

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND GOODHILL SUIT MANUFACTURING LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.



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- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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 no pending litigations which has an impact on its financial position in its 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 has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv.
 - 1 The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - 2 The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and\
 - 3 Based on the audit procedures conducted by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatements.
 - v. According to the information and explanations provided to us, the Company has not declared any dividend during the year.



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2. As required by the Companies (Auditor's report) Order, 2016 ("The Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

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



CA. Chokshi Shreyas B.

Partner

Membership No. 100892

UDIN: 22100892AMHDQK4837

Ahmedabad
May 16, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Goodhill Suit Manufacturing Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of **ARVIND GOODHILL SUIT MANUFACTURING PRIVATE LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Sorab S. Engineer & Co.**

Chartered Accountants

Firm's Registration No. 110417W



CA. Chokshi Shreyas B.

Partner

Membership No.100892

Ahmedabad

May 16, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
(c) There are no immovable properties held in the name of the Company and thus requirement of clause (i) (c) of paragraph 3 of the order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order is not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Goods and Service Tax, Duty of Custom, Cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no amounts payable as on March 31, 2022 on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.



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- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions which are not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- (xi) In respect of fraud by the Company or on the Company:
- a) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- b) There has been no report under sub-section (12) of section 143 of the Companies Act filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) There have been no whistle-blower complaints received during the year by the company.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year under review. Consequently, requirements of Clause (xi) of paragraph 3 of the order are not applicable.
- (xiii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvii) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (xviii) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto the date of the audit



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report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet dates will get discharged by the Company as and when they fall due.

- (xix) In respect of the Company's Corporate Social Responsibility, reporting under this clause is not applicable to the company.
- (xx) According to the information and explanations given to us, this clause is not applicable to the Company as it is not required to prepare consolidated financial statements.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

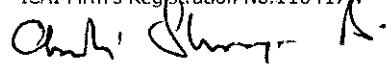
Ahmedabad
May 16, 2022

Particulars	Notes	Amount in Rs.	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	31,91,22,645	43,44,13,202
(b) Intangible assets	6	5,21,769	7,73,027
(c) Financial assets			
(i) Other financial assets	7	3,14,61,146	3,61,87,359
(d) Other non-current assets	8	3,18,315	3,18,315
(e) Deferred tax assets (net)	25	1,31,96,272	1,31,96,272
Total non-current assets		36,46,20,147	48,48,88,175
II. Current assets			
(a) Inventories	9	4,68,15,372	6,89,44,393
(b) Financial assets			
(i) Trade receivables	7	2,26,48,641	7,74,61,055
(ii) Cash and cash equivalents	7	1,54,77,777	43,92,223
(iii) Bank balance other than (ii) above	7	38,84,497	37,00,842
(iv) Others financial assets	7	2,16,686	8,69,314
(c) Current tax assets (net)	10	37,60,837	13,00,803
(d) Other current assets	8	1,62,58,038	3,67,21,724
Total current assets		10,90,61,848	19,33,90,354
Total Assets		47,36,81,995	67,82,78,529
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	5,24,30,000	1,07,00,000
Instruments entirely equity in nature	12	45,00,00,000	-
Other equity	12	(14,11,73,955)	3,24,51,742
Total equity		36,12,56,045	4,31,51,742
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	1,33,14,248	1,85,44,077
(ii) Lease Liabilities	30	-	65,05,532
(b) Long-term provisions	14	71,00,420	81,06,433
(c) Government grants	15	1,91,76,354	2,62,57,852
Total non-current liabilities		3,95,91,022	5,94,13,894
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	42,95,455	49,86,69,423
(ii) Lease Liability	30	-	1,07,97,207
(iii) Trade payables	13	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,49,72,903	1,05,99,445
(iv) Other financial liabilities	13	4,04,14,771	4,88,38,799
(b) Other current liabilities	16	55,76,278	37,87,729
(c) Short-term provisions	14	2,24,313	6,29,517
(d) Government grants	15	73,51,208	23,90,773
Total current liabilities		7,28,34,928	57,57,12,893
Total Equity and Liabilities		47,36,81,995	67,82,78,529
Summary of significant accounting policies	3		

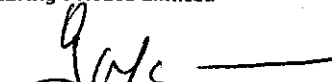
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
ICAI Firm's Registration No.110417W

For and on behalf of the board of directors of
Arvind Goodhill Suit Manufacturing Private Limited







CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
May 11, 2022

Ashish Kumar
Director
DIN:06527942


Jayesh K Shah
Director
DIN: 00008349

Arvind Goodhill Suit Manufacturing Private Limited
(CIN-U17121GJ2012PTC071968)
Statement of profit and loss for the period ended March 31, 2022

Particulars	Notes	Amount in Rs.	
		Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations			
Sale of Products	17	3,58,30,302	18,55,72,907
Sale of Services	17	15,30,71,142	4,77,86,061
Operating Income	17	9,17,512	2,65,81,269
Revenue from operations		18,98,18,956	25,99,40,237
Other income	18	1,17,57,355	89,66,590
Total income (I)		20,15,76,311	26,89,06,827
Expenses			
Cost of raw materials and accessories consumed	19	1,28,50,335	19,45,08,160
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	1,09,29,973	3,47,25,958
Employee benefits expense	21	13,14,61,560	12,32,45,514
Finance costs	22	2,38,51,983	3,22,62,197
Depreciation and amortisation expense	23	11,50,78,387	4,67,01,787
Other expenses	24	8,17,72,336	7,94,22,837
Total expenses (II)		37,59,44,574	51,08,66,453
Profit/(Loss) before exceptional items and tax (III)=(I-II)		(17,43,68,263)	(24,19,59,626)
Exceptional items (IV)		-	8,66,022
Profit/(Loss) before tax (V) = (III-IV)		(17,43,68,263)	(24,28,25,648)
Tax expense			
Current tax	25	-	-
Deferred tax charge/(credit)	25	-	8,02,85,868
Total tax expense (VI)		-	8,02,85,868
Profit/(Loss) for the period/year (VII) = (V-VI)		(17,43,68,263)	(32,31,11,516)
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/-(losses)-on-defined-benefit		7,42,566	56,41,987
Income tax effect		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		7,42,566	56,41,987
B. Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Net gains / (loss) on hedging instruments in a cash flow hedge		-	(7,48,033)
Income tax effect		-	1,94,489
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods (B)		-	(5,53,544)
Total other comprehensive income for the year, net of tax (VIII)=(A+B)		7,42,566	50,88,443
Total comprehensive income for the year, net of tax (VII+VIII)		(17,36,25,697)	(31,80,23,073)
Earning per equity share [nominal value per share Rs.10/-]			
Basic and Diluted	29	(50.91)	(301.97)
Summary of significant accounting policies	3		


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

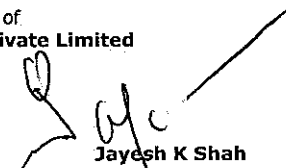
As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
ICAI Firm's Registration No.110417W


CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 11, 2022

For and on behalf of the board of directors of
Arvind Goodhill Suit Manufacturing Private Limited

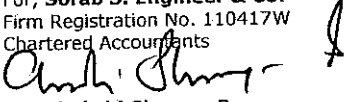

Ashish Kumar
Director
DIN:06527942

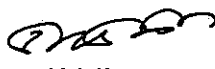
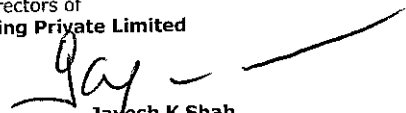

Jayesh K Shah
Director
DIN: 00008349

Arvind Goodhill Suit Manufacturing Private Limited
(CIN-U17121GJ2012PTC071968)
Statement of cash flows for the year ended March 31, 2022

