75,00,000	157.50	15,75,00,000	157.50
<b>Total</b>	<b>15,75,00,000</b>	<b>157.50</b>	<b>15,75,00,000</b>	<b>157.50</b>

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. In Crores	No. of shares	Rs. In Crores
<b>At the beginning of the period</b>	<b>15,75,00,000</b>	<b>157.50</b>	<b>13,27,00,000</b>	<b>132.70</b>
Add: Issue of Share Capital	-	-	2,48,00,000	24.80
<b>Outstanding at the end of the period</b>	<b>15,75,00,000</b>	<b>157.50</b>	<b>15,75,00,000</b>	<b>157.50</b>

**11.2. Rights, preferences and restrictions attached to the equity shares**

The Company has one class of shares referred to as equity shares having a par value of Rs. 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 and Promoter Group :**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. In Crores	No. of shares	Rs. In Crores
Arvind Fashions Limited (along with nominees)	15,75,00,000	157.50	15,75,00,000	157.50

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

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited (along with nominees)	15,75,00,000	100%	15,75,00,000	100%

**11.5. Objective, policy and procedure of capital management:**

Refer Note 37.



Note 12 : Other Equity

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Note 12.1 Perpetual Debt</b>		
<b>Perpetual Non-Convertible Debentures</b>		
At the beginning of the year	100.00	-
Issued during the year *	-	100.00
Balance at the end of the year	<b>100.00</b>	<b>100.00</b>
<b>Total Perpetual debt</b>	<b>100.00</b>	<b>100.00</b>
<b>Note 12.2 Reserves &amp; Surplus</b>		
<b>Capital reserve</b>		
Balance at the beginning of the year	59.05	59.05
Balance at the end of the year	<b>59.05</b>	<b>59.05</b>
<b>Securities premium</b>		
Balance at the beginning of the year	1,650.91	1,432.71
Add: Addition during the year	-	218.20
Balance at the end of the year	<b>1,650.91</b>	<b>1,650.91</b>
<b>Contribution from Parent for ESOP (Refer Note 39)</b>		
Balance at the beginning of the year	3.82	3.46
Add: Contribution received during the year	0.88	0.36
Balance at the end of the year	<b>4.70</b>	<b>3.82</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	(1,483.02)	(1,196.81)
Add: Profit/(Loss) for the year	3.60	(286.60)
Add / (Less): OCI for the year	(0.59)	0.39
Balance at the end of the year	<b>(1,480.01)</b>	<b>(1,483.02)</b>
<b>Total reserves &amp; surplus</b>	<b>234.65</b>	<b>230.76</b>
<b>Total Other equity</b>	<b>334.65</b>	<b>330.76</b>

\* Previous year company have issued 8% 10,00,00,000 Unsecured Perpetual Non-Convertible Debentures (NCD) of the face value of Rs.10 each amounting to Rs.100 Crores, on private placement basis to Arvind Fashions Limited (the holding company). These securities are perpetual in nature with no fixed maturity or redemption period and are callable on at the option of the Company. These securities are issued with coupon of 8% buy payable at the option of the Company. As these securities are perpetual in nature and the Company does not have any redemption obligation, these have been classified as 'Equity'.

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

**a. Capital reserve**

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

**b. Securities premium**

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

**c. 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 39.



**Note 13 : Financial liabilities**

**13 (a) Borrowings**  
**Particulars**

Rs. In Crores  
As at  
As at  
March 31, 2023 March 31, 2022

**Long-term Borrowings (Refer Note 1(a) below)**

<b>Secured (At amortised cost)</b>		
Term loan from Banks	6.42	34.38
<b>Total long-term borrowings</b>	<b>6.42</b>	<b>34.38</b>

**Short-term Borrowings**

<b>Secured (At amortised cost)</b>		
Current Maturities of long term borrowings (Refer Note 1(a) below)	27.63	27.73
Working Capital Loans repayable on demand from Banks (Refer Note 1(b) below) (including channel financing)	343.20	312.87
<b>Unsecured</b>		
Intercompany Deposits	36.60	43.29
From Related Parties (Refer Note 2(a) below)	<b>407.43</b>	<b>383.89</b>
<b>Total short-term borrowings</b>	<b>413.85</b>	<b>418.27</b>

**Total borrowings**

**1. Secured Borrowings**

**(a) Long term including Current Maturities**

Particulars	Rate of interest	As at March 31, 2023	As at March 31, 2022	Security	Terms of Repayment
Rupee Loans	10.50%	12.49	25.26	1. First charge over the entire fixed assets of the Company both present and future and second charge is created over the entire stock, receivables and other current assets of the Company.	Repayable in 22 instalments in 5 years, starting from December 2019.
Rupee Loans	8.95%	20.94	35.71		Repayable in 17 instalments in 5 years, starting from September 2020.
Hire Purchase loans	8.10%	0.62	1.14	Hypothecation of related vehicles.	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

**(b) Short term**

Particulars	Rate of interest	As at March 31, 2023	As at March 31, 2022	Security	Pledge of shares
Working capital loans	8.37% - 9.85%	78.40	33.54	1. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future 2. Corporate Guarantee given by Arvind Fashions Limited	1,09,60,183 equity shares of Arvind Youth Brands Private Limited ('AYBPL') owned by the Company.
Working capital loans	7.94%	156.04	175.73		1. 3,25,57,884 equity shares of AYBPL owned by the Company. 2. 4,63,51,265 equity shares of the Company held by Arvind Fashions Limited ('AFL')
Working capital loans	7.95%	48.00	40.00		43,84,074 equity shares of AYBPL owned by the Company.
Working capital loans	-	-	22.00		61,37,703 equity shares of AYBPL owned by the Company.
Working capital loans	9.55%	50.76	36.60		No equity shares pledged
Working capital loans	7.85%	10.00	5.00		No equity shares pledged



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## 2. Unsecured Borrowings

Rs. In Crores

(a) Short Term			
Particulars	Rate of Interest	As at March 31, 2023	As at March 31, 2022
Intercompany Deposits	8.50%	36.60	43.29

