

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Lifestyle Brands Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Arvind Lifestyle Brands Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

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misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, 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 appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) 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, in



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our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its Ind AS financial position in its Ind AS financial statements;
- ii. Provision has been made in the Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There have been no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

CA. Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Bangalore
May 3, 2018

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND LIFESTYLE BRANDS LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report 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) The Company does not hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (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, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. 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, 2018 for a period of more than six months from the date they became payable.

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(b) Following amounts have not been deposited as on March 31, 2018 on account of any dispute:

Nature of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where matter is Pending
Sales Tax Act	Sales Tax	996,490	1998-1999	High Court
		2,425,111	2001-02 to 2004-05	High Court
		236,186	2000-01	Deputy Commissioner
		2,549	2001-02	Deputy Commissioner
		140,000	2002-03	Appellate Tribunal
		624,751	2005-06	Additional Commissioner
		3,877,683	2005-06	Assistant Commissioner
		6,282,355	2005-06	Deputy Commissioner
		533,922	2006-07	Appellate Tribunal
		869,603	2007-08	Assistant Commissioner
		92,227,602	2008-09	Deputy Commissioner
		15,013,442	2009-10	Deputy Commissioner
		80,450,216	2009-10	Joint Commissioner – Appeals
		30,466,158	2010-11	Deputy Commissioner
		56,697,147	2010-11	Joint Commissioner – Appeals
		125,541,456	2011-12	Deputy Commissioner
		26,205,814	2012-13	Appellate Tribunal
		91,437	2012-13	Assistant Commissioner
		670,985,841	2012-13	Deputy Commissioner
Central Excise Act	Excise Duty	1,071,444	2013-14	Assistant Commissioner
		4,197,094	2013-14 to 2015-16	High Court
		463,673,532	2014-15	Assistant Commissioner
		1,603,064	2002-2003 to 2003-2004	Assessing Officer
		158,000	2006-2007	Commissioner of Central Excise
Textile Committee	Textile Committee Cess	100,000	2006-2007	CESTAT
		1,094,000	2006-2007	CESTAT
Employee Provident Fund	Provident Fund	5,292,000	January 2012 to March 2015	EPF Tribunal
Income Tax Act	Tax Deduction at Source	10,117,073	2010-11	Commissioner of Income Tax - Appeals
		14,839,090	2011-12	Commissioner of Income Tax - Appeals
		6,172,540	2012-13	Commissioner of Income Tax - Appeals
		4,796,460	2013-14	Commissioner of Income Tax - Appeals
		236,220	2014-15	Commissioner of Income Tax - Appeals
		946,500	2015-16	Commissioner of Income Tax - Appeals

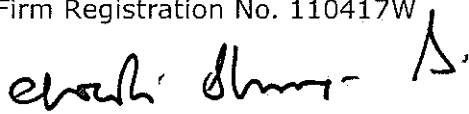
(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

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SORAB S. ENGINEER & CO. (Regd.)

- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no managerial remuneration has been paid/provided.
- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares 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.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Bangalore
May 3, 2018

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND LIFESTYLE BRANDS LIMITED

Report on the Internal Financial Controls 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 Lifestyle Brands Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Ind AS financial statements, whether due to fraud or error.

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

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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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent 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, 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, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Bangalore
May 3, 2018

Arvind Lifestyle Brands Limited
Statement of cash flows for the year ended March 31, 2018

Particulars	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
A Operating activities		
Profit / (Loss) Before taxation		
Adjustments to reconcile profit before tax to net cash flows	(11,93,99,772)	14,16,27,563
Depreciation / Amortization	1,04,73,83,153	89,23,27,014
Interest Income	(2,27,07,358)	(1,03,39,219)
Interest and Other Borrowing Cost	67,10,44,788	84,63,14,037
Provision for Bad Debts	2,03,45,987	-
Provision for doubtful debts and advances (net)	51,12,740	25,60,000
Provision for Litigation/Disputes	6,97,02,733	-
Fixed Assets written off	7,09,75,037	97,66,528
(Profit)/Loss on Sale of Tangible/Intangible assets	(15,54,970)	(11,13,615)
Share based payment expense	48,25,393	26,17,757
Operating Profit before Working Capital Changes	1,86,51,27,503	1,74,21,32,502
Working Capital Changes:	1,74,57,27,731	1,88,37,60,065
Changes in Inventories	(38,09,05,135)	(2,31,20,96,245)
Changes in trade payables	1,65,23,53,189	1,78,21,90,987
Changes in other current liabilities	(5,95,79,342)	(6,80,50,965)
Changes in other financial liabilities	20,30,74,257	3,01,44,063
Changes in provisions	2,86,75,639	3,09,01,503
Changes in loans and advances	(2,60,17,930)	83,23,110
Changes in trade receivables	(3,64,50,69,980)	(2,30,85,04,539)
Changes in other current assets	3,01,40,662	(48,74,44,181)
Changes in other financial assets	36,56,518	(38,31,69,915)
Changes in Other Bank Balances	26,31,689	(2,60,34,322)
Net Changes in Working Capital	(2,19,10,20,433)	(3,73,37,40,504)
Cash Generated from Operations	(44,52,92,702)	(1,84,99,80,439)
Direct Taxes paid (Net of Income Tax refund)	1,04,35,729	(4,66,01,766)
Net Cash from Operating Activities	(43,48,56,973)	(1,89,65,82,205)
B Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment/intangible assets	(1,22,15,49,027)	(95,60,81,947)
Sale of Property, Plant & Equipment	1,18,65,058	38,68,715
Sale under Business Transfer Agreement	-	2,53,25,08,027
Changes in Capital Advances	(60,16,142)	(60,64,496)
Interest Income	2,10,04,028	1,34,11,146
Net cash flow from Investing Activities	(1,19,46,96,083)	1,58,76,41,445
C Cash Flow from Financing Activities		
Issue of Share Capital	26,88,17,200	20,76,19,030
Securities Premium received	2,23,11,82,760	2,57,23,80,770
Changes in long term Borrowings	(26,26,08,913)	(64,98,45,318)
Changes in short term borrowings	88,19,192	(97,51,66,709)
Interest and Other Borrowing Cost Paid	(64,77,19,536)	(83,79,94,901)
Net Cash flow from Financing Activities	1,59,84,90,703	31,69,92,872
Net Increase/(Decrease) in cash & cash equivalents	(3,10,62,353)	80,52,112
Cash & Cash equivalent at the beginning of the period	5,91,07,353	5,10,55,241
Cash & Cash equivalent at the end of the period	2,80,45,000	5,91,07,353

Particulars	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	15,946	18,805
Balances with Banks	2,80,29,054	5,90,88,548
Cash and cash equivalents	2,80,45,000	5,91,07,353

The accompanying notes are an integral part of the financial statements

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- Purchase of property, plant & equipment - intangible assets include movement of capital work-in-progress during the year.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place: Bangalore
Date: May 3, 2018

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

Suresh J.
Suresh J.
Managing Director
DIN: 03033110
Place: Bangalore
Date: May 3, 2018

Jayesh K. Shah
Jayesh K. Shah
Director
DIN: 00008349
Place: Bangalore
Date: May 3, 2018

Kannan S.
Kannan S.
Chief Financial Officer
Place: Bangalore
Date: May 3, 2018

B.S. Vijay Kumar
B.S. Vijay Kumar
Company Secretary
Place: Bangalore
Date: May 3, 2018

Arvind Lifestyle Brands Limited
Statement of changes in Equity for the year ended March 31, 2018

A. Equity share capital

Balance	Amount
As at April 1, 2016	33,63,51,000
Issue of Equity Share capital	20,76,19,030
As at March 31, 2017	54,39,70,030
Issue of Equity Share capital	26,88,17,200
As at March 31, 2018	81,27,87,230

B. Other equity

Particulars	Attributable to the equity holders				Rupees Total equity
	Reserves and Surplus				
	Capital Reserve	Securities premium	Contribution from Parent for ESOP	Retained Earnings	
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2016	59,05,31,059	4,77,70,00,000	-	(3,70,78,29,711)	1,65,97,01,348
Profit / (Loss) for the Year	-	-	-	26,24,29,811	26,24,29,811
Other comprehensive income for the Year	-	-	-	(51,04,230)	(51,04,230)
Total Comprehensive income for the Year	-	-	-	25,73,25,581	25,73,25,581
Issue of share capital (Refer Note - 11)	-	2,57,23,80,770	-	-	2,57,23,80,770
Contribution from the Holding Company for Employee Stock Options	-	-	26,17,757	-	26,17,757
Balance as at March 31, 2017	59,05,31,059	7,34,93,80,770	26,17,757	(3,45,05,04,130)	4,49,20,25,456
Balance as at April 1, 2017	59,05,31,059	7,34,93,80,770	26,17,757	(3,45,05,04,130)	4,49,20,25,456
Profit / (Loss) for the Year	-	-	-	(4,09,09,181)	(4,09,09,181)
Other comprehensive income for the Year	-	-	-	(1,16,02,668)	(1,16,02,668)
Total Comprehensive income for the Year	-	-	-	(5,25,11,849)	(5,25,11,849)
Issue of share capital (Refer Note - 11)	-	2,23,11,82,760	-	-	2,23,11,82,760
Contribution from the Holding Company for Employee Stock Options	-	-	48,25,394	-	48,25,394
Balance as at March 31, 2018	59,05,31,059	9,58,05,63,530	74,43,151	(3,50,30,15,979)	6,67,55,21,761