Particulars	Amount in Rs.	
	Year Ended March 31 2022	Year Ended March 31 2021
A Operating activities		
Profit/(Loss) Before taxation	(17,43,68,263)	(24,28,25,648)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	11,50,78,387	4,67,01,787
Interest Income	-	(14,55,957)
Interest and Other Borrowing Cost	2,38,51,983	3,22,62,197
Loss on Sale of PPE	-	16,56,808
Bad Debts Written Off	-	52,15,433
Profit/Loss on closure / reassessment of lease	-	(3,55,846)
Government grants	-	(23,90,773)
	<u>13,89,30,370</u>	<u>8,16,33,649</u>
Operating Profit before Working Capital Changes	(3,54,37,893)	(16,11,91,999)
Working Capital Changes:		
Changes in Inventories	2,21,29,021	19,28,28,266
Changes in trade payables	43,73,458	(12,22,12,921)
Changes in other current liabilities	17,88,549	(2,02,910)
Changes in other financial liabilities	(13,17,367)	(13,48,677)
Changes in provisions	3,37,362	3,44,025
Changes in loans and advances	-	-
Changes in trade receivables	5,48,12,414	36,48,007
Changes in other assets	2,04,63,686	4,82,10,314
Changes in other financial assets	6,52,628	(79,61,887)
Changes in Other Bank Balances	(1,83,655)	1,27,94,971
Net Changes in Working Capital	10,30,56,096	12,60,99,188
Cash Generated from Operations	6,76,18,203	(3,50,92,811)
Direct Taxes paid (Net of Income Tax refund)	(24,60,034)	17,50,150
Net Cash from Operating Activities	6,51,58,169	(3,33,42,661)
B. Cash Flow from Investing Activities		
Purchase of PPE	-	(35,01,407)
Sale of PPE	4,63,428	44,08,438
Changes in Financial Asset	47,26,213	-
Interest Income	-	14,55,957
Net cash flow from Investing Activities	51,89,641	23,62,988
C Cash Flow from Financing Activities		
Payment of Lease	(1,07,97,207)	(2,07,10,543)
Issue Of Equity shares	4,17,30,000	-
Issue of Instruments entirely equity in nature	45,00,00,000	-
Changes in long term Borrowings	(1,98,22,872)	(4,61,54,635)
Changes in short term borrowings	(48,94,13,533)	11,60,66,045
Interest and Other Borrowing Cost Paid	(3,09,58,644)	(1,54,42,519)
Net Cash flow from Financing Activities	(5,92,62,256)	3,37,58,348
Net Increase/(Decrease) in cash & cash equivalents	1,10,85,554	27,78,675
Cash & Cash equivalent at the beginning of the year	43,92,223	16,13,548
Cash & Cash equivalent at the end of the year	1,54,77,777	43,92,223

Particulars	Amount in Rs.	
	Year Ended March 31 2022	Year Ended March 31 2021
Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	-	-
Balances with Banks	1,54,77,777	43,92,223
Cash and cash equivalents	1,54,77,777	43,92,223

As per our report of even date attached
For, **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
May 11, 2022

For and on behalf of the board of directors of
Arvind Goodhill Suit Manufacturing Private Limited

Ashish Kumar
Director
DIN:06527942

Jayesh K Shah
Director
DIN: 00008349

Arvind Goodhill Suit Manufacturing Private Limited
(CIN-U17121GJ2012PTC071968)
Statement of changes in Equity for the Year ended March 31, 2022

A. Equity share capital

Particulars	Amount in Rs. Note 11
As at April 1, 2020	1,07,00,000
Issue of Equity Share capital	-
As at March 31, 2021	1,07,00,000
Issue of Equity Share capital	4,17,30,000
As at March 31, 2022	5,24,30,000

**B. Instruments entirely Equity in Nature
Non Convertible Perpetual Debenture - Unsecured**

Particulars	Amount in Rs. Note 12
As at April 1, 2020	-
Issue during the year	-
As at March 31, 2021	-
Issue during the year	45,00,00,000
As at March 31, 2022	45,00,00,000

C. Other equity

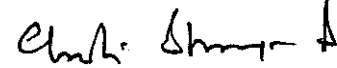
Attributable to the equity holders of the Company

Particulars	Reserves and Surplus			Total equity
	Securities premium	Retained Earnings	Hedge Reserve	
	Note 12	Note 12	Note 12	
Balance as at April 01, 2020	51,45,00,000	(16,45,76,729)	5,53,544	35,04,76,815
Profit/(Loss) for the year	-	(32,31,11,516)	-	(32,31,11,516)
Other comprehensive income for the year	-	56,41,987	(5,53,544)	50,88,443
Balance as at March 31, 2021	51,45,00,000	(48,20,46,258)	-	3,24,53,742
Balance as at April 01, 2021	51,45,00,000	(48,20,48,258)	-	3,24,51,742
Profit/(Loss) for the year	-	(17,43,68,263)	-	(17,43,68,263)
Other comprehensive income for the year	-	7,42,566	-	7,42,566
Balance as at March 31, 2022	51,45,00,000	(65,56,73,955)	-	(14,11,73,955)

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

As per our report of even date

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



CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
11 May 2022

For and on behalf of the board of directors of
Arvind Goodhill Suit Manufacturing Private Limited



Ashish Kumar
Director
DIN:06527942



Jayesh K Shah
Director
DIN:00008349

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 MARCH 2022

1. Corporate Information

Arvind Goodhill Suit Manufacturing Private Limited is a Joint Venture between Arvind Limited, Goodhill Corporation, Japan and F-One Limited, Japan. The Company has set up a project of manufacturing Suits.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 11, 2022.

2. Statement of Compliance and Basis of Preparation

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

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);
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

2.3 Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III, except when otherwise indicated.

3. Summary of Significant Accounting Policies

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

3.1. Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

3.2. Use of estimates and judgements

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

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

3.3. Foreign currencies


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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary



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

3.4. Fair value measurement

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

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

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

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

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

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

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

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

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

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



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

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

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

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

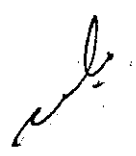
~~For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.~~

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

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

3.5. Property, plant and equipment

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



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

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

Derecognition

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

Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for Plant and Machinery other than Lab equipment and Leasehold Improvements.

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 on Plant and Machinery is provided on straight line basis over the useful lives of the assets as estimated by management based on internal assessment. The management estimates the useful lives for Plant & Machinery to be 20 years.

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

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

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

3.6. Borrowing 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. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



3.7. Intangible Assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

Amortisation

Software is amortized over management estimate of its useful life of 5 years or License Period whichever is lower and Patent/Knowhow is amortized over management estimate of its useful life of 5 years.

3.8. Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

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

All other inventories of stores, consumables, project material at site are valued at cost. The stock of waste is valued at net realisable value. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

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.

3.9. Impairment of non-financial assets

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

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

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

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

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

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

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

3.10. Revenue Recognition

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. ~~As a consequence, it does not adjust any of the transaction prices for the time value of money.~~

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied except Revenue from real estate property development where revenue is recognised over the time from the financial year in which the agreement to sell or application forms (containing salient terms of agreement to sell) is executed. The period over which revenue is recognised is based on entity's right to payment for performance completed. In determining whether an entity has right to payment, the entity shall consider whether it would have an enforceable right to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other than entity's failure to perform as per the terms of the contract.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue

arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Interest income

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

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.

Insurance claims

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

3.11. 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, except investment in subsidiaries and joint ventures, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

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

(ii) Subsequent measurement of financial assets

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

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

- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

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

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

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

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

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

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

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

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



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

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

(v) Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component and

- Trade receivables resulting from transactions within the scope of Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money.

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

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

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

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

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

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

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii) Subsequent measurement of financial liabilities

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

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

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

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

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

- **Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR

method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

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

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

c) 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.

3.12. Cash and cash equivalent

Cash and cash equivalent 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.