3. All necessary charges or satisfaction are registered with ROC within the statutory period.

4. The Company has Fund based and Non-fund based limits of working capital from Banks and Financial Institutions. For the said facility, the revised submissions made by the Company to its lead bankers based on closure of book of accounts at the year end, the revised quarterly returns or statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

5. The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

## 13 (b) Trade payables

Rs. In Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Acceptances	105.95	105.60
Other Trade Payables (Refer Note below)		
-Total outstanding dues of micro enterprises and small enterprises (refer note 1 below)	38.75	47.45
-Total outstanding dues other than micro enterprises and small enterprises	536.58	540.10
<b>Total</b>	<b>681.28</b>	<b>693.15</b>

### Note:

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

Particulars	As at March 31, 2023	As at March 31, 2022
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year:		
i) Principal	27.94	34.11
ii) Interest	10.81	13.34
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	1.29	3.73
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	10.81	13.34
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	10.81	13.34
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	10.81	13.34

## 2. Trade payable ageing schedule

As at March 31, 2023

Rs. In Crores

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises	38.75	-	-	-	-	38.75
Other than Micro enterprises and small enterprises	600.94	26.00	3.82	3.25	8.52	642.53
<b>Total</b>	<b>639.69</b>	<b>26.00</b>	<b>3.82</b>	<b>3.25</b>	<b>8.52</b>	<b>681.28</b>

As at March 31, 2022

Rs. In Crores

Particulars	Not Due	Outstanding for following periods from due date of payments				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises	13.91	33.54	-	-	-	47.45
Other than Micro enterprises and small enterprises	374.31	238.87	6.88	11.72	13.92	645.70
<b>Total</b>	<b>388.22</b>	<b>272.41</b>	<b>6.88</b>	<b>11.72</b>	<b>13.92</b>	<b>693.15</b>

## 13 (c) Other financial liabilities

Rs. In Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Security Deposits	87.41	68.28
Current		
Security Deposits	0.71	0.05
Interest accrued and due	-	1.90
Interest accrued but not due on borrowings	6.57	7.88
Payable to employees	4.93	26.53
Payable for capital goods	4.02	5.89
<b>Total</b>	<b>103.64</b>	<b>110.53</b>



## 13(d) : Financial Liabilities by category

Particulars	FVOCI	FVTPL	Rs. In Crores	
			Amortised Cost	
<b>March 31, 2023</b>				
Borrowings	-	-	-	413.85
Trade payables	-	-	-	681.28
Security Deposits	-	-	-	88.12
Payable to employees	-	-	-	4.93
Interest accrued but not due	-	-	-	6.57
Interest accrued and due	-	-	-	-
Lease Liabilities	-	-	-	374.18
Payable in respect of Capital goods	-	-	-	4.02
<b>Total Financial liabilities</b>	-	-	-	<b>1,572.95</b>
<b>March 31, 2022</b>				
Borrowings	-	-	-	418.27
Trade payables	-	-	-	693.15
Security Deposits	-	-	-	68.33
Payable to employees	-	-	-	26.53
Interest accrued but not due	-	-	-	7.88
Interest accrued and due	-	-	-	1.90
Lease Liabilities	-	-	-	289.04
Payable in respect of Capital goods	-	-	-	5.89
<b>Total Financial liabilities</b>	-	-	-	<b>1,510.99</b>

For Financial instruments risk management objectives and policies, refer Note 36

Fair value disclosure for financial assets and liabilities are in Note 34 and fair value hierarchy disclosures are in Note 35

## Note 14: Provisions

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Long-term</b>		
<b>Provision for employee benefits (Refer Note 29)</b>		
Provision for leave encashment	2.40	2.53
Provision for Gratuity	4.99	5.38
	<b>7.39</b>	<b>7.91</b>
<b>Short-term</b>		
<b>Provision for employee benefits (Refer Note 29)</b>		
Provision for leave encashment	1.46	1.78
Provision for Gratuity	1.72	2.85
	<b>3.18</b>	<b>4.63</b>
<b>Total</b>	<b>10.57</b>	<b>12.54</b>

## Note 15 : Other current liabilities

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Advance from customers	21.23	12.81
Statutory dues including provident fund and tax deducted at source etc.	11.30	9.67
Deferred Revenue	0.57	0.36
Unaccrued Income from MEIS Certificate	-	0.01
Deferred income of loyalty program reward points (Refer note (a) below)	0.22	1.17
<b>Total</b>	<b>33.32</b>	<b>24.02</b>

## (a) Deferred income of Loyalty Program Reward Points

The Company has deferred the revenue related to the customer loyalty program reward points. The movement in deferred revenue for those reward points are given below :

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Balance as per last financial statements	1.17	1.03
Add: Provision made during the year (Net) (Refer Note 16)	0.21	1.43
(Less): Redemption made during the year	1.16	1.29
<b>Balance at the end of the year</b>	<b>0.22</b>	<b>1.17</b>



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**Note 16 : Revenue from operations**

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Sale of products	2,195.59	1,389.83
Sale of services	14.89	16.86
	<b>2,210.48</b>	<b>1,406.69</b>
<b>Operating income</b>		
Export incentives	0.12	0.14
Foreign exchange fluctuation on vendors and customers (Net)	-	1.28
Miscellaneous receipts	1.46	0.56
	<b>1.58</b>	<b>1.98</b>
<b>Total</b>	<b>2,212.06</b>	<b>1,408.67</b>

**I. Disaggregation of revenue from Contracts with Customers**

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>A. Revenue based on Geography</b>		
i. Domestic	2,201.15	1,397.52
ii. Export	10.91	11.15
	<b>2,212.06</b>	<b>1,408.67</b>
<b>B. Revenue based on Business Segment</b>		
Branded Apparels and Accessories	<b>2,212.06</b>	<b>1,408.67</b>

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

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Contract Price	2,655.15	1,863.25
Less:		
Sales Return	265.27	277.04
Schemes and Discounts	177.61	176.11
Customer Loyalty Program	0.21	1.43
<b>Total Revenue from Operations</b>	<b>2,212.06</b>	<b>1,408.67</b>