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
Firm's Registration No. 110417W

C.A. Chokshi Shreyas B.
Partner
Membership No. 100892
Place: Bangalore
Date: May 3, 2018

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

Suresh J.
Managing Director
DIN: 03033110
Place: Bangalore
Date: May 3, 2018

Jayesh K. Shah
Director
DIN: 00008349
Place: Bangalore
Date: May 3, 2018

Kannan S
Chief Financial Officer
Place: Bangalore
Date: May 3, 2018

B.S. Vijay Kumar
Company Secretary
Place: Bangalore
Date: May 3, 2018

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Arvind Lifestyle Brands Limited
Balance Sheet as at March 31, 2018

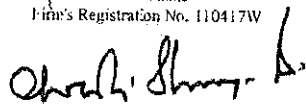
Particulars	Notes	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	2,70,34,54,888	2,53,59,29,742
(b) Capital work-in-progress	5	24,33,400	47,100
(c) Intangible assets	6	26,26,90,066	33,97,20,762
(d) Financial assets			
(i) Investments	7	1,50,000	1,50,000
(ii) Loans	7	34,41,137	14,66,688
(iii) Other financial assets	7	1,81,60,62,650	1,71,50,58,985
(e) Deferred tax assets (net)	25	2,00,33,58,581	1,91,86,35,765
(f) Other non-current assets	8	4,89,95,951	4,29,79,809
Total non-current assets		6,84,05,86,673	6,55,39,88,851
II. Current assets			
(a) Inventories	9	7,10,10,77,044	6,72,01,71,909
(b) Financial assets			
(i) Trade receivables	7	6,28,36,17,181	2,65,88,93,188
(ii) Cash and cash equivalents	7	2,80,45,000	5,91,07,353
(iii) Bank balance other than (ii) above	7	15,97,81,910	16,24,33,599
(iv) Loans	7	2,94,33,418	53,89,937
(v) Others financial assets	7	21,06,96,553	31,87,66,146
(c) Current tax assets (net)	10	10,12,56,030	11,16,91,759
(d) Other current assets	8	1,24,02,22,568	1,27,03,63,230
Total current assets		15,15,41,29,704	11,30,68,17,121
Total Assets		21,99,47,16,377	17,86,08,05,972
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	81,27,87,230	54,39,70,030
Other equity	12	6,67,55,21,761	4,49,20,25,456
Total equity		7,48,83,08,991	5,03,59,95,486
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	80,05,66,056	1,52,64,00,287
(ii) Other financial liabilities	13	41,73,77,180	44,02,90,068
(b) Long-term provisions	14	13,55,63,154	8,69,67,666
Total non-current liabilities		1,35,35,06,390	2,05,36,58,021
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	4,01,82,73,087	4,00,94,53,895
(ii) Trade payables	13	7,40,69,12,154	5,75,45,58,965
(iii) Other financial liabilities	13	1,41,53,09,556	70,27,71,841
(b) Other current liabilities	15	20,33,73,720	26,29,53,062
(c) Short-term provisions	14	10,90,32,479	4,14,14,702
Total current liabilities		13,15,29,00,996	19,77,11,52,465
Total Equity and Liabilities		21,99,47,16,377	17,86,08,05,972

Summary of significant accounting policies

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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
Firm's Registration No. 110417W



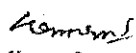
C.A. Chokshi Shreyas B.
Partner
Membership No. 100892
Place - Bangalore
Date - May 3, 2018

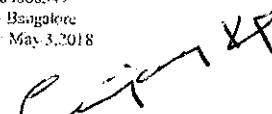
For and on behalf of the board of directors of
Arvind Lifestyle Brands Limited

Suresh J.
Managing Director
DIN- 03033110
Place- Bangalore
Date - May 3, 2018

Jayesh K. Shah
Director
DIN: 01008349
Place- Bangalore
Date - May 3, 2018


Kannan S
Chief Financial Officer
Place- Bangalore
Date - May 3, 2018


B.S. Vijay Kumar
Company Secretary
Place- Bangalore
Date : May 3, 2018

Arvind Lifestyle Brands Limited
Statement of profit and loss for the Year ended March 31, 2018

Particulars	Notes	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
Income			
Revenue from operations			
Sale of Products	16	25,46,30,67,675	25,26,56,06,446
Sale of Services	16	42,87,83,875	26,37,18,740
Operating Income	13	41,97,100	1,04,84,375
Revenue from operations		25,89,60,48,650	25,53,98,09,761
Other income	17	3,52,86,117	3,62,90,353
Total Income (I)		25,93,13,34,767	25,57,61,00,014
Expenses			
Cost of raw materials and accessories consumed	18	1,78,13,231	1,77,02,058
Purchase of stock in-trade	19	13,26,20,37,420	12,74,55,60,519
Changes in inventories of finished goods, work-in progress and stock in-trade - (Increase) / Decrease	20	(18,98,99,202)	(2,87,21,208)
Employee benefits expense	21	2,61,26,97,890	2,26,31,46,323
Finance costs	22	67,10,44,788	84,63,14,037
Depreciation and amortisation expense	23	1,04,73,83,153	89,23,27,014
Other expenses	24	8,82,96,57,259	8,69,81,43,708
Total expenses (II)		26,05,07,34,539	25,43,44,72,451
Profit/ (Loss) before exceptional items and tax (III) = (I- II)		(11,93,99,772)	14,16,27,563
Exceptional items (IV)			
Profit / (Loss) before tax (V) = (III-IV)		(11,93,99,772)	14,16,27,563
Tax expense			
Current tax	25	-	28,20,720
Short Provision for earlier periods	25	-	-
Deferred tax	25	(7,84,90,591)	(12,36,22,968)
Total tax expense (VI)		(7,84,90,591)	(12,08,02,248)
Profit/(Loss) for the year (VII) = (V-VI)		(4,09,09,181)	26,24,29,811
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	12	(1,78,34,893)	(78,05,588)
Income tax effect	25	62,32,225	27,01,358
		(1,16,02,668)	(51,04,230)
Total other comprehensive income for the period, net of tax (VIII)		(1,16,02,668)	(51,04,230)
Total comprehensive income for the period, net of tax (VII+VIII)		(5,25,11,849)	25,73,25,581
Earning per equity share			
[nominal value per share Rs.10/- (March 31, 2017: Rs.10/-)]			
Basic and Diluted	32	(0.60)	7.07
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
Firm's Registration No. 110417W

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

C.A. Chokshi Shreyas B.
Partner
Membership No. 190892
Place - Bangalore
Date : May 3, 2018

Suresh J.
Managing Director
DIN: 03033110
Place- Bangalore
Date : May 3, 2018

Jayesh K. Shah
Director
DIN: 06802444
Place- Bangalore
Date : May 3, 2018

Kannan S
Chief Financial Officer
Place- Bangalore
Date : May 3, 2018

B.S. Vijay Kumar
Company Secretary
Place- Bangalore
Date : May 3, 2018

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate Information

Arvind Lifestyle Brands Limited ('the Company') is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Company includes Domestic and International brands like US Polo, Nautica, GANT, GAP, TCP, Cherokee etc. It also operates apparel value retail stores UNLIMITED. Both Brands and Unlimited retail presence touches 800+ stores and 14.2Mn Retail space.

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

The financial statements were authorised for issue in accordance with a resolution of the directors on May 3, 2018.

2. Statement of Compliance and Basis of Preparation

2.1 Compliance with Ind AS

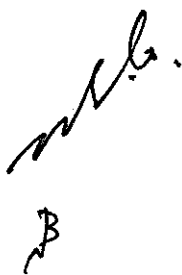
The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act.

2.2 Historical Cost Convention

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

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

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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. Business combinations and goodwill

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

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

Business combinations between entities under common control are accounted for at carrying value.

Acquisition-related costs are expensed as incurred.

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

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

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.4. Foreign currencies


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

Transactions and balances

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

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

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

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recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.6. Property, plant and equipment

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

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



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

Derecognition

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

Depreciation

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

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, Leasehold Improvements, Furniture & Fixtures and Vehicles 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 at 5 years, Leasehold Improvements and Furniture & Fixtures at 6 years and Vehicles at 4 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.

3.7. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the

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Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease income is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

3.8. 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.

3.9. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at

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the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

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

Amortisation

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

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

Software is depreciated over management estimate of its useful life of 3 years.

3.10. Inventories

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

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

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

All other inventories are valued at cost. The stock of waste is valued at net realisable value.

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

3.11. Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if

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available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

3.12. Revenue Recognition

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.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

Sale of goods – customer loyalty programme (deferred revenue)

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



by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Sales Return

The Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sales.

Rendering of services

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

Gift Vouchers

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

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.