3.13. Government Grants and Export incentives

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is

regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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.

3.14. Taxes

Tax expense comprises of current income tax and deferred tax:

Current income tax

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

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

Deferred tax

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

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

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

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

3.15. Employee Benefits

a) Short Term Employee Benefits

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

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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.

3.16. Earnings per share

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

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

3.17. Provisions

General

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.

Decommissioning liability

The Company records a provision for decommissioning costs of a manufacturing facility for the production of its goods. Decommissioning costs are provided at the present value of expected costs to settle the obligation, to the extent ascertainable, using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

3.18. Leases

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

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

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



less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

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



4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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 27.

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 31 for further disclosures.

Allowance for uncollectible trade receivables

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

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.

Further details on taxes are disclosed in Note 25.

Intangible assets


Refer Note 3.7 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

Property, plant and equipment

Refer Note 3.5 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

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.



Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Fixed Assets	Right of Use Assets	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Office equipment	Computer, server & network	Total	Amount in Rs. Capital Work-In-Progress
Gross Carrying Amount									
As at April 1, 2020	5,54,18,813	32,73,479	57,73,33,994	1,92,07,946	95,67,122	61,13,539	65,91,402	67,75,06,295	-
Additions	3,23,47,351		20,57,580	12,61,624	15,41,764	-	1,82,204	50,43,172	-
Deductions	2,30,71,462	32,73,479	57,93,91,574	2,04,69,570	43,05,487	61,13,539	67,73,606	3,91,50,750	-
As at March 31, 2021	2,30,71,462	32,73,479	57,93,91,574	2,04,69,570	31,38,984	21,600	67,73,606	64,33,98,717	-
Additions					11,66,503			11,88,103	
Deductions									
As at March 31, 2022					31,38,984	21,600	67,73,606	64,22,10,614	
Depreciation and Impairment									
As at April 1, 2020	1,37,89,797	1,76,320	14,54,34,379	81,23,261	18,83,798	34,91,121	44,70,518	16,35,79,397	-
Depreciation for the year	83,267	83,267	2,80,55,135	18,67,624	7,77,249	7,88,830	7,82,369	4,61,44,271	-
Deductions					7,38,153			7,38,153	
As at March 31, 2021	1,37,89,797	2,59,587	17,34,89,514	99,90,885	19,22,894	42,79,951	52,52,887	20,89,85,515	-
Depreciation for the year	92,81,665	83,267	10,18,41,289	19,17,563	4,88,318	5,80,950	6,34,076	11,48,27,129	-
Deductions					7,04,155	20,520		7,24,675	
As at March 31, 2022	2,30,71,462	3,42,854	27,53,30,803	1,19,08,448	17,07,057	48,40,381	58,86,963	32,30,87,969	-
Net Carrying Amount									
As at April 1, 2020	4,16,29,016	31,00,159	43,19,04,615	1,10,84,685	76,83,324	26,72,418	21,20,884	51,39,26,898	-
Depreciation for the year	2,45,121,630	2,71,316,412	1,06,54,821,275	80,71,326,462	17,34,574,645	36,91,771,071	45,88,811,611	45,71,77,122	-
Deductions					6,63,627			6,63,627	
As at March 31, 2021	1,71,167,386	2,71,316,412	1,06,54,821,275	30,13,358,223	70,18,747,967	26,72,418	16,32,072	6,05,18,149	-
Depreciation for the year	92,81,665	83,267	10,18,41,289	19,17,563	4,88,318	5,80,950	6,34,076	11,48,27,129	-
Deductions					7,04,155	20,520		7,24,675	
As at March 31, 2022	2,30,71,462	3,42,854	27,53,30,803	1,19,08,448	17,07,057	48,40,381	58,86,963	32,30,87,969	-
Net Carrying Amount									
As at April 1, 2020	2,78,49,219	27,89,839	28,64,270,344	2,21,03,363	68,99,579	21,75,297	16,88,366	35,34,098,096	-
Depreciation for the year	1,37,89,797	1,76,320	14,54,34,379	81,23,261	18,83,798	34,91,121	44,70,518	16,35,79,397	-
Deductions	3,23,47,351	32,73,479	57,93,91,574	2,04,69,570	43,05,487	61,13,539	67,73,606	3,91,50,750	-
As at March 31, 2021	2,30,71,462	32,73,479	57,93,91,574	2,04,69,570	31,38,984	21,600	67,73,606	64,33,98,717	-
Depreciation for the year	92,81,665	83,267	10,18,41,289	19,17,563	4,88,318	5,80,950	6,34,076	11,48,27,129	-
Deductions					7,04,155	20,520		7,24,675	
As at March 31, 2022	2,30,71,462	3,42,854	27,53,30,803	1,19,08,448	17,07,057	48,40,381	58,86,963	32,30,87,969	-
Net Carrying Amount									
As at April 1, 2020	4,16,29,016	31,00,159	43,19,04,615	1,10,84,685	76,83,324	26,72,418	21,20,884	51,39,26,898	-
Depreciation for the year	2,45,121,630	2,71,316,412	1,06,54,821,275	80,71,326,462	17,34,574,645	36,91,771,071	45,88,811,611	45,71,77,122	-
Deductions					6,63,627			6,63,627	
As at March 31, 2021	1,71,167,386	2,71,316,412	1,06,54,821,275	30,13,358,223	70,18,747,967	26,72,418	16,32,072	6,05,18,149	-
Depreciation for the year	92,81,665	83,267	10,18,41,289	19,17,563	4,88,318	5,80,950	6,34,076	11,48,27,129	-
Deductions					7,04,155	20,520		7,24,675	
As at March 31, 2022	2,30,71,462	3,42,854	27,53,30,803	1,19,08,448	17,07,057	48,40,381	58,86,963	32,30,87,969	-

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 6 : Intangible assets

Intangible assets	Amount in Rs.	
	Computer Software	Total
Gross Carrying Amount		
As at 1st April, 2020	42,17,889	42,17,889
Additions	-	-
Deductions	-	-
As at March 31, 2021	42,17,889	42,17,889
Additions	-	-
Deductions	-	-
As at March 31, 2022	42,17,889	42,17,889
Amortisation and Impairment		
As at 1st April, 2020	28,87,346	28,87,346
Amortisation	5,57,516	5,57,516
Deductions	-	-
As at March 31, 2021	34,44,862	34,44,862
Amortisation	2,51,258	2,51,258
Deductions	-	-
As at March 31, 2022	36,96,120	36,96,120
Net Carrying Amount		
As at March 31, 2022	5,21,769	5,21,769
As at March 31, 2021	7,73,027	7,73,027

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Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Trade receivables		
Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Current		
Unsecured, considered good	2,26,48,641	7,74,61,055
Significant increase in Credit Risk		
Credit impaired	83,86,366	-
Less : Allowance for doubtful debts	(83,86,366)	-
Total Trade and other receivables	2,26,48,641	7,74,61,055

Trade receivables are non-interest bearing and are generally on terms of 0 to 54 days.
Trade Receivables are given as security for borrowings as disclosed under Note -- 3(a)

7 (b) Allowance for doubtful debts		
Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Balance at the beginning of the year	-	2,49,74,108
Add : Allowance for the year (Note 24)	83,86,366	-
Less : Write off of bad debts (net of recovery)	-	2,49,74,108
Balance at the end of the year	83,86,366	-

7 (c) Trade receivables ageing

Schedule:

As at March 31, 2022		Outstanding for following periods from due date of payment					Amount in Rs.
Particulars	Not due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - Considered Good	21,82,771	-	-	1,20,79,504	-	-	1,42,62,275
Undisputed Trade receivables - credit impaired	-	-	-	83,86,366	-	-	83,86,366
Total	21,82,771	-	-	2,04,65,870	-	-	2,26,48,641