**Note 17 : Other income**

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Interest income on ICD	2.37	0.42
Interest income on financial assets measured at amortised cost	1.59	0.87
Profit on sale of Property, Plant & Equipment (Net)	-	4.31
Provision for doubtful debts written back	-	5.30
Gain on Reassessment of Lease (Refer Note 32)	12.83	4.13
Interest on Fair valuation of Security Deposit	3.01	4.01
Income due to Rent Waivers (Refer Note 32)	-	18.87
Unclaimed liability written off	7.81	-
Miscellaneous income	0.39	0.50
<b>Total</b>	<b>28.00</b>	<b>38.41</b>



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Arvind Lifestyle Brands Limited

**Note 18 : Purchases of stock-in-trade**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Branded Apparels and Accessories	1,310.77	877.40
<b>Total</b>	<b>1,310.77</b>	<b>877.40</b>

a) In the earlier years, the Company had sublicensed its right with respect to "U.S. Polo Assn. footwear brand business" exclusively to the parent Company e.i. Arvind Fashions Limited under the sublicense Agreement. Pursuant to mutual discussion between the parties i.e. the Company ("Sub licensor") and AFL ("Sublicensee") the said exclusive Sublicense Agreement stands terminated effective from January 01, 2023. In accordance with the terms of the said Sublicense Agreement, the Company has exercised its right of buying back of products from AFL at the Parent Company's landing cost.

**Note 19 : Changes in inventories of stock-in-trade**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Stock at the end of the year</b>		
Stock-in-trade	527.36	453.38
<b>Stock at the beginning of the year</b>		
Stock-in-trade	470.09	390.54
<b>Total</b>	<b>(57.27)</b>	<b>(62.84)</b>

**Note 20 : Employee benefits expense**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 29)	89.32	89.58
Contribution to provident and other funds (Refer Note 29)	5.33	6.82
Welfare and training expenses	7.31	6.84
Share based payment to employees (Refer Note 39)	0.88	0.36
<b>Total</b>	<b>102.84</b>	<b>103.60</b>

**Note 21 : Finance costs**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
A. Interest Expenses on		
Loans	33.24	32.42
Related Parties (Refer Note 30)	3.67	3.42
Others	7.41	8.65
Lease Liabilities (Refer Note 32)	33.37	26.22
B. Exchange difference regarded as adjustment to borrowing cost	-	0.50
C. Other borrowing cost	11.94	5.73
<b>Total</b>	<b>89.63</b>	<b>76.94</b>



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**Note 22 : Depreciation and amortization expense**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note 5)	21.09	23.36
Depreciation of Right-of-Use assets (Refer Note 32)	95.46	92.19
Amortization of Intangible assets (Refer Note 6)	9.00	13.96
<b>Total</b>	<b>125.55</b>	<b>129.51</b>

**Note 23 : Other expenses**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Power and fuel	4.95	4.30
Insurance	1.52	2.45
Processing charges	2.61	2.55
Printing, stationery & communication	4.58	3.13
Rent	-	-
- Short Term leases and leases of low-value assets (Refer Note 32)	2.53	9.39
Commission & Brokerage	244.39	142.68
Rates and taxes	6.15	1.43
Repairs :		
To Building	1.14	1.00
To Others	18.84	19.23
Royalty on Sales	78.60	52.24
Freight, insurance & clearing charge	60.57	50.41
Legal & Professional charges	14.10	11.02
Computer Expenses	13.17	9.74
Conveyance & Travelling expense	11.81	4.56
Advertisement and Publicity	61.57	58.34
Packing Materials Expenses	6.02	4.12
Outsourced Services	78.25	77.38
Sampling and Testing Expenses	3.78	1.42
Director's sitting fees	0.01	0.01
Provision for doubtful debts and advances (net)	0.11	1.46
Bad And Doubtful Debts Provision	14.53	-
Auditor's remuneration (Refer Note 23(a) below)	0.51	0.80
Business Conducting Fees	0.20	0.13
Bank charges	10.40	8.14
Warehouse Charges	11.71	3.27
Spend on CSR activities (Refer Note 33)	-	0.03
Sale or discard of Property plant and equipment	1.63	-
Exchange Difference (Net)	2.04	0.80
Miscellaneous expenses	4.48	2.79
<b>Total</b>	<b>660.20</b>	<b>472.82</b>

**23 (a). Break up of Auditor's Remuneration**

Rs. In Crores

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Payment to Auditors as :</b>		
Statutory auditor Fees	0.50	0.70
Taxation Matters	-	0.03
Certification Fee	0.01	0.07
<b>Total</b>	<b>0.51</b>	<b>0.80</b>



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**Arvind Lifestyle Brands Limited**  
**CIN - U64201GJ1995PLC024598**  
**Notes to the Financial Statements for the year ended March 31, 2023**

**Note 24 : Income Tax**

The major component of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Statement of Profit &amp; Loss (Continuing and discontinued)</b>		
<b>Current Tax</b>		
(Excess)/short provision related to earlier years	0.35	0.49
<b>Deferred Tax</b>		
Deferred tax Charge/(Credit)	3.43	3.14
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>3.78</b>	<b>3.63</b>

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>OCI Section</b>		
<b>Statement to Other comprehensive income (OCI)</b>		
Deferred tax Charge/(Credit)	(0.32)	0.21
<b>Deferred tax charged to OCI</b>	<b>(0.32)</b>	<b>0.21</b>

**Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March**

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>A) Current tax</b>		
<b>Accounting profit/(loss) before tax</b>	8.34	(282.97)
<b>Tax Rate</b>	34.944%	34.944%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	2.91	(98.88)
<b>Adjustments</b>		
Expenditure not deductible for Tax	(0.61)	0.86
Deferred tax assets not recognised as realization is not probable	(2.29)	99.07
Others	3.78	3.64
<b>At the effective income tax</b>	<b>3.78</b>	<b>4.69</b>
<b>Effective Income Tax Rate %</b>	<b>45.35%</b>	<b>-1.66%</b>