Insurance claims

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

3.13. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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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

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through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

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

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

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

(v) Impairment of financial assets

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

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

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

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for

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impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

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

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

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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii) Subsequent measurement of financial liabilities

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

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

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

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

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

- **Loans and Borrowings**

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

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

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

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

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

c) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

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

d) Offsetting of financial instruments

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

3.14. Cash and cash 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.

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

3.15. Export incentives

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.

3.16. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

Deferred tax

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

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

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

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

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

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- 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.

3.17. Employee Benefits

a) Short Term Employee Benefits

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

b) Post-Employment Benefits

(i) Defined contribution plan

The Company's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The

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contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(ii) Defined benefit plan

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

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

c) Other long term employment benefits:

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

d) Termination Benefits :

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

3.18. Share-based payments

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

Equity-settled transactions

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's

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best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

3.19. 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.

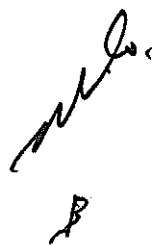
Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential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

3.20. 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.



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. Significant judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

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

4.2. 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 30.

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Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

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. The carrying amount of allowance for doubtful debts is Rs.9,53,45,365/- (March 31, 2017: Rs.7,49,99,378/-).

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 38.

Taxes

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

The Company has Rs. 9,83,18,163/- (March 31, 2017: Rs. 9,83,18,163/-) of tax credits carried forward. The Company also has Rs. 110,20,31,845/- (March 31, 2017: Rs. 123,24,06,467/-) of unused losses available for offsetting against future taxable income. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward and unused losses carried forward.

Further details on taxes are disclosed in Note 25.

Revenue recognition – Customer loyalty program reward points

The Company estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2018, the estimated liability towards unredeemed points amounted to approximately Rs. 4,22,58,072/- (March 31, 2017: Rs. 2,81,24,899/-).

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Intangible assets

Refer Note 3.9 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 3.6 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 Lifestyle Brands Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

	(Rupees)							
	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Data Processing	Total	CWIP
Gross Carrying Value								
As at April 1, 2016	44,36,13,926	94,25,33,514	5,03,48,643	1,25,25,47,750	12,25,69,196	15,50,99,655	2,96,67,12,684	76,21,605
Additions	11,64,46,703	26,83,60,150	1,68,00,000	45,48,68,598	3,48,58,976	4,73,50,017	93,92,84,444	1,91,96,096
Deductions	1,12,10,966	2,61,41,257	97,17,587	4,22,21,345	19,06,910	9,58,168	9,21,56,233	2,67,70,601
As at April 1st, 2017	54,88,49,663	1,18,53,52,407	5,74,31,056	1,66,51,95,003	15,55,21,262	20,14,91,504	3,81,38,40,895	47,100
Additions	22,86,79,408	34,35,58,792	98,28,319	42,88,82,935	6,01,94,436	8,86,30,145	1,15,97,74,035	24,33,400
Deductions	2,96,91,459	4,22,60,568	1,75,37,273	7,37,94,684	75,95,956	23,42,704	17,32,22,644	47,100
As at Mar 31, 2018	74,78,37,612	1,48,66,50,631	4,97,22,102	2,02,02,83,254	20,81,19,742	28,77,78,945	4,80,03,92,286	24,33,400
Depreciation and Impairment								
As at April 1, 2016	8,89,90,265	17,63,70,334	73,28,223	26,18,01,438	2,75,02,119	4,28,46,971	60,48,39,350	-
Depreciation for the year	11,14,07,925	19,59,13,932	1,49,24,938	31,39,16,358	3,13,86,752	4,76,32,755	71,51,82,660	-
Deductions	87,60,671	64,16,385	61,05,544	1,84,23,732	16,93,572	7,10,953	4,21,10,857	-
As at April 1st, 2017	19,16,37,519	36,58,67,881	1,61,47,617	55,72,94,064	5,71,95,299	8,97,68,772	1,27,79,11,153	-
Depreciation for the year	16,35,60,720	22,14,56,935	1,82,44,472	38,79,94,386	5,28,65,667	6,69,08,925	91,10,31,105	-
Deductions	1,92,29,894	1,85,42,220	98,26,852	3,88,84,048	38,87,498	16,34,348	9,20,04,860	-
As at Mar 31, 2018	33,59,68,345	56,87,82,596	2,45,65,237	90,64,04,402	10,61,73,468	15,50,43,349	2,09,69,37,398	-
Net Carrying Value								
As at Mar 31, 2018	41,18,69,267	91,78,68,035	2,51,56,865	1,11,38,78,852	10,19,46,274	13,27,35,596	2,70,34,54,888	24,33,400
As at March 31st, 2017	35,72,12,144	81,94,84,526	4,12,83,439	1,10,79,00,939	9,83,25,963	11,17,22,732	2,53,59,29,742	47,100

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 6 : Intangible assets

Intangible assets	(Rupees.)				Total
	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development	
Gross Carrying Value					
As at April 1, 2016	10,59,10,034	48,67,55,951	2,08,54,119	-	61,35,20,104
Additions	2,43,72,008	-	-	24,73,36,286	27,17,08,294
Deductions	1,87,100	31,15,71,866	-	-	31,17,58,966
As at April 1st, 2017	13,00,94,942	17,51,84,085	2,08,54,119	24,73,36,286	57,34,69,432
Additions	5,93,88,693	-	-	-	5,93,88,693
Deductions	1,25,633	-	-	-	1,25,633
As at Mar 31, 2018	18,93,58,002	17,51,84,085	2,08,54,119	24,73,36,286	63,27,32,492
Amortisation and Impairment					
As at April 1, 2016	3,60,99,180	10,29,39,952	1,65,75,430	-	15,56,14,562
Amortisation for the Year	3,84,58,587	8,92,18,510	-	4,94,67,257	17,71,44,354
Deductions	1,15,489	9,88,94,757	-	-	9,90,10,246
As at April 1st, 2017	7,44,42,278	9,32,63,705	1,65,75,430	4,94,67,257	23,37,48,670
Amortisation for the Year	4,60,54,878	3,65,51,224	42,78,689	4,94,67,257	13,63,52,048
Deductions	58,292	-	-	-	58,292
As at Mar 31, 2018	12,04,38,864	12,98,14,929	2,08,54,119	9,89,34,514	37,00,42,426
Net Carrying Value					
As at Mar 31, 2018	6,89,19,138	4,53,69,156	-	14,84,01,772	26,26,90,066
As at March 31st, 2017	5,56,52,664	8,19,20,380	42,78,689	19,78,69,029	33,97,20,762

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Investments

	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Investment in government securities		
National Saving Certificates (Lodged with Sales Tax and Government Authorities)	1,50,000	1,50,000
Total Investments in government securities	1,50,000	1,50,000
Total Investments	1,50,000	1,50,000

7 (b) Trade receivables

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Current		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	6,28,36,17,181	2,65,88,93,188
Doubtful	9,53,45,365	7,49,99,378
Less : Allowance for doubtful debts	(9,53,45,365)	(7,49,99,378)
Total Trade and other receivables	6,28,36,17,181	2,65,88,93,188

Allowance for doubtful debts

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

Movement in allowance for doubtful debt :

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Balance at the beginning of the year	7,49,99,378	7,49,99,378
Add : Allowance for the year	2,03,45,987	-
Less : Write off of bad debts (net of recovery)	-	-
Balance at the end of the year	9,53,45,365	7,49,99,378

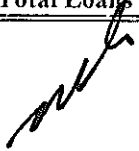
Write off

During the period, the Company has made no write offs of trade receivables and it does not expect to receive future cash flow or recoveries from collection of cash flow previously written off.

7 (c) Loans

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Unsecured considered good		
Non-current		
Loans to employees	34,41,137	14,66,688
	<u>34,41,137</u>	<u>14,66,688</u>
Current		
Loans to employees	2,94,33,418	53,89,937
	<u>2,94,33,418</u>	<u>53,89,937</u>
Total Loans	3,28,74,555	68,56,625

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
7 (d) Cash and cash equivalent

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Balance with Bank		
Current accounts and debit balance in cash credit accounts	76,69,054	5,78,38,548
In Deposit Account	2,03,60,000	12,50,000
Cash on hand	15,946	18,805
Total cash and cash equivalents	2,80,45,000	5,91,07,353

7 (e) Other bank balance

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
In Deposit Account		
Held as Margin Money*	15,95,72,116	15,89,59,804
Lodged with Sales Tax Department	2,09,794	34,73,795
Total other bank balances	15,97,81,910	16,24,33,599
Total cash and bank balances	18,78,26,910	22,15,40,952

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current		
Security deposits	1,80,49,68,544	1,71,41,92,110
Bank deposits with maturity of more than 12 months	1,10,94,106	8,66,875
	1,81,60,62,650	1,71,50,58,985
Current		
Security deposits		
Considered Good - Security deposits	2,83,16,583	3,18,16,583
Doubtful	2,35,00,000	2,00,00,000
Less Allowance for Doubtful Deposits	(2,35,00,000)	(2,00,00,000)
	2,83,16,583	3,18,16,583
Income receivable	-	1,00,00,001
Accrued Interest	34,17,914	17,14,584
Receivable for Business transfer Agreement	-	13,25,08,026
Mark to market of derivative financial instruments	30,095	-
Insurance claim receivable	1,10,22,317	2,00,62,489
Other Receivables	16,79,09,644	12,26,64,463
	21,06,96,553	31,87,66,146
Total financial assets	2,02,67,59,203	2,03,38,25,131