As at March 31, 2021		Outstanding for following periods from due date of payment					Amount in Rs.
Particulars	Not due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - Considered Good	2,90,02,560	47,88,015	2,70,27,976	33,57,571	1,07,45,635	25,39,298	7,74,61,055
Total	2,90,02,560	47,88,015	2,70,27,976	33,57,571	1,07,45,635	25,39,298	7,74,61,055

7 (c) Cash and cash equivalent		
Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Balance with Bank		
Current accounts and debit balance in cash credit accounts	1,54,77,777	43,92,223
Cash on hand	-	-
Total cash and cash equivalents	1,54,77,777	43,92,223

7 (d) Other bank balance		
Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Deposit with original maturity of more than 3 months but less than 12 months	38,84,497	37,00,842
Total other bank balances	38,84,497	37,00,842

*under lien with bank as Security for Guarantees facility

7 (e) Other financial assets		
Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Unsecured, considered good		
Non-current		
Security deposits		
To Others	1,05,96,110	1,64,16,110
Bank deposits with maturity of more than 12 months	2,08,65,036	1,97,71,249
	3,14,61,146	3,61,87,359
Current		
Income receivable	2,16,686	8,69,314
	2,16,686	8,69,314
Total financial assets	3,16,77,832	3,70,56,673

Foreign exchange forward contracts (Cash flow hedge)

Foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases / sales in foreign currency are at fair value through other comprehensive income (FVOCI) and change in the fair value are recognised in other comprehensive income.

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7 (f) Financial assets by category

Particulars	FVTPL	FVOCI	Amortised cost
Mar 31st, 2022			
Trade receivables	-	-	-
Cash & bank balance	-	-	-
Other financial assets	-	-	-
Total Financial assets			
Mar 31st, 2021			
Trade receivables	-	-	7,74,61,055
Cash & bank balance	-	-	43,92,223
Other financial assets	-	-	-
Total Financial assets			8,18,53,278

For Financial Instruments risk management objectives and policies, refer Note 33.
Fair value disclosures for financial assets and liabilities are in Note 31 and fair value hierarchy disclosures are in Note 32

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Unsecured, considered good		
Non-current		
Capital advances	3,18,315	3,18,315
Current		
Advance to suppliers		
To Others	35,06,706	59,84,818
Sales tax/VAT/ Cenvat Receivable, GST, etc.	93,79,835	98,67,818
Export incentive receivable	28,00,363	1,64,99,410
Prepaid expenses	5,67,715	13,65,389
Other Current Asset	3,419	30,04,289
	1,62,58,038	3,67,21,724
Total	1,85,76,353	3,70,40,039

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

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

Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Raw materials	47,30,249	90,27,516
Accessories	11,19,532	74,29,688
Fuel	57,131	4,10,593
Work-in-progress	20,75,950	10,78,164
Finished goods	3,70,62,752	4,89,90,411
Stores and spares	17,69,858	20,08,021
Total	4,68,15,372	6,89,44,393

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

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2022 Amount in Rs.	As at March 31, 2021 Amount in Rs.
Tax Paid in Advance (Net of Provision)	37,60,837	13,00,803
Total	37,60,837	13,00,803

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Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 11 : Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Authorised share capital				
Equity shares of Rs.10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued and subscribed share capital				
Equity shares of Rs.10 each	52,43,000	5,24,30,000	10,70,000	1,07,00,000
Subscribed and fully paid up				
Equity shares of Rs.10 each	52,43,000	5,24,30,000	10,70,000	1,07,00,000
Total	52,43,000	5,24,30,000	10,70,000	1,07,00,000

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	10,70,000	1,07,00,000	10,70,000	1,07,00,000
Add :Shares issued during the year	41,73,000	4,17,30,000	-	-
Outstanding at the end of the period	52,43,000	5,24,30,000	10,70,000	1,07,00,000

11.2. Terms/Rights 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. Number of Shares held by each shareholder holding more than 5% Shares and Shareholding of Promoters. company

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Sports Fashion Private Limited	5,45,700	10.41	5,45,700	51.00
Arvind Limited	41,73,000	79.59	-	-
Goodhill Corporation (Japan)- Associate Company	3,10,300	5.92	3,10,300	29.00
F-One Limited (Japan)- Associate Company	2,14,000	4.08	2,14,000	20.00

11.5 Objective, policy and procedure of capital management, refer Note 34

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 12 : Other Equity

Particulars	As at March 31 2022 Amount in Rs.	As at March 31 2021 Amount in Rs.
Note 12.1 Instrument entirely Equity in Nature		
Non Convertible Perpetual Debenture - Unsecured Issued During the year (Refer Note 1)	45,00,00,000	-
Balance at the end of the year	45,00,00,000	-
Total Instrument entirely Equity in Nature	45,00,00,000	-
Note 12.2 Reserves & Surplus		
Securities premium account		
Balance as per last financial statements	51,45,00,000	51,45,00,000
Balance at the end of the year	51,45,00,000	51,45,00,000
Surplus in statement of profit and loss		
Balance as per last financial statements	(48,20,48,258)	(16,45,78,729)
Adjustment due to IND AS 116	-	-
Profit/(Loss) for the year	(17,43,68,263)	(32,31,11,516)
OCI for the year	7,42,566	56,41,987
Balance at the end of the year	(65,56,73,955)	(48,20,48,258)
Total reserves & surplus	(14,11,73,955)	3,24,51,742
Note 12.2 Other comprehensive income		
Hedge reserve		
Balance as per last financial statements	-	5,53,544
Add: gain / (loss) for the year	-	(5,53,544)
Less: Tax impact	-	-
Balance at the end of the year	-	-
Total Other comprehensive income	-	-
Total Other equity	30,88,26,045	3,24,51,742

Note 1 : During the year company have issued non-convertible perpetual debentures (NCD) of Rs.45,00,00,000 at par. The NCD are issued at 8% coupon rate which is payable at the discretion of issuer. These securities are perpetual in nature and are callable only at the option of issuer. This Debentures are unsecured

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31 2022 Amount in Rs.	As at March 31 2021 Amount in Rs.
Long-term Borrowings (refer note (a) to (c) below)		
Non-current portion		
Secured		
Term loan from Banks	1,33,14,248	1,85,44,077
	1,33,14,248	1,85,44,077
Current maturities		
Secured		
Term loan from Banks	42,95,455	35,79,545
	42,95,455	35,79,545
Total long-term borrowings	1,33,14,248	1,85,44,077
Short-term Borrowings (refer note (d) & (e) below)		
Secured		
Working Capital Loans repayable on demand from Banks	-	-
Current maturities of Long-Term borrowings	42,95,455	35,79,545
Unsecured		
Intercompany Deposits From Related Parties	-	49,50,89,878
Total short-term borrowings	42,95,455	49,86,69,423
Total borrowings	1,76,09,703	51,72,13,500

Nature of security:

Term loan of Rs. /-

- a Term Loans from Banks of Rs. 17,045,202 /- are secured by First charge over the entire fixed assets and second charge over entire stock, receivables and other current assets of the company both present and future.
- b Hire Purchase loans from Banks of Rs. 564,501/- are secured against hypothecation of related Vehicles.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

c Rate of Interest and Terms of Repayment

Particulars	Amount	Range of Interest (%)	Terms of Repayment
From Banks			
Hdfc Bank	1,70,45,202	8.05%	Repayable in 23 quarterly instalments starting from November 13, 2019
Hire Purchase Loans	5,64,501	9.75%	Repayable in 60 equated instalments.

d All necessary registration of charges or satisfaction are registered with ROC within the statutory period expect for following loans

Particulars	Amount Rupees	Status
HDFC Bank - Working Capital Facility	20,00,00,000	Charge satisfaction filing in process
State Bank of India - Term Loan	5,67,00,000	Charge satisfaction filing in process