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B) Deferred tax	Particulars	Rs. In Crores			
		Balance Sheet	Statement of Profit & Loss and Other Comprehensive Income	Balance Sheet	Statement of Profit & Loss and Other Comprehensive Income
		As at March 31, 2023	Year Ended March 31, 2023	As at March 31, 2022	Year Ended March 31, 2022
	Accelerated depreciation for tax purposes	106.12	10.24	116.36	(2.18)
	Effective Interest Method on Term Loans	0.04	(0.02)	0.02	(0.03)
	ECL on Trade receivables , Security deposits and Vendor Debit Balances	10.76	(5.12)	5.64	(0.55)
	Expenditure allowable on payment basis	3.23	4.05	7.28	2.34
	Unused losses available for offsetting against future taxable income	174.64	(6.74)	167.90	(20.38)
	Unused tax credit available for offsetting against future taxable income (MAT credit)	6.33	3.11	9.44	-
	Impact of Ind AS 116	19.70	(2.41)	17.29	24.28
	Reversal of past period's Deferred tax assets				
	Others	1.19	0.00	1.19	(0.13)
	<b>Net deferred tax assets/(liabilities)</b>	<b>322.01</b>	<b>3.11</b>	<b>325.12</b>	<b>3.35</b>

**Note :**

- (i) 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.
- (ii) The Company has unused carried forward losses of Rs. 1,331.66 Crores as at March 31, 2023 (March 31, 2022: Rs. 1193.88 Crores). Out of the same, tax credits on losses of Rs. 909.51 Crores (March 31, 2022: Rs. 771.73 Crores) have not been recognized on the basis that recovery is not probable in the foreseeable future. The Company has stopped recognizing additional deferred tax asset on all the components mentioned above, until it becomes probable that sufficient taxable profits will be available.

Reconciliation of Deferred Tax Assets/(Liabilities)		Rs. In Crores	
Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
Opening balance as at April 1		325.12	328.47
Deferred Tax income/(expense) during the period recognised in profit or loss		(3.43)	(3.14)
Deferred Tax income/(expense) during the period recognised in OCI		0.32	(0.21)
<b>Closing balance as at March 31</b>		<b>322.01</b>	<b>325.12</b>



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Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Contingent liabilities not provided for</b>		
a. Claims against Company not acknowledged as debts	1.40	1.77
b. Disputed demands in respect of		
Sales tax and VAT (Refer note (d) below)	29.81	55.39
Income tax	31.58	24.62

**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) Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the Company has collected forms covering substantial amount of demand. The Company is in the process of collecting balance forms and hence no provision is considered necessary for the same.
- (e) 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.

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Capital commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	2.13	-

**Note 27 : Foreign Exchange Derivatives and Exposures not hedged**

**A. Exposure Not Hedged**

Nature of exposure	In FC USD in Crores		Rs. In Crores	In FC EURO in Crores		Rs. In Crores	In FC SEK in Crores		Rs. In Crores
<b>Receivables</b>									
As at March 31, 2023	0.04	2.99		-	-		-	-	
As at March 31, 2022	0.05	3.59		-	-		-	-	
<b>Payable to creditors</b>									
As at March 31, 2023	0.39	32.10		0.01	1.16		0.06	0.44	
As at March 31, 2022	0.80	60.92		0.01	1.01		0.05	0.44	



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**Note 28 : Segment Reporting**

Operating segment has been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company.

The Company's business activity falls within a single operating business segment of Branded Apparels (Garments and Accessories) through Retail and Departmental Store facilities.

**Geographical segment**

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

	Rs. In Crores	
Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Segment Revenue from continuing operation*</b>		
a) In India	2,201.15	1,397.52
b) Rest of the world	10.91	11.15
<b>Total Sales</b>	<b>2,212.06</b>	<b>1,408.67</b>
<b>Segment Revenue from discontinued operation*</b>		
a) In India	4.04	189.33
b) Rest of the world	-	-
<b>Total Sales</b>	<b>4.04</b>	<b>189.33</b>
<b>Carrying Cost of Segment Assets from continuing operation**</b>		
a) In India	2,106.00	2,032.22
b) Rest of the world	2.99	3.59
<b>Total</b>	<b>2,108.99</b>	<b>2,035.81</b>
<b>Carrying Cost of Segment Assets from discontinued operation**</b>		
a) In India	-	5.00
b) Rest of the world	-	-
<b>Total</b>	<b>-</b>	<b>5.00</b>
<b>Carrying Cost of Segment Non Current Assets from continuing operation**@</b>		
a) In India	420.46	360.76
b) Rest of the world	-	-
<b>Total</b>	<b>420.46</b>	<b>360.76</b>
<b>Carrying Cost of Segment Non Current Assets from discontinued operation**@</b>		
a) In India	-	-
b) Rest of the world	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\* Based on location of Customers

\*\* Based on location of Assets

\*\*@ Excluding Financial Assets and Deferred Tax Assets

**Note:**

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



**Note 29 : Disclosure pursuant to Employee benefits**

## A Defined Contribution Plans

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

Particulars	Year Ended March 31, 2022	Rs. In Crores
Contribution to Provident Fund	5.12	6.25
Contribution to National Pension Scheme	0.09	0.09
Contribution to ESII	0.09	0.47
Contribution to Labour Welfare Fund	0.01	0.01
	<b>5.32</b>	<b>6.82</b>

**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' salaries. The contributions are deposited in a government-administered provident fund. Employees of the Company, other than covered in Provident Fund Trust, receive benefits from a 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.

### Defined Benefit plans

**DEFINED BENEFIT PLANS.** The company has following post employment benefits which are in the nature of defined benefit plans:

## Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn salary per month computed on the basis of the number of years of service. The gratuity plan is a funded plan administered by the Company.

The Company fully contributes all ascertained liabilities to the Life Insurance Corporation \* Insurance product.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The Company recognizes the net obligation of a defined benefit plan in excess of the benefits accounted for by the employer's contributions in other comprehensive income. The Company recognizes the net obligation of a defined benefit plan in excess of the benefits accounted for by the employer's contributions in other comprehensive income.