Provision for doubtful deposits

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

Movement in provision for doubtful deposit:

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Balance at the beginning of the year	2,00,00,000	2,00,00,000
Add : Provision made during the year	51,12,740	-
Less : Write off of doubtful deposits (net of recovery)	(16,12,740)	-
Balance at the end of the year	2,35,00,000	2,00,00,000

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

7 (g) Financial assets by category

Particulars	FVTPL	FVOCI	Amortised Cost
March 31,2018			
Investments			
- Government securities	-	-	1,50,000
Trade receivables	-	-	6,28,36,17,181
Loans	-	-	3,28,74,555
Cash & cash equivalents	-	-	18,78,26,910
Other Financial Assets	-	-	2,02,67,59,203
Total Financial assets	-	-	8,53,12,27,849
March 31,2017			
Investments			
- Government securities	-	-	1,50,000
Trade receivables	-	-	2,65,88,93,188
Loans	-	-	68,56,625
Cash & cash equivalents	-	-	22,15,40,952
Other Financial Assets	-	-	2,03,38,25,131
Total Financial assets	-	-	4,92,12,65,896

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

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

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current		
Capital advances	4,89,95,951	4,29,79,809
	4,89,95,951	4,29,79,809
Current		
Considered Good - Advance to suppliers	30,19,08,162	78,06,62,066
Doubtful - Advance to suppliers	8,55,59,602	8,55,59,602
Less : Provision for doubtful advances	(8,55,59,602)	(8,55,59,602)
	30,19,08,162	78,06,62,066
Export incentive receivable	66,93,106	76,77,780
Prepaid expenses	4,53,25,860	7,09,22,751
Other Current Asset	78,75,92,928	41,11,00,633
GST Receivable	9,87,02,512	
	1,24,02,22,568	1,27,03,63,230
Total	1,28,92,18,519	1,31,33,43,039

Provision for Doubtful Advances

Movement in provision for doubtful advances:

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Balance at the beginning of the year	8,55,59,602	8,52,55,413
Add : Provision made during the year		25,60,000
Less : Write off of doubtful advances		(22,55,811)
Balance at the end of the year	8,55,59,602	8,55,59,602

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

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

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Raw materials		
Raw materials and components	4,31,35,510	4,28,22,510
Raw materials in transit	63,84,327	51,32,348
By- product		-
Stock-in-trade	6,97,40,18,706	6,58,41,19,504
Stock-in-trade in transit	1,52,23,619	3,02,06,220
Packing materials	6,23,14,882	5,78,91,327
Total	7,10,10,77,044	6,72,01,71,909

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Tax Paid in Advance (Net of Provision)	10,12,56,030	11,16,91,759
Total	10,12,56,030	11,16,91,759

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 11 : Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
Authorised share capital				
Equity shares of Rs.10 each	8,50,00,000	85,00,00,000	7,50,00,000	75,00,00,000
Issued and subscribed share capital				
Equity shares of Rs.10 each	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030
Subscribed and fully paid up				
Equity shares of Rs.10 each	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030
Equity Share Suspense Account (Share application)				
Total	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
At the beginning of the period	5,43,97,003	54,39,70,030	3,36,35,100	33,63,51,000
Add :				
Shares issued during the year	2,68,81,720	26,88,17,200	2,07,61,903	20,76,19,030
Outstanding at the end of the period	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030

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. Shares held by holding company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
Holding Company - Arvind Fashions Limited (along with nominees)	8,12,78,723	81,27,87,230	5,43,97,003	54,39,70,030

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Fashions Limited (along with nominees)	8,12,78,723	100.00%	5,43,97,003	100.00%

11.5. Shares allotted as fully paid up pursuant to contract without payment being received in cash (during 5 years immediately preceding March 31, 62,85,000 shares of Rs. 10 each were allotted as fully paid up in the year 2013-14 pursuant to the scheme of arrangement without payment being received in cash.

11.6. Shares reserved for issue under options

Refer Note 38 for details of shares to be issued under options

11.7. Objective, policy and procedure of capital management, refer Note 37

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 12 : Other Equity

Balance	As at March 31, 2018		As at March 31, 2017	
	In Rs.		In Rs.	
Note 12.1 Reserves & Surplus				
Capital reserve				
Balance as per last financial statements		59,05,31,059		59,05,31,059
Add: Addition for the year		-		-
Balance at the end of the year		<u>59,05,31,059</u>		<u>59,05,31,059</u>
Securities premium account				
Balance as per last financial statements		7,34,93,80,770		4,77,70,00,000
Add: Addition during the year		2,23,11,82,760		2,57,23,80,770
Balance at the end of the year		<u>9,58,05,63,530</u>		<u>7,34,93,80,770</u>
Contribution from Parent for ESOP (Refer Note 38)				
Balance as per last financial statements		26,17,757		-
Add: Contribution received during the year		48,25,394		26,17,757
Balance at the end of the year		<u>74,43,151</u>		<u>26,17,757</u>
Surplus in statement of profit and loss				
Balance as per last financial statements		(3,45,05,04,130)		(3,70,78,29,711)
Add: profit for the year		(4,09,09,181)		26,24,29,811
Add / (Less): OCI for the year		(1,16,02,668)		(51,04,230)
		<u>(3,50,30,15,979)</u>		<u>(3,45,05,04,130)</u>
Less: Appropriation		-		-
Balance at the end of the year		<u>(3,50,30,15,979)</u>		<u>(3,45,05,04,130)</u>
Total Other equity		<u>6,67,55,21,761</u>		<u>4,49,20,25,456</u>

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2018		As at March 31, 2017	
	In Rs.		In Rs.	
Long-term Borrowings (refer note I to II below)				
Non-current portion				
Secured				
Term loan from Banks		30,06,83,630		77,68,97,250
Unsecured				
Non Convertible Debentures		49,98,82,426		74,95,03,037
		<u>80,05,66,056</u>		<u>1,52,64,00,287</u>
Current maturities				
Secured				
Term loan from Banks		48,70,15,433		27,25,43,064
Term loan from Financial Institutions and others		-		10,81,451
Non Convertible Debentures		24,98,34,400		-
		<u>73,68,49,833</u>		<u>27,36,24,515</u>
Total long-term borrowings		<u>1,53,74,15,889</u>		<u>1,80,00,24,802</u>
Short-term Borrowings (refer note III below)				
Secured				
Working Capital Loans repayable on demand from Banks (including channel financing)		2,43,05,91,532		2,33,90,92,493
Unsecured				
Under Buyer's Credit Arrangement		24,18,91,791		30,82,58,210
Incorporate Deposits - From Related Parties		54,51,38,805		1,36,21,03,192
				From Others
				6,50,959
Commercial Paper		50,00,00,000		-
Working Capital Loans repayable on demand from Banks		30,00,00,000		-
Total short-term borrowings		<u>4,01,82,73,087</u>		<u>4,00,94,53,895</u>
Total borrowings		<u>5,55,56,88,976</u>		<u>5,80,94,78,697</u>

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

I Details of Term Loans

- a Loans of Rs 74,73,59,763 is secured against first charge over the entire fixed assets of the company both present and future and second charge is created over the entire stock, receivables and other current assets of the company excluding stocks of Nautica Brand.
- b Secured Loans of Rs. 74,73,59,763 are guaranteed by Arvind Limited being the Ultimate holding Company and Secured Loans of Rs. 32,58,14,562 are additionally guaranteed by Arvind Fashions Limited being the Holding Company.
- c Hire Purchase Loan from Banks and Others of Rs 4,03,39,300 are secured by hypothecation of related vehicles
- d **Rate of Interest and Terms of Repayment**

Particulars	As on March 18	Range of Interest (%)	Terms of Repayment from Balance sheet date
From Banks			
Rupee Loans	74,73,59,763	8.30% to 8.65%	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Hire Purchase Loan	4,03,39,300	8.50% to 9%	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

II Details of Unsecured Borrowings- Non Convertible Debentures

Non Convertible Debentures of Rs 74,97,16,826 are bearing interest of 10.35% per annum by 750 Non Convertible Debentures of face value 1,000,000 each are redeemable at par in 3 equal annual instalments starting from July 27, 2018

III Details of Short Term Borrowing

a Nature of Security

Cash Credit and Other Facilities from Banks

Loans from banks are secured by:

- First charge over entire stocks, receivables and other current assets excluding stocks of Nautica Brand and second charge over entire fixed assets of the Company both present and future including but not limited to in relation to textile division at ahmedabad etc.
- Working Capital Loan of Rs 243,05,91,531 is secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company and Working Capital Loans of Rs 227.83.82,790 are additionally secured by Gaurantee of Arvind Fashions Limited, the holding Company.

b Rate of Interest

- Loans from banks carry interest rates ranging from 0.5% to 1.5% above base rate.
- Buyers Credit carry interest ranging from 2.25% to 5.04%
- Inter Corporate Deposits carry interest @ 5.00% per annum.
- Working Capital Loans carry interest ranging from 6.76% to 9.9%.
- Commercial Paper carries interest rate of 7.95%.