13 (b) Trade payable

Particulars	As at March 31 2022 Amount in Rs.	As at March 31 2021 Amount in Rs.
Current		
Other trade payable (Refer note below)	1,49,72,903	1,05,99,445
	1,49,72,903	1,05,99,445
Total	1,49,72,903	1,05,99,445

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

Particulars	As at March 31 2022*	As at March 31 2021
(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	-	-
ii) Interest	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small	-	-
(c) the amount of interest due and payable for the period of delay in making	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each	-	-
(e) the amount of further interest remaining due and payable even in the succeeding	-	-

* The Company has not received any intimation from suppliers for the financial year ended March 31,2022 regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006.

b Trade Payables ageing schedule:

As at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	12,84,705	58,21,538	60,59,361	18,07,299	-	1,49,72,903
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
Total	12,84,705	58,21,538	60,59,361	18,07,299	-	1,49,72,903

As at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	45,68,693	39,49,401	4,30,771	16,50,580	-	1,05,99,445
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
Total	45,68,693	39,49,401.00	4,30,771.00	16,50,580.00	-	1,05,99,445.00

13 (c) Other financial liabilities

Particulars	As at March 31 2022 Amount in Rs.	As at March 31 2021 Amount in Rs.
Current		
Interest accrued but not due	1,95,84,390	2,66,91,051
Payable to employees	2,08,30,381	2,21,47,748
Total	4,04,14,771	4,88,38,799

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

13 (d) Financial liabilities by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
Mar 31st, 2022			
Borrowings	-	-	1,33,14,248
Trade payable	-	-	1,49,72,903
Current maturity of long term borrowings	-	-	42,95,455
Interest accrued but not due	-	-	1,95,84,390
Payable to employees	-	-	2,08,30,381
Total Financial liabilities	-	-	7,29,97,377
Mar 31st, 2021			
Borrowings	-	-	51,36,33,955
Trade payable	-	-	1,05,99,445
Current maturity of long term borrowings	-	-	35,79,545
Interest accrued but not due	-	-	2,66,91,051
Payable to employees	-	-	2,21,47,748
Total Financial liabilities	-	-	57,66,51,744

For Financial Instruments risk management objectives and policies, refer Note 33.
Fair value disclosures for financial assets and liabilities are in Note 31 and fair value hierarchy disclosures are in Note 32.

Note 14 : Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
	Amount in Rs.	Amount in Rs.
Long-term		
Provision for employee benefits (refer Note 27)		
Provision for leave encashment	22,47,482	27,93,856
Provision for gratuity	48,52,938	53,12,577
	71,00,420	81,06,433
Short-term		
Provision for employee benefits (refer Note 27)		
Provision for leave encashment	2,24,313	2,78,851
Provision for gratuity		3,50,666
	2,24,313	6,29,517
Total	73,24,733	87,35,950

Note 15 : Government grant

Particulars	As at March 31, 2022	As at March 31, 2021
	Amount in Rs.	Amount in Rs.
Non-current		
Deferred income	1,91,76,354	2,62,57,852
	1,91,76,354	2,62,57,852
Current		
Deferred income	73,51,208	23,90,773
	73,51,208	23,90,773
Total	2,65,27,562	2,86,48,625

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31st.

Government grant

Particulars	As at March 31, 2022	As at March 31, 2021
	Amount in Rs.	Amount in Rs.
As at April 1	2,86,48,625	3,10,39,398
Received during the year	52,30,145	-
Released to statement of profit and loss	(73,51,208)	(23,90,773)
Balance	2,65,27,562	2,86,48,625

Note 16 : Other current

Particulars	As at March 31, 2022	As at March 31, 2021
	Amount in Rs.	Amount in Rs.
Current		
Advance from customers	11,77,329	-
Statutory dues including provident fund and tax deducted at source	34,91,831	28,55,462
Other liabilities	9,07,118	9,32,267
Total	55,76,278	37,87,729

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 17 : Revenue from operations (Refer note (i) below)

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Sale of products	3,58,30,302	18,55,72,907
Sale of services	15,30,71,142	4,77,86,061
Operating income		
Waste sale	43,34,071	2,14,30,316
Export incentives	4,42,025	47,32,813
Exchange Difference (Net)	(38,58,584)	4,18,140
	9,17,512	2,65,81,269
Total	18,98,18,956	25,99,40,237

Disaggregation of Revenue from contracts with customers

Revenue based on Geography

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Domestic	18,86,21,469	17,54,97,220
Export	11,97,487	8,44,43,017
Revenue from Operations	18,98,18,956	25,99,40,237

Revenue based on business segment

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Garments	18,98,18,956	25,99,40,237
Revenue from Operations	18,98,18,956	25,99,40,237

Reconciliation of revenue from operation with contract price

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Revenue from contract with customers as per the contract price	18,98,18,956	26,00,29,081
Adjustment made to contract price on account of:		
a) Discounts and Rebates	-	88,844
b) Sales Return	-	-
Revenue from Operations	18,98,18,956	25,99,40,237

Note 18 : Other income

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Interest income	14,29,679	14,55,957
Government grants	73,51,208	23,90,773
Miscellaneous income	14,76,468	47,64,014
Rent Waiver	15,00,000	-
Profit/Loss on closure / reassessment of lease	-	3,55,846
Total	1,17,57,355	89,66,590

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2022.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements
Note 19 : Cost of raw materials and components consumed

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Stock at the beginning of the year	1,64,57,203	17,55,26,130
Add : Purchases	22,42,913	3,54,39,233
	1,87,00,116	21,09,65,363
Less : Inventory at the end of the year	58,49,781	1,64,57,203
Raw materials and components consumed	1,28,50,335	19,45,08,160
Total	1,28,50,335	19,45,08,160

Note 20 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Stock at the end of the year		
Finished goods	3,70,62,752	4,89,90,411
Work-in-Progress	20,75,850	10,78,164
	3,91,38,602	5,00,68,575
Stock at the beginning of the year		
Finished goods	4,89,90,411	7,34,70,418
Work-in-Progress	10,78,164	1,13,24,115
	5,00,68,575	8,47,94,533
(Increase) / Decrease in stocks	1,09,29,973	3,47,25,958
Total	1,09,29,973	3,47,25,958

Note 21 : Employee benefits expense

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 27)	11,86,90,273	11,06,91,925
Contribution to provident and other funds	1,12,01,494	97,03,158
Welfare and training expenses	15,69,793	28,50,431
Total	13,14,61,560	12,32,45,514

Note 22 : Finance costs

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Interest expense - Loans	15,84,659	38,18,604
Interest expense - Working capital loans	-	73,76,978
Interest expense - others	2,15,70,063	1,86,50,342
Other finance cost	-	7,080
Interest on Lease	6,97,261	24,09,193
Total	2,38,51,983	3,22,62,197

Note 23 : Depreciation and amortization expense

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Depreciation on PPE (Refer Note 5)	11,48,27,129	4,61,44,271
Amortization on Intangible assets (Refer Note 6)	2,51,258	5,57,516
Total	11,50,78,387	4,67,01,787

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 24 : Other expenses

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Power and fuel	1,40,87,394	1,19,27,445
Stores consumed	29,81,462	14,08,960
Insurance	13,12,947	20,55,717
Pressing charges	3,34,55,880	2,35,69,782
Printing, stationery & communication	3,10,702	7,32,375
Rent (Refer Note 30)	-	1,21,710
Repairs :		
To Building	9,700	9,750
To Machineries (including spares consumption)	48,32,109	42,90,235
To others	13,22,367	4,79,897
Freight, insurance & clearing charge	5,63,135	23,25,276
Legal & Professional charges	26,61,110	61,37,242
Conveyance & Travelling expense	6,32,813	10,06,013
Security Expenses	22,73,459	30,08,661
Housekeeping Expenses	25,41,993	23,83,419
Miscellaneous Labour charges	2,70,185	2,36,897
Allowance for doubtful debts	83,86,366	-
Loss on Sale of PPE	3,50,855	16,56,808
Bad debt written off	-	52,15,433
Bank charges	2,62,663	5,21,840
Auditor's remuneration	5,00,000	5,00,000
Miscellaneous expenses	50,17,196	1,18,35,377
Total	8,17,72,336	7,94,22,837