March 31, 2023: Changes in defined benefit obligation and plan assets										\$s. in Crores		
Particulars	April 1, 2022	Gratuity cost charged to statement of profit and loss			Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination/ transfer	Contributions by employer	March 31, 2023	
		Service cost	Net interest expense/Income	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions				Experience adjustments
Gratuity												
Defined benefit obligation	(8.43)	(0.92)	(0.35)	(1.28)	3.26	*	(0.12)	(0.08)	(0.75)	(0.95)	*	(7.44)
Fair value of plan assets	0.20	*	0.01	0.01	(3.26)	0.04	*	*	*	0.04	*	0.74
Gratuity benefit obligation												
Defined benefit obligation	(8.23)	(0.92)	(0.35)	(1.27)	*	0.04	(0.12)	(0.08)	(0.75)	(0.91)	3.75	(6.70)

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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, 2023	Year Ended March 31, 2022
Others (Insurance company Products)	100%	100%
<b>(%) of total plan assets</b>	<b>100%</b>	<b>100%</b>

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

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Discount rate	7.30%	5.20%
Future salary increase	10.67 % for Front End Employee, 12.50 % for others	7.11% for Front End Employee, 9.29% for others
Expected rate of return on plan assets	7.30%	5.20%
Attrition rate	54.3% on Front End Employee, 31.8% for others	48.6% on Front End Employee, 36% for others
Mortality rate during employment	Indian assured lives Mortality(2006-08) (modified)	Indian assured lives Mortality(2006-08)

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

		Rs. In Crores	
Particulars	Sensitivity level	Increase / (Decrease) in defined benefit obligation Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Gratuity</b>			
Discount rate	50 basis points increase	0.09	(0.09)
	50 basis points decrease	(0.10)	0.09
Salary increase	50 basis points increase	(0.08)	0.07
	50 basis points decrease	0.07	(0.07)
Attrition rate	50 basis points increase	0.03	(0.02)
	50 basis points decrease	(0.03)	0.02

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

The followings are the expected future benefit payments for the defined benefit plan :

		Rs. In Crores	
Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Gratuity</b>			
Within the next 12 months (next annual reporting period)		2.46	3.04
Between 2 and 5 years		6.26	6.83
Beyond 5 years		4.37	2.79
<b>Total expected payments</b>		<b>13.09</b>	<b>12.66</b>

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

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Gratuity</b>	3 years	2 years

#### C Leave encashment

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

The Company has recognised following as expenses and included in Note No. 21 "Employee benefit expense".

		Rs. In Crores	
Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
Leave encashment		1.67	2.56
		<b>1.67</b>	<b>2.56</b>



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**Note 30 : Related Party Transactions**

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

<b>Name of Related Parties</b>	<b>Nature of Relationship</b>
Arvind Fashions Ltd.	Parent Company
Arvind Youth Brands Private Limited	Subsidiary Company
Value Fashion Retail Limited	Subsidiary Company
Arvind Beauty Brands Retail Private Limited	Fellow Subsidiary Company
PVH Arvind Fashion Private Limited (previously known as Calvin Klein Arvind Fashion Pvt Ltd)	Fellow Subsidiary Company
Arvind Limited	Enterprise on which Non - Executive Director of Parent exercise significant Influence
Arvind Sports Fashion Pvt. Ltd (Earlier known as Arvind Ruf & Tuf Private Limited)	Enterprise on which Non - Executive Director of Parent exercise significant Influence
Arvind Polymer Textiles Ltd (Earlier known as Arvind True Blue Limited)	Enterprise on which Non - Executive Director of Parent exercise significant Influence
Arvind Premium Retail Limited	Enterprise on which Non - Executive Director of Parent exercise significant Influence
Arvind Smart Textile Ltd	Enterprise on which Non - Executive Director of Parent exercise significant Influence
J Suresh Consults	Enterprise having significant influence by Key Managerial Personnel
Manikandan Balasubramanian, Chief Financial Officer	Key Managerial Personnel (Upto September 30, 2021)
Raghupathy S, Chief Financial Officer	Key Managerial Personnel (w.e.f. November 13, 2021)
Vijay Kumar BS , Company Secretary	Key Managerial Personnel (Upto March 31, 2022)
Shailesh Shyam Chaturvedi	Key Managerial Personnel (Managing Director w.e.f. June 03, 2021 and Additional director upto June 02, 2021)
Abanti Sankaranarayanan	Non Executive Director(upto March 29, 2023 )
Suresh Jayaraman, Director	Key Managerial Personnel (Whole time director w.e.f. June 03, 2021 and Managing director upto June 02, 2021)
Pramod Kumar Gupta, Director	Non Executive Director (upto May 20, 2022 )
Piyush Gupta, Director	Non Executive Director (w.e.f. May 20, 2022 upto February 14, 2023)
Girdhar Kumar Chitlangia	Non Executive Director (w.e.f. February 14, 2023)
Lipi Jha, Company Secretary	Key Managerial Personnel (w.e.f. May 27, 2022)

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, 2023 and March 31, 2022**

Rs. In Crores

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise on which Non-Executive Director/Key Management Personnel of Parent exercise significant influence
<b>Purchase of Goods and Materials</b>					
March 31, 2023	404.09	37.49	3.74	-	12.98
March 31, 2022	200.10	43.57	2.20	-	29.74
<b>Purchase Return of Goods and Materials</b>					
March 31, 2023	-	46.52	-	-	-
March 31, 2022	-	51.19	-	-	-
<b>Sales of Goods and Materials</b>					
March 31, 2023	93.99	-	-	-	0.13
March 31, 2022	-	-	-	-	0.08
<b>Sales Return of Goods and Materials</b>					
March 31, 2023	-	-	-	-	0.05
March 31, 2022	-	-	-	-	0.01
<b>Receipt of Services-Shared services</b>					
March 31, 2023	13.67	-	-	-	6.20
March 31, 2022	6.05	-	-	-	6.13
<b>Receipt of Services-Commission</b>					
March 31, 2023	-	-	-	-	0.26
March 31, 2022	-	-	-	-	1.31
<b>Receipt of Services-Others</b>					
March 31, 2023	-	-	0.02	-	1.64
March 31, 2022	-	-	1.17	-	9.69
<b>Rendering of Services-Royalty</b>					
March 31, 2023	8.31	-	-	-	-
March 31, 2022	4.17	-	-	-	-
<b>Rendering of Services-Commission &amp; Incentive</b>					
March 31, 2023	-	14.89	-	-	-
March 31, 2022	-	16.38	-	-	-
<b>Rendering of Services-Shared service</b>					
March 31, 2023	0.48	20.21	15.46	-	2.09
March 31, 2022	0.55	2.86	17.57	-	1.85
<b>Rendering of Services-Others</b>					
March 31, 2023	-	2.47	-	-	-
March 31, 2022	-	12.77	-	-	-
<b>Interest Expense</b>					
March 31, 2023	3.67	-	-	-	-
March 31, 2022	3.42	-	-	-	-