- c Unsecured Loans of Rs 30,00,00,000 is guaranteed by Arvind Limited, the ultimate holding company.

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

13 (b) Trade payable

Particulars	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
Current		
Acceptances	1,64,64,85,913	1,07,91,63,909
Dues to Micro, Small and Medium Enterprises	28,92,27,625	29,82,92,590
Other trade payable (Refer note below)	5,47,11,98,616	4,37,71,02,466
Total	7,40,69,12,154	5,75,45,58,965

a Acceptance and Other trade payables are not-interest bearing and are normally settled on 30-90 days terms

Disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	28,92,27,625	33,21,96,624
(b) Interest paid during the year;	1,87,46,845	1,65,72,726
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	2,13,22,30,820	1,80,49,17,178
(d) Interest due and payable for the period of delay in making	5,63,33,634	3,39,04,034
(e) Interest accrued and unpaid at the end of the accounting	5,63,33,634	3,39,04,034
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are	5,63,33,634	3,15,79,878

13 (c) Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
Non-current		
Deposits from customers and others	41,73,77,180	44,02,90,068
	41,73,77,180	44,02,90,068
Current		
Current maturity of long term borrowings	73,68,49,833	27,36,24,515
Interest accrued but not due	8,60,92,224	8,51,96,572
Interest accrued and due	5,63,33,634	3,39,04,034
Payable to employees	24,34,82,481	18,10,91,253
Book overdraft	2,37,84,802	2,87,62,393
Payable in respect of capital goods	20,47,49,306	8,55,53,173
Mark to market of derivative financial instruments	-	92,29,827
Other financial liabilities	6,40,17,276	54,10,074
	1,41,53,09,556	70,27,71,841
Total	1,83,26,86,736	1,14,30,61,909

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
13 (d) Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised Cost
31-Mar-18			
Borrowings	-	-	4,81,88,39,143
Trade payable	-	-	7,40,69,12,154
Other financial liabilities	-	-	6,40,17,276
Current maturity of long term borrowings	-	-	73,68,49,833
Payable to employees	-	-	24,34,82,481
Deposits from customers and others	-	-	41,73,77,180
Interest accrued and due	-	-	5,63,33,634
Interest accrued but not due	-	-	8,60,92,224
Payable in respect of capital goods	-	-	20,47,49,306
Mark to market of derivative financial instruments	-	-	-
Book overdraft	-	-	2,37,84,802
Total Financial liabilities	-	-	14,05,84,38,033
March 31, 2017			
Borrowings	-	-	5,53,58,54,182
Trade payable	-	-	5,75,45,58,965
Other financial liabilities	-	-	54,10,074
Current maturity of long term borrowings	-	-	27,36,24,515
Payable to employees	-	-	18,10,91,253
Deposits from customers and others	-	-	44,02,90,068
Interest accrued and due	-	-	3,39,04,034
Interest accrued but not due	-	-	8,51,96,572
Payable in respect of capital goods	-	-	8,55,53,173
Mark to market of derivative financial instruments	92,29,827	-	-
Book overdraft	-	-	2,87,62,393
Total Financial liabilities	92,29,827	-	12,42,42,45,229

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

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

Note 14 : Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encasement	7,40,27,780	5,69,57,462
Provision for Gratuity	6,15,35,374	3,00,10,204
	13,55,63,154	8,69,67,666
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encasement	91,83,676	1,12,68,632
Others		
Provision for Wealth tax	1,46,070	1,46,070
Provision for litigation/disputed matters	9,97,02,733	3,00,00,000
	10,90,32,479	4,14,14,702
Total	24,45,95,633	12,83,82,368

Provision for Litigation/Disputes

The Group has made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

The movement in the provision account is as under:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance as per last financial statements	3,00,00,000	3,00,00,000
Addition / Settlement during the year (Net)	6,97,02,733	-
Balance at the end of the year	9,97,02,733	3,00,00,000

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 15 : Other current / Non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
Current		
Advance from customers	4,56,70,679	1,60,33,180
Statutory dues including provident fund and tax deducted at source	11,54,44,969	21,87,94,983
Deferred income of loyalty program reward points (Refer note a below)	4,22,58,072	2,81,24,899
Total	20,33,73,720	26,29,53,062

a Deferred income of Loyalty Program Reward Points

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

Particulars	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
Balance as per last financial statements	2,81,24,899	4,34,69,627
Add: Provision made during the year (Net)	7,37,58,650	6,82,24,381
(Less): Redemption made during the year	(5,96,25,477)	(8,35,69,109)
Balance at the end of the year	4,22,58,072	2,81,24,899

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 16 : Revenue from operations

Particulars	2017-18 In Rs.	2016-17 In Rs.
Sale of products	25,46,30,67,675	25,26,56,06,446
Sale of services	42,87,83,875	26,37,18,740
Operating income		
Export incentives	23,41,829	89,11,706
Miscellaneous receipts	18,55,271	15,72,869
	41,97,100	1,04,84,575
Total	25,89,60,48,650	25,53,98,09,761

Note 17 : Other income

Particulars	2017-18 In Rs.	2016-17 In Rs.
Interest income	2,27,07,358	1,03,39,219
Profit on sale of fixed assets (Net)	15,54,970	11,13,615
Exchange Difference (Net)	38,42,471	1,24,04,811
Miscellaneous income	71,81,318	1,24,32,608
Total	3,52,86,117	3,62,90,253

Note 18 : Cost of raw materials and accessories consumed

Particulars	2017-18 In Rs.	2016-17 In Rs.
Stock at the beginning of the year	4,28,22,510	5,84,12,746
Add : Purchases	1,81,26,231	21,11,822
	6,09,48,741	6,05,24,568
Less : Inventory at the end of the year	4,31,35,510	4,28,22,510
Raw materials and accessories consumed	1,78,13,231	1,77,02,058
Total	1,78,13,231	1,77,02,058

Note 19 : Purchases of stock-in-trade

Particulars	2017-18 In Rs.	2016-17 In Rs.
Garmens	13,26,20,37,420	12,74,55,60,519
Total	13,26,20,37,420	12,74,55,60,519

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Arvind Lifestyle Brands Limited

Notes to the Financial Statements

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

Particulars	2017-18 In Rs.	2016-17 In Rs.
Stock at the end of the year		
Stock-in-trade	6,97,40,18,706	6,58,41,19,504
	6,97,40,18,706	6,58,41,19,504
Stock at the beginning of the year		
Stock-in-trade	6,58,41,19,504	6,55,53,98,296
	6,58,41,19,504	6,55,53,98,296
(Increase) / Decrease in stocks	(38,98,99,202)	(2,87,21,208)
Total	(38,98,99,202)	(2,87,21,208)

Note 21 : Employee benefits expense

Particulars	2017-18 In Rs.	2016-17 In Rs.
Salaries, wages, bonus, etc. (Refer Note 30)	2,22,81,58,299	1,93,25,70,079
Contribution to provident, gratuity and other funds	18,60,10,946	16,02,59,274
Welfare and training expenses	19,37,03,252	16,76,99,213
Share based payment to employees-Expenses	48,25,393	26,17,757
Total	2,61,26,97,890	2,26,31,46,323

Note 22 : Finance costs

Particulars	2017-18 In Rs.	2016-17 In Rs.
Interest expense - Loans		
Term Loans	8,20,10,741	13,35,69,125
Cash Credit Facilities	8,96,22,200	6,53,84,573
Interest expense - others	38,20,24,576	46,98,78,529
Other finance cost	11,73,87,271	17,74,81,810
Total	67,10,44,788	84,63,14,037

Note 23 : Depreciation and amortization expense

Particulars	2017-18 In Rs.	2016-17 In Rs.
Depreciation on Tangible assets (Refer Note 5)	91,10,31,105	71,51,82,660
Amortization on Intangible assets (Refer Note 6)	13,63,52,048	17,71,44,354
Total	1,04,73,83,153	89,23,27,014

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Arvind Lifestyle Brands Limited

Notes to the Financial Statements

Note 24 : Other expenses

Particulars	2017-18 In Rs.	2016-17 In Rs.
Power and fuel	30,50,37,366	30,60,12,749
Insurance	3,16,81,119	2,94,92,041
Processing charges	2,00,88,552	3,09,48,232
Printing, stationery & communication	11,41,29,717	11,68,51,124
Rent Expenses	2,41,70,46,828	2,37,75,61,088
Commission & Brokerage	97,53,77,504	91,36,94,260
Rates and taxes	4,71,77,300	11,27,51,223
Repairs :		
- Building	1,19,42,913	1,04,02,815
- Others	50,38,27,605	45,17,60,188
Royalty on Sales	83,46,52,368	90,64,75,345
Freight, insurance & clearing charge	27,29,89,269	25,84,19,743
Octroi	1,81,32,616	7,19,84,365
Legal & Professional charges	15,80,07,108	11,07,87,206
Housekeeping Charges	9,90,98,599	9,54,91,447
Security Charges	10,87,64,949	10,81,41,634
Computer Expenses	10,37,49,169	9,78,37,620
Conveyance & Travelling expense	17,91,53,326	21,14,72,218
Advertisement and publicity	95,13,94,223	1,02,47,53,407
Design Fees	17,83,924	54,72,150
Charges for Credit Card Transactions	12,12,61,507	11,37,45,863
Packing Materials Expenses	9,25,56,707	12,47,48,606
Contract Labour Charges	84,84,20,959	80,35,38,120
Sampling and Testing Expenses	13,84,08,155	11,07,45,605
Director's sitting fees	1,77,200	2,60,000
Provision for doubtful debts and advances (net)	51,12,740	25,60,000
Allowance for doubtful debts (note 7 b)	2,03,45,987	-
Provision for Litigation/Disputes (note 14)	6,97,02,733	-
Auditor's remuneration (Refer Note below)	87,09,000	65,80,000
Business Conducting Fees	1,08,60,408	54,71,866
Bank charges	4,23,07,213	4,37,03,316
Warehouse Charges	10,76,03,610	14,37,19,099
Loss on assets sold, demolished, discarded and scrapped	7,09,75,037	97,66,528
HVAC Charges	7,41,27,354	5,00,50,422
Miscellaneous expenses	6,50,54,194	4,29,45,428
Total	8,82,96,57,259	8,69,81,43,708