Payment to Auditors (Net of tax)

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Payment to Auditors as		
Auditors	4,00,000	4,00,000
For tax audit	1,00,000	1,00,000
For taxation matters	-	-
Total	5,00,000	5,00,000

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Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 25 : Income tax

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

Particulars	Amount in Rs.	
	2021-22	2020-21
Statement of Profit and Loss		
Current tax		
Current tax	-	-
Deferred tax		
Deferred tax charge/(credit)	-	8,02,85,868
Income tax expense reported in the statement of profit and loss		8,02,85,868

Particulars	Amount in Rs.	
	2021-22	2020-21
OCI section		
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	-	-
Net gains / (loss) on hedging instruments in a cash flow hedge	-	(1,94,489)
Deferred tax charged to OCI		(1,94,489)

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

Particulars	Amount in Rs.	
	2021-22	2020-21
A) Current tax		
Accounting profit before tax from continuing operations	(17,43,68,263)	(24,28,25,648)
Tax @ 26%	(4,53,35,748)	(6,31,34,668)
Adjustment		
Non recognition/Reversal of Deferred Taxes assets due to uncertainty of recovery	4,53,35,748	14,34,20,536
At the effective income tax rate of Nil (March 31, 2021 : Nil)	-	8,02,85,868

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss and OCI		Amount in Rs.
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
	Accelerated depreciation for tax purposes	-	-	-	
Expenditure allowable on payment basis	-	-	-	(33,15,180)	
Allowance for doubtful debt	-	-	-	(64,93,268)	
Adjustment on account of Ind AS 116	-	-	-	(39,77,394)	
Others	-	-	-	(13,40,29,809)	
Unused tax credit available	1,31,96,272	1,31,96,272	-	-	
Deferred tax expense/(income)					
Net deferred tax assets/(liabilities)	1,31,96,272	1,31,96,272	-	(8,00,91,379)	
Reflected in the balance sheet as follows					
Deferred tax assets	1,31,96,272	1,31,96,272			
Deferred tax liabilities	-	-			
Deferred tax (liabilities)/assets net	1,31,96,272	1,31,96,272			
Reconciliation of deferred tax assets / (liabilities), net	March 31, 2022	March 31, 2021			
	Rupees	Rupees			
Opening balance as of April 1st	1,31,96,272	9,32,87,651			
Tax income/(expense) during the period recognised in profit or loss	-	(8,02,85,868)			
Tax income/(expense) during the period recognised in OCI	-	1,94,489			
Closing balance as on March 31st	1,31,96,272	1,31,96,272			

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Company has unused carried forward losses of Rs. 85,35,06,001/- as at March 31, 2022 (March 31, 2021 : Rs. 75,39,60,468/-), tax credits on losses have not been recognized on the basis that recovery is not probable in the foreseeable future.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 26 : Foreign Exchange Derivatives and Exposures not hedged

The Company holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities depending upon the maturity of the derivatives.

The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

A. Foreign Exchange Derivatives

Nature of instrument	Currency	As at March 31, 2022			As at March 31, 2021					
		Average Exchange Rate (In Rs.)	Amount in Foreign currency	Nominal Amount In (Amount in Rs.)	MTM Value (Amount in Rs.)	Average Exchange Rate (In Rs.)	Amount in Foreign currency	Nominal Amount In (Amount in Rs.)	MTM Value (Amount in Rs.)	
Forward contracts										
Sales										
Maturing less than 3 months	GBP									
Total	GBP				95.57	4,38,185	4,18,77,949	4,38,185	4,18,77,949	-7,64,157
						4,38,185	4,18,77,949			-7,64,157

All derivative contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

B. Exposure Not Hedged

Nature of exposure	Currency	As at March 31, 2022		As at March 31, 2021	
		In Foreign Currency	Amount in Rs.	In Foreign Currency	Amount in Rs.
Receivables					
	USD			3,11,817	2,27,96,937
	GBP	1,96,310	1,95,23,973	2,25,404	2,27,09,993
	JPY			1,65,509	1,09,485
Payable to creditors					
	USD	1,28,296	97,23,887		
	JPY			16,39,914	10,84,803

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 27 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 98,74,020/- (March 31, 2021: Rs.1,04,34,166/-) is recognised as expenses and included in Note No. 21 "Employee benefit expense". The Company has recognised the following amounts in the financial statement for Defined Contribution Plans:

Particulars	As at March 31, 2022	As at March 31, 2021
Employee State Insurance	29,41,828	23,46,427
Contributory to Provident and Pension Scheme	69,32,192	80,87,739
	98,74,020	1,04,34,166

B. Defined benefit plans:

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

(a) Gratuity (Unfunded)

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2022 : Changes in defined benefit obligation and plan assets

April 1, 2021	Gratuity cost charged to statement of		Return on plan assets (excluding amounts included in net interest expense)	Remeasurement gains/(losses) in other comprehensive income		Contributions by employer	Amount in Rs.
	Service cost	Net interest expense		Actuarial changes arising from changes in demographic assumptions	Experience adjustments included in OCI		
Defined benefit obligator	56,63,243	25,64,574	3,88,498	29,53,072	(30,20,811)	-	48,52,938
Fair value of plan assets	-	-	-	(2,084)	(1,32,675)	(6,07,807)	(7,42,566)
Benefit liability	56,63,243	25,64,574	3,88,498	29,53,072	(30,20,811)	(6,07,807)	(7,42,566)

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

April 1, 2020	Gratuity cost charged to statement of		Return on plan assets (excluding amounts included in net interest expense)	Remeasurement gains/(losses) in other comprehensive income		Contributions by employer	Amount in Rs.
	Service cost	Net interest expense		Actuarial changes arising from changes in demographic assumptions	Experience adjustments included in OCI		
Defined benefit obligator	89,85,576	36,90,500	6,14,613	43,05,113	(19,85,459)	-	56,63,243
Fair value of plan assets	-	-	-	(10,190)	(56,31,797)	(56,41,987)	-
Benefit liability	89,85,576	36,90,500	6,14,613	43,05,113	(19,85,459)	(56,41,987)	56,63,243

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Arvind Goodhill Suit Manufacturing Private Limited

Notes to the Financial Statements

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	(%) of total plan assets	(%) of total plan assets
Central Government Securities	NA	NA
Public Sector/Financial Institutional Bonds	NA	NA
Portfolio with Mutual Fund	NA	NA
Others (including bank balances)	NA	NA
(%) of total plan assets		

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	7.15%	6.86%
Future salary increase	5.00%	5.00%
Medical cost inflation	NA	NA
Expected rate of return on plan assets	NA	NA
Attrition rate	7.00%	7.00%
Mortality rate during employment	Indian assured lives Mortality(2012-14) (Urban)	Indian assured lives Mortality(2006-08)
Mortality rate after employment	N.A.	N.A.