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Arvind Lifestyle Brands Limited  
Notes to the Financial Statements for the year ended March 31, 2023

Transactions with related parties for the year ended March 31, 2023 and March 31, 2022 (Continued)

Rs. In Crores

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Enterprise on which Non-Executive Director/Key Management Personnel of Parent exercise significant influence
<b>Sitting Fees</b>					
March 31, 2023	-	-	-	0.01	-
March 31, 2022	-	-	-	0.01	-
<b>Remuneration</b>					
March 31, 2023	-	-	-	0.60	-
March 31, 2022	-	-	-	7.35	-
<b>Contribution Given for Employee Benefit Plans</b>					
March 31, 2023	-	0.04	-	-	-
March 31, 2022	-	0.49	-	0.04	-
<b>Interest Income</b>					
March 31, 2023	-	-	2.37	-	-
March 31, 2022	-	-	0.42	-	-
<b>Loan Given/(Repaid)</b>					
March 31, 2023	-	-	48.01	-	-
March 31, 2022	-	-	98.00	-	-
<b>Loan Taken/(Repayment of Loan)</b>					
March 31, 2023	10.00	-	-	-	-
March 31, 2022	-	-	(58.62)	-	-
<b>Issue of Equity shares</b>					
March 31, 2023	-	-	-	-	-
March 31, 2022	248.00	-	-	-	-
<b>Issue of NCD</b>					
March 31, 2023	-	-	-	-	-
March 31, 2022	100.00	-	-	-	-
<b>Consultancy Charges</b>					
March 31, 2023	-	-	-	-	1.50
March 31, 2022	-	-	-	-	-

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Arvind Lifestyle Brands Limited  
Notes to the Financial Statements for the year ended March 31, 2023

c. Balances

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiaries	Key Managerial Personnel and Non Executive Directors	Rs. In Crores	
					Enterprise on which Non-Executive Director/Key Management Personnel of Parent exercise significant influence	
<b>Guarantee Given</b>						
March 31, 2023	-	52.50	-	-	-	-
March 31, 2022	-	52.50	-	-	-	-
<b>Guarantee Availed</b>						
March 31, 2023	845.14	-	-	-	-	-
March 31, 2022	802.40	-	-	-	-	-
<b>Trade and Other Receivable</b>						
March 31, 2023	-	21.61	-	-	-	2.99
March 31, 2022	-	80.76	1.52	-	-	2.04
<b>Trade and Other Payable</b>						
March 31, 2023	236.14	-	4.09	-	-	9.75
March 31, 2022	134.58	-	2.02	-	-	11.02
<b>Receivable in respect of Loans and Deposits</b>						
March 31, 2023	-	-	-	-	-	-
March 31, 2022	-	-	48.01	-	-	-
<b>Payable in respect of Loans and Deposits</b>						
March 31, 2023	36.60	-	0.11	-	-	-
March 31, 2022	43.29	-	0.11	-	-	-

d Terms and conditions of transactions with related parties

- 1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken 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, 2022 : 8.50%)
- 3) Loans in INR given to the related party carries interest rate of 7.50% to 8.50% (March 31, 2022 : 7.50% to 8.50%)

e Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2023 (March 31, 2022: Rs. Nil)

f Transactions with key management personnel

Compensation of key management personnel of the company

Particulars	Rs. In Crores	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	0.60	3.84
Termination benefits	-	0.04
Share based payments	-	3.47
<b>Total compensation paid to key management personnel</b>	<b>0.60</b>	<b>7.35</b>



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Arvind Lifestyle Brands Limited  
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Notes to the Financial Statements for the year ended March 31, 2023

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Profit/(Loss) attributable to ordinary equity holders		
Continuing Operations	4.56	(153.98)
Discontinued Operations	(0.96)	(132.62)
Total no. of equity shares at the end of the year	15,75,00,000	15,75,00,000
<b>Weighted average number of equity shares</b>		
For basic EPS	15,75,00,000	14,63,74,521
For diluted EPS	15,75,00,000	14,63,74,521
Nominal value of equity shares	10	10
<b>Continuing Operations</b>		
Basic earning per share	0.29	(10.52)
Diluted earning per share	0.29	(10.52)
<b>Discontinued Operations</b>		
Basic earning per share	(0.06)	(9.06)
Diluted earning per share	(0.06)	(9.06)
<b>Continuing and Discontinued Operations</b>		
Basic earning per share	0.23	(19.58)
Diluted earning per share	0.23	(19.58)
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	15,75,00,000	14,63,74,521
Effect of dilution: Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	15,75,00,000	14,63,74,521

Particulars	Date	No. of shares	31-03-2023		Cumulative	Weighted Avg
			Weight			
Opening	01-04-2022	15,75,00,000	365		15,75,00,000	15,75,00,000
	31-03-2023	-	-		-	-
		15,75,00,000	365			15,75,00,000

Particulars	Date	No. of shares	31-03-2022		Cumulative	Weighted Avg
			Weight			
Opening	01-04-2021	13,27,00,000	71		13,27,00,000	2,58,12,877
Allotment	11-06-2021	48,00,000	115		13,75,00,000	4,33,21,918
Allotment	04-10-2021	2,00,00,000	179		15,75,00,000	7,72,39,726
		15,75,00,000	365			14,63,74,521



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**Note 32 : 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 15 years with option of renewal. Disclosures as per Ind AS 116 - Leases are as follows:

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	251.26	512.73
Recognition of ROU Asset on Deposits	-	-
Additions and Recognition of ROU Asset on Deposits	274.42	86.87
Deletions	(86.11)	(247.01)
Depreciation (charged to statement of profit and loss)	(95.46)	(92.19)
Depreciation on Discontinued Operations	-	(9.14)
<b>Balance at the end of the year</b>	<b>344.11</b>	<b>251.26</b>