Payment to Auditors (Net of taxes)

Particulars	2017-18 In Rs.	2016-17 In Rs.
Payment to Auditors as		
Auditors	52,00,000	35,80,000
For tax audit	11,70,000	10,00,000
For Other certification work	20,48,020	10,00,000
For reimbursement of expenses	2,90,980	10,00,000
Total	87,09,000	65,80,000

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 25 : Income tax

The major component of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Particulars	2017-18 In Rs.	2016-17 In Rs.
Statement of Profit and Loss		
Current tax		
Current income tax	-	-
Short provision related to earlier periods	-	28,20,720
Deferred tax		
Deferred tax expense/(income)	(7,84,90,591)	(12,36,22,968)
Income tax expense reported in the statement of profit and loss	(7,84,90,591)	(12,08,02,248)

OCI section

Particulars	2017-18 In Rs.	2016-17 In Rs.
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	(62,32,225)	(27,01,358)
Deferred tax charged to OCI	(62,32,225)	(27,01,358)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 and March 31, 2017.

A) Current tax

Particulars	2017-18 In Rs.	2016-17 In Rs.
Accounting profit/(loss) before tax from continuing operations	(11,93,99,772)	14,16,27,563
Tax @ 34.944% (March 31, 2017: 34.608%)	(4,17,23,056)	4,90,14,467
Adjustment		
Other non-deductible expenses	1,56,85,965	96,66,780
Recognition of deferred tax assets not recognised in earlier period due to absence of probable certainty	-	(17,94,83,499)
Pate differences and other reasons	(5,24,53,500)	-
At the effective income tax rate of 65.74 % (March 31, 2017 -85.30%)	(7,84,90,591)	(12,08,02,252)

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	In Rs.	In Rs.	In Rs.	In Rs.
Accelerated depreciation for tax purposes	71,13,11,873	47,26,68,150	(23,86,43,723)	(9,60,64,811)
Effective Interest Method Term Loan	(3,41,703)	-	3,41,703	-
Impairment of Receivables/Advances(including allowance for ECL)	-	5,60,61,531	5,60,61,531	(72,43,455)
Expenditure allowable on payment basis(43 B)	6,50,92,153	5,67,57,120	(83,35,033)	(34,60,800)
Unused losses available for offsetting against future taxable income	1,10,20,31,845	1,23,24,06,467	13,03,74,622	(1,20,03,34,775)
Impact of deferral of revenue, net of related cost	-	-	-	1,08,05,98,771
Unused tax credit available for offsetting against future taxable income	9,83,18,163	9,83,18,163	-	(28,20,720)
Others	2,69,46,250	24,24,334	(2,45,21,916)	10,30,01,464
Deferred tax expense/(income)			(8,47,22,816)	(12,63,24,326)
Net deferred tax assets/(liabilities)	2,00,33,58,581	1,91,86,35,765		
Reflected in the balance sheet as follows				
Deferred tax assets	2,00,37,00,284	1,91,94,05,690		
Deferred tax liabilities	(3,41,703)	(7,69,925)		
Deferred tax liabilities (net)	2,00,33,58,581	1,91,86,35,765		

Reconciliation of deferred tax assets / (liabilities), net	2017-18 In Rs.	2016-17 In Rs.
Opening balance as of April 1	1,91,86,35,765	1,79,23,11,439
Tax income/(expense) during the period recognised in profit or loss	7,84,90,591	12,36,22,968
Tax income/(expense) during the period recognised in OCI	62,32,225	27,01,358
Closing balance as at March 31	2,00,33,58,581	1,91,86,35,765

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

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Note 26 : Contingent liabilities

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	In Rs.		In Rs.	
Contingent liabilities not provided for				
a. Bills discounted		7,87,65,657		3,77,34,896
b. Claims against Company not acknowledged as debts		6,66,41,931		2,79,02,209
c. Disputed demands in respect of				
Excise/Customs duty		18,61,064		18,61,064
Sales tax and VAT (Refer note 1 below)		2,01,01,14,304		1,56,36,18,913
Income tax		3,91,84,003		2,90,31,509
Textile Committee Cess		10,94,000		10,94,000
Provident Fund		75,60,000		75,60,000

Note

- Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the Company has collected forms covering substantial amount of demand. The Company is in the process of collecting balance forms and hence no provision is considered necessary for the same.
- The Company does not expect any reimbursements in respects of the above contingent liabilities.

Note 27: Capital commitment and other commitments

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	In Rs.		In Rs.	
Capital commitments				
Estimated amount of Contracts remaining to be executed on capital account and not provided for		20,32,51,896		19,10,52,988
Other commitments				
		-		-

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of instrument	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rs.	In FC	In Rs.
Forward contracts					
Purchase	USD	15,25,503	9,96,28,125	38,79,818	25,16,06,197

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

B. Exposure Not Hedged

Nature of exposure	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rs.	In FC	In Rs.
Receivables	USD	1,69,159	1,10,24,921	74,241	48,14,505
Payable towards borrowings	USD	21,94,680	14,30,38,284	8,90,261	5,77,33,420
Payable to creditors	USD	28,96,265	18,87,64,080	14,06,411	9,12,05,757
	EURO	1,68,030	1,35,78,100	91,559	63,44,354
	SEK	94,786	7,45,494	1,35,059	9,81,542

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Note 29 : Segment Reporting

The Company's business activity falls within a single primary business segment of Retail Trade through Retail and Departmental Store facilities. Accordingly the Company is a single segment company in accordance with Ind AS 108 "Operating Segment".

Geographical segment

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

Particulars	March 31, 2018	March 31, 2017
Segment Revenue*		
a) In India	25,81,33,26,137	25,36,22,71,109
b) Rest of the world	8,27,22,513	17,75,38,652
Total Sales	25,89,60,48,650	25,53,98,09,761
Carrying Cost of Segment Assets**		
a) In India	21,98,36,91,456	17,85,59,91,467
b) Rest of the world	1,10,24,921	48,14,505
Total	21,99,47,16,377	17,86,08,05,972
Carrying Cost of Segment Non Current Assets**@		
a) In India	3,01,75,74,305	2,91,86,77,413
b) Rest of the world	-	-
Total	3,01,75,74,305	2,91,86,77,413

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax assets.

Note:

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

Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs.12,68,22,404 (March 31, 2017: Rs.11,00,18,658) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

Particulars	As at March 31, 2018		As at March 31, 2017	
	In Rs.		In Rs.	
Provident Fund	6,00,75,397		5,31,35,696	
Contributory Pension Scheme	6,51,60,858		5,54,27,840	
Superannuation Fund	15,86,149		14,55,722	
	<u>12,68,22,404</u>		<u>11,00,18,658</u>	

B. Defined benefit plans:

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

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, 2018 : Changes in defined benefit obligation and plan assets

	April 1, 2017		March 31, 2018								
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2018
Gratuity											
Defined benefit obligation	6,61,00,745		3,50,23,932	(1,49,41,081)		(47,16,225)	75,23,023	28,06,798			8,95,90,394
Fair value of plan assets	(3,60,90,541)		(16,35,877)	1,43,41,081		-	-	(98,81,327)			(2,80,55,020)
Benefit liability	3,00,10,204		24,30,307	3,33,88,055		(47,16,225)	75,23,023	(70,74,529)			52,11,644
Total benefit liability	3,00,10,204		24,30,307	3,33,88,055		(47,16,225)	75,23,023	(70,74,529)			6,15,35,374

March 31, 2017 : Changes in defined benefit obligation and plan assets

	April 1, 2016		March 31, 2017								
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2017
Gratuity											
Defined benefit obligation	5,94,74,966		2,62,49,882	(68,38,239)		26,24,729	(27,71,067)	24,63,752	(1,52,49,616)		6,61,00,745
Fair value of plan assets	(2,64,02,544)		(26,74,822)	68,38,239		-	-	53,41,836			(3,60,90,541)
Benefit liability	3,30,72,422		13,01,366	3,33,75,060		26,24,729	(27,71,067)	78,05,588	(1,52,49,616)		3,00,10,204
Total benefit liability	3,30,72,422		13,01,366	3,33,75,060		26,24,729	(27,71,067)	78,05,588	(1,52,49,616)		3,00,10,204