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

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact)	
		Amount in Rs.	
		Year ended March 31, 2022	Year ended March 31, 2021
Gratuity			
Discount rate	1% increase	(4,14,233)	(4,71,512)
	1% decrease	4,84,758	5,51,049
Salary increase	1% increase	4,90,459	5,55,890
	1% decrease	(4,25,822)	(4,83,499)
Attrition rate	1% increase	17,949	36,836
	1% decrease	(29,493)	(48,544)

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Amount in Rs.	Amount in Rs.
Gratuity		
Within the next 12 months (next annual reporting period)	2,81,099	3,50,666
Between 2 and 5 years	13,60,457	16,98,421
Beyond 5 years	96,65,134	22,73,646
Total expected payments	1,13,06,690	43,22,733

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Years	Years
Gratuity	11	11

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Amount in Rs.	Amount in Rs.
Gratuity	-	-

C. Other Long term employee benefit plans

Leave encashment

Amount of Rs. 420,168/- (March 31, 2021: Rs. 7,20,619/-) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 28 : Related Party Disclosure

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

a Name of Related Parties and Nature of Relationship :

1	Arvind Limited	Holding Company upto 26th March 2021
2	Arvind Sports Fashion Private Limited	Holding Company from 26th March 2021
3	Arvind OG Nonwovens Pvt Ltd	Fellow Subsidiary Company
4	Arvind Fashion Limited	Enterprise over which Key Management Personnel are able to exercise significant influence
5	Arvind Envisol Limited	Fellow Subsidiary Company
6	Arvind Lifestyle Brands Limited	Enterprise over which Key Management Personnel are able to exercise significant influence.
7	Arvind True Blue Limited	Fellow Subsidiary Company
8	Calvin Klein Arvind Fashion Private Limited	Enterprise over which Key Management Personnel are able to exercise significant influence
9	Goodhill Corporation	Associate Company
10	F-One Limited	Associate Company

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

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Amount in Rs.	
	Year Ended March 31, 2022	Year Ended March 31, 2021
Processing Income		
Arvind Limited	17,73,79,648	10,78,41,763
Sales		
Arvind Limited	37,144	49,63,574
Goodhill Corporation		2,79,494
Rent Income		
Arvind Limited	-	10,00,000
Interest Expense		
Arvind Envisol Limited	1,68,67,833	1,17,37,502
Arvind OG Nonwovens Pvt Ltd	47,63,114	-
Purchase		
Arvind Envisol Limited	-	37,983
Arvind Limited	7,000	1,22,30,829
Processing Charges		
Arvind Limited	-	1,45,07,688
NCD Received		
Arvind Limited	45,00,00,000	-
ICD Received		
Arvind Envisol	-	1,46,85,48,362
ICD Paid		
Arvind Envisol Limited	49,50,89,878	97,34,58,484
Issue of Equity Shares		
Arvind Limited	4,17,30,000	-
Outstanding		
Receivable in respect of Current Assets		
Arvind Limited	19,68,145	1,59,36,529
Arvind Fashion Limited		3,540
Payable in respect of Current Liabilities		
Arvind Envisol Limited	1,51,81,050	38,99,12,010
Arvind Envisol (CAPEX)	-	12,76,480
Arvind OG	42,86,802	13,17,25,279
Arvind PD	9,21,136	9,21,136
Goodhill Corporation	2,79,494	2,79,494
Arvind Limited	-	2,84,78,131

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 29 : Earning per share

Particulars	2021-22 Amount in Rs.	2020-21 Amount in Rs.
Earing per share (Basic and Diluted)		
Profit/(Loss) attributable to ordinary equity holders	(17,43,68,263)	(32,31,11,516)
Total no. of equity shares at the end of the year	52,43,000	10,70,000
Weighted average number of equity shares		
For basic EPS	34,25,173	10,70,000
For diluted EPS	34,25,173	10,70,000
Nominal value of equity shares	10	10
Basic earning per share	(50.91)	(301.97)
Diluted earning per share	(50.91)	(301.97)
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	34,25,173	10,70,000

Note 30 : Lease Rent

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

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Changes in the carrying value of right of use assets (Building) Amount in Rs.		
Recognition at the beginning of the year	92,81,665	5,54,18,813
Additions	-	-
Deletions	-	(3,23,47,351)
Depreciation	(92,81,665)	(1,37,89,797)
Balance at the end of the period/year	-	92,81,665

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Movement in lease liabilities Amount in Rs.		
Recognition at the beginning of the year	1,73,02,739	7,07,16,479
Additions	-	-
Deletions	-	(3,27,03,197)
Finance cost accrued during the year	6,97,261	24,09,193
Rent Waiver	(15,00,000)	-
Payment of lease liabilities	(1,65,00,000)	(2,31,19,736)
Balance at the end of the period/year	-	1,73,02,739

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Contractual maturities of lease liabilities Amount in Rs.		
Less than one year	-	1,07,97,207
Two to Five years	-	65,05,532
More than five years	-	-
Total	-	1,73,02,739

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Arvind Goodwill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 33 : 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 and interest rate swaps to hedge certain variable interest rate 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity 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 point of the interest rate yield curves in all the 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 postretirement obligations and provisions.

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

- 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 March 31, 2022 and March 31, 2021 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2022 and March 31, 2021 for the effects of the assumed changes of the underlying risk

Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional amount. The interest amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

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:

	Amount in INR
March 31, 2022	
Increase in 50 basis points	88,049
Decrease in 50 basis points	(88,049)
March 31, 2021	
Increase in 50 basis points	92,720
Decrease in 50 basis points	(92,720)
Key assumptions are as follows:	
- Fixed rate financial instruments measured at cost : Since a change in interest rate would not change the carrying amount of this category of instruments, there is no net income impact and they are excluded from this analysis	

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

Foreign currency risk

Foreign currency risk arises from 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 hedges its foreign currency trade payables and receivables etc. and its, therefore, exposed to foreign exchange risk. The Company may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary test contract requirements and risk management strategy of the company.

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 no.26

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP 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.

	Change in USD rate	Amount in ₹
		Effect on profit before tax
March 31, 2022	+2%	(1,94,478)
March 31, 2021	+2%	1,94,478
	-2%	4,55,930
	-2%	(4,55,930)
		Amount in ₹
		Effect on profit before tax
March 31, 2022	+2%	3,90,479
March 31, 2021	-2%	(3,90,479)
	+2%	4,54,200
	-2%	(4,54,200)
		Amount in ₹
		Effect on profit before tax
March 31, 2022	+2%	-
March 31, 2021	-2%	(21,696)
	+2%	21,696
	-2%	-

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

The risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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 14 days to 30 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 geographically and economically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on a monthly historical loss rate. The carrying value of each class of financial assets disclosed in Note 7. 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 in 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. In the course of ongoing assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2022 and March 31, 2021 is the carrying amount as disclosed in Note 31.

Arvind Goodhill Solt Manufacturing Private Limited

Notes to the Financial Statements

(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. 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 to an optimum 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	Amount in Rs.			
	On demand	less than 1 Year	1 Year to 3 years	3 years to 5 years or more than 5 years
Year ended March 31, 2022				
Interest bearing borrowings*		62,17,789	1,42,31,497	-
Trade payables	1,49,77,963	-	-	-
Lease Liability	1,07,97,207	-	-	-
Other financial liabilities#	4,04,13,771	-	-	-
Year ended March 31, 2021	5,53,87,674	1,70,14,930	1,42,31,497	-
Interest bearing borrowings*	40,58,89,876	35,79,545	1,06,60,231	80,45,202
Trade payables	1,05,99,145	-	-	-
Lease Liability	4,98,38,799	1,07,97,207	65,05,532	-
Other financial liabilities#	55,45,25,122	1,43,76,732	1,71,23,763	80,45,202

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

Other financial liabilities includes interest accrued but not due of Rs. 1,25,84,390 (March 31, 2021) ; Rs. 2,86,91,051).

Note 24 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity resources 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 balances).