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	289.04	624.25
Additions	265.43	75.17
Deletions	(99.09)	(310.04)
Finance cost accrued during the year (charged to statement of profit and loss)	33.37	26.22
Finance Cost on Discontinued Operations	-	6.50
Adjustment due to Rent Waivers (Refer Note a below)	-	(27.29)
Payment of lease liabilities	(114.57)	(105.77)
<b>Balance at the end of the year</b>	<b>374.18</b>	<b>289.04</b>

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 Group has applied the practical expedient by accounting the unconditional rent concessions in "Other Income". The details are as under:

Particulars	Year Ended	
	March 31, 2023	March 31, 2022
Rent concessions accounted in the period	-	18.87
Rent concessions pertaining to periods after reporting period	-	-

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Less than one year	88.39	70.31
One to five years	176.12	172.08
More than five years	109.67	46.65
<b>Total</b>	<b>374.18</b>	<b>289.04</b>

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

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

Particulars	Rs. In Crores	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Depreciation of Right-of-Use assets	95.46	92.19
Interest expense on Lease Liabilities	33.37	26.22
Rent expense - short-term lease and leases of low value assets	2.53	9.39
Gain on Reassessment of Lease	12.83	4.13

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount spend during the year on		
i) Construction/ acquisition of any asset	-	-
ii) on purposes other than (i) above	-	0.03
c) Amount unspent during the year	-	-
d) Total of previous years shortfall	-	-
e) Reasons for shortfall	-	-
f) Details of related party transactions		
Name	-	-
Relationship	-	-
Amount	-	-
g) Movement of CSR Provision		
Balance as per last financial statements	-	-
Add: Provision made during the year	-	-
(Less): Utilised during the year	-	-
Balance at the end of the year	-	-



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**Arvind Lifestyle Brands Limited**  
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**Notes to the Financial Statements for the year ended March 31, 2023**

**Note 34 : Fair value disclosures for financial assets and financial liabilities**

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

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Financial liabilities</b>		
Borrowings		
Carrying Amount	413.85	418.27
Fair Value	413.85	418.27

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 35 : Fair value hierarchy**

The Company provides the fair value measurement hierarchy of the company's assets and liabilities as below, if any:

**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 36 : Financial instruments risk management objectives and policies**

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

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

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

**(a) Market risk**

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

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

- 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 analysis 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.

**Interest rate risk**

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2023, approximately 9% of the Company's Borrowings are at fixed rate of interest (March 31, 2022: 21%)

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. In Crores	
Particulars	Effect on profit before tax
<b>March 31, 2023</b>	
Increase in 50 basis points	(1.88)
Decrease in 50 basis points	1.88
<b>March 31, 2022</b>	
Increase in 50 basis points	(1.92)
Decrease in 50 basis points	1.92

**Exclusion from this analysis are as follows:**

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

- The effect of interest rate changes on future cash flows is excluded from this analysis.



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**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 27.

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and SEK rates to the functional currency of respective entity, with all other variables held constant. The 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. The impact on the company's pre-tax equity is due to changes in the fair value of foreign currency monetary items designated as cash flow hedge.

Rs. In Crores						
Particulars	Change in USD rate	Effect on profit before tax	Change in EUR rate	Effect on profit before tax	Change in SEK rate	Effect on profit before tax
March 31, 2023	+2% -2%	(0.83) 0.83	+2% -2%	(0.02) 0.02	+2% -2%	(0.01) 0.01
March 31, 2022	+2% -2%	(1.15) 1.15	+2% -2%	(0.02) 0.02	+2% -2%	(0.01) 0.01

The movement in the pre-tax effect is a result of a change in the fair value of financial instruments not designated in a hedge relationship. Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

**(b) Credit risk**

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

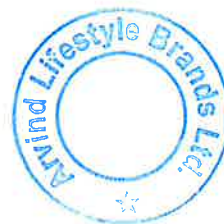
**Trade receivables**

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are companyed into homogenous companies and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7b. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as is the carrying amount as disclosed in Note 34.



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**(c) Liquidity risk**

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

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

Particulars	Rs. In Crores			
	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>As at March 31, 2023</b>				
Interest bearing borrowings	409.83	5.66	-	416.49
Lease Liabilities	115.06	322.84	28.40	466.30
Trade payables	681.28	-	-	681.28
Other financial liabilities#	16.23	87.41	-	103.64
	<u>1,222.40</u>	<u>416.91</u>	<u>28.40</u>	<u>1,667.71</u>
<b>As at March 31, 2022</b>				
Interest bearing borrowings	389.59	37.02	-	426.61
Lease Liabilities	114.57	419.25	47.06	580.88
Trade payables	693.15	-	-	693.15
Other financial liabilities#	42.25	68.28	-	110.53
	<u>1,239.56</u>	<u>524.55</u>	<u>47.06</u>	<u>1,811.17</u>

# Other financial liabilities includes interest accrued but not due of Rs.6.57 Crores (March 31, 2022: Rs. 7.88 Crores)

**Excessive risk concentration**

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

In order to avoid excessive concentrations of risk, the Company has a diversified portfolio and policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Note 37 : Capital management**

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

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

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022
Interest-bearing loans and borrowings (Note 13)	416.49	418.27
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft) (Note 7(d), 7(e) and 13(c))	(28.66)	(21.75)
<b>Net debt</b>	<u>387.83</u>	<u>396.52</u>
Equity share capital (Note 11)	157.50	157.50
Other equity (Note 12)	334.65	330.76
<b>Total capital</b>	<u>492.15</u>	<u>488.26</u>
<b>Capital and net debt</b>	<u>879.98</u>	<u>885</u>
<b>Gearing ratio</b>	<u>44.07%</u>	<u>44.82%</u>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements and other ratios. Breaches in meeting the financial covenants would permit the bank to charge penal interest or immediately call borrowings. There have been no breaches in the financial covenants of any long-term borrowing in the current period except for one loan as of March 31, 2023. The Company has obtained letter from the lender before the date of adoption of financial statements for not charging penal interest or accelerated payments of this loan within one year from the balance sheet date subject to regularisation of the breach by end of March 31, 2024. Accordingly, the management has not created provision for penal interest and considered the classification of loan based upon the original repayment schedule.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023.