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

Particulars	Year ended March 31, 2018 (% of total plan assets)	Year ended March 31, 2017 (% of total plan assets)
Others Insurance company Products	100%	100%
(%) of total plan assets	100%	100%

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.50%	6.90%
Future salary increase	5.00%	5.00%
Medical cost inflation	0.00%	0.00%
Expected rate of return on plan assets	7.50%	6.90%
Attrition rate	18% on Front End Employee 7% on Other Employee	18% on Front End Employee 7% on Other Employee
Mortality rate during employment	Indian assured lives Mortality(2006-08)	N.A.
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)	
		Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Gratuity			
Discount rate	50 basis points increase	(78,57,582)	(23,02,751)
	50 basis points decrease	1,11,358	24,57,217
Salary increase	50 basis points increase	43,33,118	18,06,490
	50 basis points decrease	(40,30,810)	(17,23,185)
Attrition rate	50 basis points increase	4,61,470	1,86,577
	50 basis points decrease	(5,35,292)	(2,70,362)

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

Particulars	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Gratuity		
Within the next 12 months (next annual reporting period)	48,37,195	49,99,253
Between 2 and 5 years	4,79,28,868	4,95,60,371
Beyond 5 years	15,09,10,749	11,37,54,045
Post employment medical benefits	20,36,76,812	16,83,13,669
Total expected payments	20,36,76,812	16,83,13,669

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

Particulars	Year ended March 31, 2018 Years	Year ended March 31, 2017 Years
Gratuity	7 Years	7 Years

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 39,465,360 (Previous Year Rs. 40,058,101) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 11: Related Party Transactions

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

a Name of Related Parties and Nature of Relationship:

Ultimate Holding Company		Holding Company		Follow Subsidiary Companies		Key Management Personnel and relatives		Joint Venture/Limited Liability Partnership of the Ultimate Holding Company		Company under the control of Key Managerial Personnel of Ultimate Holding Company		Company under the control of Relative of Key Managerial Personnel of Ultimate Holding Company	
Sr No.	(A)	Sr No.	(B)	Sr No.	(C)	Sr No.	(D)	Sr No.	(E)	Sr No.	(F)	Sr No.	(G)
1	Arvind Limited	1	Arvind Fashions Ltd	1	The Aamp Engineering Limited Systal Telecom Limited	1	Suresh Jayaraman, Managing Director	1	Aaya Omnitalk Radio Tuning Services Private Limited	1	Aura Securities Private Limited	1	White Oceans LLP
				2	Arvind Transformational Solutions Pvt Ltd	2	Nannam S, Chief Financial Officer	2	Arvind & Smart Value Homes LLP	2	Ambius Capital Advisors Pvt Ltd.	2	
				3	Arvind Envisol Limited	3	Vijay Kumar B S, Company Secretary	3	Andrama Developers Private Limited	3	Arvind Infrastructure Limited	3	
				4	Arvind PD Composites Private Limited			4	Eubay Converged Technologies LLP	4	Aaveshan Heavy Engineering Ltd.	4	
				5	Arvind Worldwide Inc, USA			5	Marun & Omet Infrabuild LLP				
				6	Tommy Hilfiger Arvind Fashions Private Limited								
				7	Calvin Klein Arvind Fashion Pvt Ltd								
				8	Aaya Omnitalk Wireless Solutions Pvt Ltd.								
				9	Arvind Textile Mills Limited, Bangladesh								
				10	Arvind Goodwill Suit Manufacturing Private Limited								
				11	Arvind Niloy Exports Pvt. Ltd., Bangladesh								
				12	Arvind OG Nonovens Pvt. Limited								
				13	Arvind Enterprise PZC								
				14	Arvind Beauty Brands Private Limited								
				15	Arvind Interact Pvt.Ltd.								
				16	Arvind Lifestyle Apparel Manufacturing PLC,Ethiopia								
				17	Westech Advanced Material Limited								
				18	Arvind Envisol PLC, Ethiopia								
				19	Arvind True Blue Limited								
				20	Arvind Premium Retail Limited								
				21	Arvind Ruf & Tuf Pvt.Limited								
				22	Arvind Smart Textiles Ltd.								
				23	Arvind Foundation								
				24	Dholak Textile Park Private Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								
				25	Arvind Garments Park Private Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								
				26	Arvind Brands and Retail Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								
				27	Arvind Brands and Retail Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								

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

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Arvind Lifestyle Brands Limited

b Disclosure in respect of Related Party Transactions :

Rupees

Nature of Transactions	Year ended	
	March 31, 2018	March 31, 2017
Purchase of Goods and Materials		
Arvind Limited	15,77,29,007	19,75,33,487
Arvind Goodhill Suit Manufacturing Private Limited	44,800	68,04,481
Arvind Fashions Limited	2,24,87,37,472	52,29,56,518
Arvind Sports Lifestyle Limited	-	1,52,83,938
Purchase of Fixed Assets		
Arvind Limited	16,98,589	20,91,800
Sales of Goods and Materials		
Arvind Limited	7,73,45,883	31,58,88,346
Asman Investments Limited	-	30,41,471
Arvind Fashions Limited	69,77,499	-
Sale of Fixed Assets		
Arvind Beauty Brands Retail Private Limited	-	3,429
Arvind Fashions Limited	65,35,980	-
Rendering of Services		
Arvind Limited-Royalty	2,62,25,330	3,26,79,945
Arvind Limited-Rent	10,82,064	52,52,436
Arvind Fashions Limited-Margin Income	1,41,354	2,68,27,738
Arvind Fashions Limited-Royalty	33,39,16,238	9,84,99,151
Arvind Limited-Shared service	3,68,84,609	-
Arvind Beauty Brands Retail Private Limited-Commission Income	41,61,040	-
Arvind True Blue Ltd-Rent Income	56,37,620	-
Arvind True Blue Ltd-Commission Income	2,54,950	-
Arvind Ruf And Tuf Pvt Ltd-Commission Income	3,94,121	-
Receiving of Services		
Arvind Limited-Agent Commission	1,52,61,965	3,74,52,899
Arvind Limited-Rent	48,00,000	50,40,000
Arvind Limited- Site Maintenance	4,60,93,959	-
White Oceans LLP- Commission Exp	1,22,92,258	-
Interest Expense		
Arvind Limited	6,82,59,992	20,21,40,237
Arvind Brands & Retail Limited	-	2,00,10,608
Arvind Envisol Ltd	15,98,140	-
Remuneration		
Mr. Kannan Soundarajan	-	1,08,54,210
Others - Shared Services		
Arvind Limited	30,23,413	71,61,439
Calvin Klein Arvind Fashion Private Limited	2,46,97,000	5,64,93,472
Arvind Beauty Brands Retail Private Limited	2,85,39,568	6,64,42,097
Arvind Fashions Limited	7,75,36,262	12,53,56,941
Arvind True Blue Ltd	24,86,951	-
Business Transfer		
Arvind Fashions Limited	-	2,53,25,08,025
Loan Given/(Repaid) (Net)		
Arvind Limited	1,35,19,26,213	46,46,34,163
Issue of Equity Shares		
Arvind Brands and Retail Limited	-	77,99,99,850
Arvind Fashions Limited	2,50,00,00,000	1,99,99,99,950
Receivable in respect of Current Assets		
Arvind Limited	8,66,08,025	10,39,54,830
Calvin Klein Arvind Fashion Private Limited	13,77,768	2,18,68,902
Arvind Fashions Limited	-	63,41,42,302
Arvind Fashions Brands Limited	-	75,261
Arvind True Blue Ltd	9,66,479	-
Arvind Beauty Brands Retail Private Limited	1,00,03,116	-
Payable in respect of Loan		
Arvind Limited	1,01,76,979	1,36,21,03,192
Arvind Envisol Limited	53,49,61,826	-
Payable in respect of Current Liabilities		
Arvind Limited	30,04,28,135	30,26,34,672
Arvind Beauty Brands Retail Private Limited	-	4,31,04,444
Arvind Goodhill Suit	44,800	-
Arvind Fashions Limited	15,32,77,559	-
Arvind Ruf and Tuf Pvt Ltd	8,09,520	-

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c Transactions and Balance :

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Joint Venture Subsidiary of Holding and Ultimate Holding Company		Joint Venture Subsidiary of Holding and Ultimate Holding Company	
	Year ended:		Year ended:		Year ended:		Year ended:		Year ended:	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions										
Purchase of Goods and Materials	15,77,29,007	19,75,33,487	2,24,87,37,472	52,29,56,518	44,806	1,52,83,938		68,04,481		
Purchase of Fixed Assets	16,98,589	20,91,800								
Sales of Goods and Material	7,73,45,883	31,58,88,746	69,77,499	65,35,980		30,41,471				
Sale of Fixed Assets						3,429				
Rendring of Services	6,41,92,003	3,79,32,381	33,40,57,592	9,84,99,151	1,04,47,731					
Receiving of Services	5,61,55,923	4,24,92,899								
Interest Expense	6,82,59,992	30,21,40,237								
Other Expenses-Shared Services	30,23,413	71,61,439	7,75,36,262	12,53,56,941	15,98,140	200,10,608		5,64,93,472		
Business Transfer				2,53,25,08,025	5,57,23,519	6,64,42,097				
Loan Given/(Repaid) (Net)	1,35,19,26,213	46,46,34,163								
Issue of Equity shares			2,50,00,00,000	2,77,99,99,800						