Particulars	Year ended March 31, 2021		Year ended March 31, 2022		Year
	Amount in Rs.		Amount in Rs.		
Interest-bearing loans and borrowings (Note 13)		1,76,03,703		51,72,13,500	
Less: cash and cash equivalent (including other bank balances) (Note 7 c)		(4,02,27,310)		(2,78,64,314)	
Net debt		(2,26,17,607)		48,93,49,186	
Equity share capital (Note 11)		10,70,000		1,07,00,000	
Other equity (Note 12)		30,83,26,045		3,24,51,742	
Capital and net debt		28,56,73,435		3,34,51,742	
Gearing ratio		-7.87%		14.63%	

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 covenants. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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

Loan covenants

Under the terms of the major borrowing facilities, the Company has complied with the required financial covenants through out the reporting periods.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 35 : Operating segment

The Company's business activity falls within a single primary business segment of manufacture of garments. Accordingly the Company is a single segment company in accordance with Ind AS 108 "Operating Segment".

Further, no single customer contributes to more than 10% of the company's revenue.

Geographical segment

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

Particulars	Amount in Rs.	
	March 31, 2022	March 31, 2021
Segment Revenue*		
a) In India	18,86,21,469	17,54,97,220
b) Rest of the world	11,97,487	8,44,43,017
Total Sales	18,98,18,956	25,99,40,237
Carrying Cost of Segment Assets**		
a) In India	47,36,81,995	55,30,38,868
b) Rest of the world		12,52,39,661
Total	47,36,81,995	67,82,78,529
Carrying Cost of Segment Non Current Assets**@		
a) In India	31,99,62,729	43,55,04,544
b) Rest of the world		
Total	31,99,62,729	43,55,04,544

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and deferred tax asset.

Note 36: Note on COVID 19 Pandemic

World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 23, 2020 and the Company temporarily suspended the operations in all the units of the Company in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has substantially impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc. during the lock-down period which has been extended till May 17, 2020. Production and supply of goods has commenced at various dates during the month of May 2020 and in a staggered manner during the year at some of the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities. The Company has witnessed significant improvement in its operations during the second half of the year. Nearer to the year end, the operations of the Company were affected by the impact of the second wave of COVID-19 pandemic

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID- 19 on revenue from operations, profitability, recoverability of Property Plant and Equipment, investments and trade receivables.

The Company has made detailed assessment of its liquidity position for the next 12 months, recoverability of its assets comprising of Property Plant and Equipment, Intangible assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions and estimates made by the Management of the Company, the Company expects to recover the carrying amount of these assets.

As a result of the growing uncertainties with respect to COVID- 19 the impact of this pandemic may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions.

Note 37: New Accounting Pronouncements to be adopted after March 31, 2022

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Arvind Goodhill Suit Manufacturing Private Limited

Notes to the Financial Statements

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any impact in its financial statements.

Note 38 : Other Notes

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

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

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

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

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

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

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

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

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

Note 38: Regrouped, Recast, Reclassified

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

Note 39: 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 6, 2021, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

Arvind Goodhill Suit Manufacturing Private Limited
Notes to the Financial Statements

Note 40 : Ratio Analysis	UOM	For the year ended 31st March, 2022	For the year ended 31st March, 2021	% Variance	Reason for Variance
i) Current Ratio :					
Current Assets (a)	Amount in Rs	10,90,61,848	19,33,90,354		
Current Liabilities (b)	Amount in Rs	7,28,34,928	57,57,12,893		
Current Ratio (a/b)	Times	1.50	0.34	-346%	Repayment of Intercompany borrowing
Numerator - Total Current Assets Denominator - Total Current Liabilities					
ii) Debt-Equity Ratio:					
Debt (a)	Amount in Rs	1,76,09,703	51,72,13,500		
Equity (b)	Amount in Rs	36,12,56,045	4,31,51,742		
Debt - Equity Ratio (a/b)	%	4.9%	1198.6%	199%	Repayment of Intercompany borrowing
Numerator - Total debt Denominator - Total equity (Including perpetual Securities)					
iii) Debt Service coverage Ratio :					
Earnings available for Debt services (a)	Amount in Rs	(3,50,87,038)	(24,24,90,724)		
Interest + Installments (b)	Amount in Rs	4,32,34,267	5,29,72,740		
Debt Service coverage Ratio (a/b)	%	(0.81)	(4.58)	165%	Operational improvements leading to lower losses
Numerator - Profit after taxes and before Depreciation and Amortisation Expenses and Finance Costs and other adjustments like loss on sale of Fixed assets etc. Denominator - Interest (excluding interest on lease liabilities) + Lease repayments + Principal Repayment of debt					
iv) Return on Equity Ratio :					
Loss after Taxes	Amount in Rs	(17,43,68,263)	(32,31,11,516)		
Equity (b)	Amount in Rs	3,15,65,000	1,07,00,000		
Return on Equity Ratio (a/b)	%	(5.52)	(30.20)	163%	Operational improvements leading to lower losses
Numerator - Profit/(Loss) after Taxes - Distribution on Perpetual Securities Denominator - Average Shareholders' Equity					
v) Inventory Turnover Ratio :					
Cost of Goods Sold/Sale of goods (a)	Amount in Rs	3,58,30,302	18,55,72,907		
Average Inventory (b)	Amount in Rs	4,46,03,589	6,74,31,554		
Inventory Turnover Ratio (a/b)	Times	0.80	2.75	142%	Majority of orders are executed on job work basis leading to lower COGS
Numerator - Cost of Goods Sold/Sale of goods Denominator - (Opening Inventory+Closing Inventory)/2					
vi) Trade Receivables turnover Ratio :					
Annual net Credit Sales (a)	Amount in Rs	NA	NA		
Average Accounts Receivable (b)	Amount in Rs				
Trade Receivables turnover Ratio (a/b)	Times				
Numerator - Net Credit Sales Denominator - (Opening trade receivable+Closing trade receivable)/2 (including unbilled revenue)					
vii) Trade Payables turnover Ratio :					
Costs (a)	Amount in Rs	10,55,52,644	30,86,56,955		
Average Accounts Payable (b)	Amount in Rs	1,27,86,174	7,17,05,906		
Trade Payables turnover Ratio (a/b)	Times	8.26	4.30	-184%	Majority of orders are executed on job work basis leading to lower COGS
Numerator - Net Credit Purchases Denominator - (Opening trade payables+Closing trade payables)/2					
viii) Net Capital turnover Ratio :					
Net Sales (a)	Amount in Rs	3,58,30,302	18,55,72,907		
Working Capital (b)	Amount in Rs	3,62,26,920	(38,23,22,539)		
Net Capital turnover Ratio (a/b)	%	98.91%	-48.54%	608%	Repayment of Intercompany borrowing
Numerator - Sale of goods (Net) Denominator - Working Capital (Current Assets-Current Liabilities) (As per i)					

ix) Net Profit Ratio :				
Profit / (Loss) after Tax (a)	Amount in Rs	(17,43,68,263.00)	(24,28,25,648.00)	
Net Sales (b)	Amount in Rs	18,98,18,956.00	25,99,40,237.00	
Net Profit Ratio (a/b)	%	-92%	-93%	2% Operational improvements leading to lower losses
Numerator - Profit / (Loss) after tax Denominator - Net Sales				
x) Return on Capital Employed (ROCE) :				
Earnings before Interest and Taxes (a)	Amount in Rs	(15,05,16,280)	(20,96,97,429)	
Capital Employed (b)	Amount in Rs	36,56,69,476	54,71,68,970	
Return on Capital Employed (a/b)	%	-41%	-38%	-7% Operational improvements leading to lower losses, also net capital employed is decreasing due to losses
Numerator - Earnings before Interest and Taxes Denominator - (Total Equity (including Perpetual Securities) + Total Debt + Deferred Tax Liabilities)/(Assets)				
xi) Return on Investment (ROI) :				
Return or Profit or Earnings (a)	Amount in Rs	NA	NA	
Shareholders fund (b)	Amount in Rs			
Return on Investment (a/b)	%			
Numerator - Profit/(Loss) after tax Denominator - Equity share capital + Unsecured Perpetual Securities + Other equity				

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