**Arvind Lifestyle Brands Limited**  
**CIN - U64201GJ1995PLC024598**  
**Notes to the Financial Statements for the year ended March 31, 2023**

**Note 38 : Discontinued operation**

The Company has decided to discontinue Brands like Unlimited, GAP, Hanes, New Port, The Children's Place and Ruf & Tuf. Accordingly, the activities of these brands business that are considered as disposal group are presented as a discontinued operation in accordance with the provisions of Indian Accounting Standard 105 – 'Non-current Assets Held for Sale and Discontinued Operations'. Consequently, Loss before tax and tax expenses relating to these brands business have been disclosed separately as discontinued operations as part of the financial statements. The previous years have been re-classified to give effect to the presentation requirements of Ind AS 105: Non-current Assets Held for Sale and Discontinued Operations.

**Assets and liabilities classified as Held for Sale:**

Particulars	Rs. In Crores	
	As at March 31, 2023	As at March 31, 2022

**Assets**

Property, plant and equipment & Intangible assets	-	-
Non Current Financial assets	-	-
Other financial assets	-	5.00
Inventories	-	-
Trade receivables	-	-

**Total assets**

**Liabilities**

Trade payables	-	5.00
<b>Total liabilities</b>	-	<b>5.00</b>

**Results of discontinued operations for the year are presented below:**

Particulars	2022-23	2021-22
<b>Income</b>		
Revenue from operations	4.04	189.33
Other income	-	67.32
<b>Total Income</b>	<b>4.04</b>	<b>256.65</b>
<b>Expenses</b>		
Purchases of stock-in-trade	-	251.75
Change in inventories of stock in trade	5.00	-
Employee benefits expense	-	23.16
Finance costs	-	13.01
Depreciation, Amortization & Impairment expense	-	27.92
Other expenses	-	73.43
<b>Total expenses</b>	<b>5.00</b>	<b>389.27</b>
<b>Profit before tax</b>	<b>(0.96)</b>	<b>(132.62)</b>
<b>Tax expense</b>		
Deferred tax	-	-
<b>Profit after tax</b>	<b>(0.96)</b>	<b>(132.62)</b>

**Net cashflows of discontinued operations are presented below:**

Particulars	2022-23	2021-22
Net cashflows from operating activities	4.04	(84.28)
Net cashflows from investing activities	-	-
Net cashflows from financing activities	-	(13.01)
<b>Net cash inflow / (outflow) from discontinued operations</b>	<b>4.04</b>	<b>(97.29)</b>





**Note 39 : Share based payments**

Arvind Fashions Limited, the parent company (AFL) has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. Up to March 31, 2022, the Company has 18,69,274 options outstanding under ESOP 2016 and 3,15,200 options outstanding under ESOP 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each.

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

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

Rs. In Crores		
Particulars	2022-23	2021-22
Employee option plan	0.88	0.36
<b>Total employee share based payment expense</b>	<b>0.88</b>	<b>0.36</b>

**Note 40 : Code of Social Society, 2020**

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

**Note 41 : New Accounting Pronouncements to be adopted after March 31, 2023**

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

**Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

**Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

**Note 42 : Additional Regulatory Disclosures as per Schedule III of the Companies Act, 2013**

- The Company does not have any benami property held in their name. No proceedings have been initiated on or are pending against the Parent and Indian subsidiaries for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- Utilisation of borrowed funds and share premium
  - The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company (Ultimate Beneficiaries) or b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
  - 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: a) 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 b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- The Company has not invested or traded in Crypto Currency or Virtual Currency during the year.
- The Company 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.
- 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.

**Note 43 : Regrouped, Recast, Reclassified**

Previous period figures have been re-grouped/ re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2022.

**Note 44 : Events occurring after the reporting period**

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of May 30, 2023, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.



Arvind Lifestyle Brands Limited  
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Notes to the Financial Statements for the year ended March 31, 2023

**Note 45 : Ratio Analysis**

Sl No	Particulars	Numerator	Denominator	For the year ended March 31, 2023	For the year ended March 31, 2022	% Variance	Reason for Variance
1	Current Ratio (In times)	Current Assets	Current Liabilities	1.03	1.02	1%	Not Applicable
2	Debt-Equity Ratio (In times)	Total Debt	Total Equity	0.84	0.86	-2%	Not Applicable
3	Debt Service Coverage Ratio (In times)	Earnings before Interest, Tax, Depreciation and amortisation	Debt Service	1.15	0.19	497%	Note (a) below
3	Return on Equity Ratio (%)	Net Profit after Tax	Total Equity	0.93%	-33.50%	-103%	Note (b) below
5	Inventory turnover Ratio (In times)	Revenue from Operations	Average Inventories	4.40	3.08	43%	Note (c) below
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	5.19	3.55	46%	Note (d) below
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	1.82	1.36	34%	Note (e) below
8	Net capital turnover Ratio (In times)	Revenue from Operations	Working Capital	70.76	64.57	10%	Not Applicable
9	Net profit Ratio (%)	Net Profit after Tax	Revenue from Operations	0.21%	-11.08%	-102%	Note (b) below
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Total Capital Employed	16.78%	-12.63%	-233%	Note (f) below
11	Return on investment (%)						
	Return on Fixed Deposits (%)	Income during the year	Time Weighted Average of Investment	0.93%	-31.54%	-103%	Note (b) below

**Notes :**

- (a) Increase in earning and reduction in principal repayments compared to previous year  
(b) Increase in net profit after tax as compared to previous year  
(c) Increase in sales of product and Inventories compared to previous year  
(d) Increase in sales of product and increase average accounts receivable in compared to previous year  
(e) Increase in purchases in line with increase in Revenue from Operations compared to previous year  
(f) Increase in Profit before Interest , Exceptional Items and tax as compared to previous year

For and on behalf of the board of directors of  
Arvind Lifestyle Brands Limited

*Shailesh Chaturvedi*  
Shailesh Chaturvedi  
Director

DIN: 03023079

*Girdhar Chitlangia*  
Girdhar Chitlangia  
Director

DIN: 00589412

*S. Raghupathy*  
S Raghupathy  
Chief Financial Officer

*Lipi Jha*  
Lipi Jha  
Company Secretary

Place : Bengaluru  
Date : May 30, 2023