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Joint Venture Subsidiary of Holding and Ultimate Holding Company		Joint Venture Subsidiary of Holding and Ultimate Holding Company	
	Year ended:		Year ended:		Year ended:		Year ended:		Year ended:	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Balances as at year end										
Trade and Other Receivable	8,66,08,025	10,39,54,830		63,41,42,302	1,23,47,363	4,37,42,205		2,18,68,902		
Receivable/(Payable) in respect of Loans	(1,01,76,979)	(1,36,21,03,192)			(53,49,61,826)					
Trade and Other Payable	30,04,28,135	30,26,14,672	15,32,77,559	1,81,37,547	8,54,320	4,50,46,995				

d Terms and conditions of transactions with related parties

- Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken at the year-end are unsecured and interest free and settlement occurs in cash.
- Loans in INR taken from the related party carries interest rate 8% (March 31, 2016 : 10.25%)

c Transactions with key management personnel

Compensation of key management personnel of the Company

Particulars	2017-18	2016-17
	Rupees	Rupees
Short-term employee benefits		1,05,65,868
Termination benefits		2,88,342.00
Share based payments		
Total compensation paid to key management personnel		1,08,54,210

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel (excluding expense of post-employment medical benefits).

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 32 : Earning per share

Particulars		2017-18 In Rs.	2016-17 In Rs.
Earing per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	Rs.	(4,09,09,181)	26,24,29,811
Total no. of equity shares at the end of the year	Nos.	8,12,78,723	5,43,97,003
Weighted average number of equity shares			
For basic EPS		6,81,69,281	3,71,27,337
For diluted EPS		6,81,69,281	3,71,27,337
Nominal value of equity shares	Rs.	10	10
Basic earning per share	Rs.	(0.60)	7.07
Diluted earning per share	Rs.	(0.60)	7.07
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS		6,81,69,281	3,71,27,337
Effect of dilution: Share options		-	-
Weighted average number of equity shares adjusted for the effect of dilution		6,81,69,281	3,71,27,337

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Note 33 : Lease Rent

Operating Lease

- (A) Office Premises, Showrooms and other facility are taken on lease period of 1 to 9 years with option of renewal.
The particulars of these leases are as follows:

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	33,53,15,411	65,32,54,413
Later than one year and not later than five years	16,32,18,126	35,78,05,462
Lease Payment recognised in Statement of Profit and Loss	2,35,40,44,618	2,34,01,92,926

- (B) Equipments are taken on operating lease for a period of 5 years with the option of renewal
The particulars of these leases are as follows:

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	6,24,88,474	6,23,02,392
Later than one year and not later than five years	15,55,29,317	21,72,73,465
Lease Payment recognised in Statement of Profit and Loss	6,30,02,210	3,73,68,162

- (C) Sub-lease income includes receipt towards office premises, and Sub-lease agreement is for a period of 60 months. Sub-lease income received (or receivable) recognized in the Statement of Profit and Loss amounts to Rs.10,82,064 (Previous Year Rs. 52,52,436)

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

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

Particulars	Carrying amount		Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.	In Rs.	In Rs.
Financial assets				
Investments measured at amortized cost	1,50,000	1,50,000	1,50,000	1,50,000
Other financial assets- derivative financial instruments	30,095	-	30,095	-
Total	1,80,095	1,50,000	1,80,095	1,50,000
Financial liabilities				
Borrowings	5,55,56,88,976	5,80,94,78,697	5,56,08,43,230	5,82,51,35,397
Other financial liabilities - derivative financial instruments	-	92,29,827	-	92,29,827
Total	5,55,56,88,976	5,81,87,08,524	5,56,08,43,230	5,83,43,65,224

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

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

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

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

Note 35 : Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2018 and March 31, 2017

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		In Rs.	In Rs.	In Rs.
As at March 31, 2018				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	March 31, 2018	1,50,000	-	1,50,000
Other financial assets -derivative financial instruments	March 31, 2018	30,095	30,095	-
As at March 31, 2017				
Assets measured at fair value				
Fair value through amortised cost investments				
Investment	March 31, 2017	1,50,000	-	1,50,000

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2018 and March 31, 2017

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		In Rs.	In Rs.	In Rs.
As at March 31, 2018				
Liabilities measured at fair value				
Borrowings	March 31, 2018	5,55,56,88,976	-	5,55,56,88,976
As at March 31, 2017				
Liabilities disclosed at fair value				
Borrowings	March 31, 2017	5,80,94,78,697	-	5,80,94,78,697
Liabilities measured at fair value				
Derivative financial liabilities	March 31, 2017	92,29,827	92,29,827	-

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Note 36 : Financial instruments risk management objectives and policies

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

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts 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 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 points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

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

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017 including the effect of hedge accounting.

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 principal amount or, vice-versa, to receive a fixed-rate 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.

As at March 31, 2018 approximately 49% of the Company's Borrowings are at fixed rate of interest (March 31, 2017: 49 %)

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.

	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018		
Increase in 50 basis points	(1,73,89,756)	(1,73,89,756)
Decrease in 50 basis points	1,73,89,756	1,73,89,756
March 31, 2017		
Increase in 50 basis points	(1,66,94,791)	(1,66,94,791)
Decrease in 50 basis points	1,66,94,791	1,66,94,791

Exclusion from this analysis are as follows:

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts, 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 host 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 28

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, GBP and SEK rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of foreign currency monetary items designated as cash flow hedge.

	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	+2%	(64,15,549)	(64,15,549)
	-2%	64,15,549	64,15,549
March 31, 2017	+2%	(28,82,493)	(28,82,493)
	-2%	28,82,493	28,82,493

	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	+2%	(2,71,562)	(2,71,562)
	-2%	2,71,562	2,71,562
March 31, 2017	+2%	(1,26,887)	(1,26,887)
	-2%	1,26,887	1,26,887

	Change in SEK rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	+2%	(14,910)	(14,910)
	-2%	14,910	14,910
March 31, 2017	+2%	(19,631)	(19,631)
	-2%	19,631	19,631

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

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. 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 15 days to 45 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. 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.

The requirement of impairment is analysed as each reporting date. Refer Note 7 for details on the impairment of trade receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the 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, 2018 and March 31, 2017 is the carrying amount as disclosed in Note 34.

(c) Liquidity risk

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

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

Particulars	On Demand	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Year ended March 31, 2018					
Interest bearing borrowings*	-	4,39,19,38,827	36,31,84,093	80,05,66,056	-
Trade payables	4,01,78,47,128	2,35,98,76,461	1,02,91,88,566	-	-
Other financial liabilities#	59,39,57,705	5,86,41,983	2,58,60,033	41,73,77,180	-
	4,61,18,04,833	6,81,04,57,271	1,41,82,32,692	1,21,79,43,237	-
Year ended March 31, 2017					
Interest bearing borrowings*	3,71,11,56,578	34,44,47,049	22,74,34,783	1,52,64,00,287	-
Trade payables	3,67,91,69,590	1,26,19,25,981	81,34,63,394	-	-
Other financial liabilities#	42,88,21,056	2,02,665	1,23,605	44,02,90,068	-
	7,81,91,87,224	1,60,65,75,695	1,04,10,21,782	1,96,66,90,355	-

* 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.8,60,92,224 (March 31, 2017: 8,51,96,572)

B

Arvind Lifestyle Brands Limited

Notes to the Financial Statements

Note 37 : Capital management

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

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Amount in Rs.	Amount in Rs.
Interest-bearing loans and borrowings (Note 13)	5,55,56,88,976	5,80,94,78,697
Less: cash and cash equivalent (including other bank balance) (Note 7)	(19,89,21,016)	(22,24,07,827)
Net debt	5,35,67,67,960	5,58,70,70,870
Equity share capital (Note 11)	81,27,87,230	54,39,70,030
Other equity (Note 12)	6,67,55,21,761	4,49,20,25,456
Total capital	7,48,83,08,991	5,03,59,95,486
Capital and net debt	12,84,50,76,951	10,62,30,66,356
Gearing ratio	42%	53%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017

Loan covenants

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

Note 38 : Share based payments

Arvind Fashions Limited, the holding company (AFL) has instituted Employee Stock Option Scheme 2016 ("ESOP 2016"). Under ESOP 2016 AFL, at its discretion, may grant share option to the senior employees of the Company. As on March 31, 2018, AFL has granted 16,63,864 options and issued 38,269 options convertible into equal number of Equity Shares of face value of 2 each. The following table sets forth the particulars of the options under ESOP 2016:

Expense arising from share- based payment transactions

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

Particulars	Rupees	
	2017-18	2016-17
Employee option plan	48,25,393	26,17,757
Total employee share based payment expense	48,25,393	26,17,757

Note 39 : Standards issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

Ind AS 115 - Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant".

Note 40 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform to Ind AS presentation requirements.