

ARVIND LIFESTYLE BRANDS LIMITED

(CIN : U64201GJ1995PLC024598)

**ANNUAL REPORT
2016 – 2017**

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

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ASHRAM ROAD,
AHMEDABAD-380 009

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 2017 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 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

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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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, whose report for the year ended 31st March, 2016 and 31st March, 2015 dated 12th May, 2016 and 14th May, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

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.



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- (e) On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 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.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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


CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 11, 2017

SORAB S. ENGINEER & CO. (Regd.)

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 have 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, 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, 2017 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, 2017 on account of any dispute :

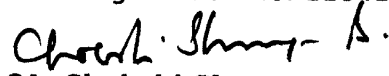
Nature of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where matter is Pending
Sales Tax Act	Sales Tax	996,490	1998-1999	Reference with High Court
		236,186	2000-2001	Reference with High Court
		2,549	2001-2002	Reference with High Court
		3,877,683	2005-2006	Assistant Commissioner
		3,480,540	2005-2006	Deputy Commissioner
		8,367,153	2006-2007	Deputy Commissioner
		4,336,731	2007-2008	Assistant Commissioner
		92,227,602	2008-2009	Assistant Commissioner
		12,063,393	2009-2010	Appellate Tribunal
		2,801,815	2009-2010	Special Commissioner
		47,124,912	2009-2010	Assistant Commissioner
		35,546,304	2009-2010	Deputy Commissioner
		729,029	2010-2011	Special Commissioner
		55,562,755	2010-2011	Assistant Commissioner
		35,311,734	2010-2011	Deputy Commissioner
		98,230,230	2011-2012	Assistant Commissioner
		782,186	2011-2012	Deputy Commissioner
		32,842,045	2011-2012	Assessing Officer
13,923,303	2012-2013	Assessing Officer		
243,264,612	2012-2013	Deputy Commissioner		
8,608,172	2012-2013	Assistant Commissioner		
1,071,444	2013-2014	Deputy Commissioner		
503,673,532	2014-2015	Assistant Commissioner		
Central Excise Act	Excise Duty	1,603,064	2002-2003 to 2003-2004	Reference with High Court
		158,000	2006-2007	Commissioner of Central Excise
		100,000	2006-2007	CESTAT
Textile Committee	Textile Committee Cess	1,094,000	2006-2007	CESTAT
Employee Provident Fund	Provident Fund	5,292,000	January 2012 to March 2015	EPF Tribunal

- (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.
- (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.

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- (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

Ahmedabad
May 11, 2017

SORAB S. ENGINEER & CO. (Regd.)

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, 2017 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.



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, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 11, 2017

Arvind Lifestyle Brands Limited
Balance Sheet as at March 31, 2017

Particulars	Notes	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 01, 2015 Rupees
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	5	2,53,59,29,742	2,36,18,73,333	1,93,32,09,272
(b) Capital work-in-progress	5	47,100	76,21,605	4,25,566
(c) Intangible assets	6	33,97,20,762	45,79,05,542	56,58,78,445
(d) Intangible assets under development	6	-	24,73,36,286	12,91,57,820
(e) Financial assets				
(i) Investments	7	1,50,000	1,50,000	1,50,000
(ii) Loans	7	14,66,688	42,19,327	23,58,404
(iii) Other financial assets	7	1,74,68,75,568	1,51,47,85,924	1,20,76,09,181
(f) Deferred tax assets (net)	25	1,91,86,35,765	1,79,23,11,439	1,56,63,42,797
(g) Other non-current assets	8	4,29,79,809	3,69,15,313	7,84,53,718
Total non-current assets		6,58,58,05,434	6,42,31,18,769	5,48,35,85,203
II. Current assets				
(a) Inventories	9	6,72,01,71,909	6,69,24,41,817	6,35,55,34,361
(b) Financial assets				
(i) Trade receivables	7	2,78,15,57,651	2,31,69,11,756	1,07,52,17,337
(ii) Cash and cash equivalents	7	5,91,07,353	5,10,55,241	4,15,75,958
(iii) Bank balance other than (iii) above	7	16,24,33,599	13,63,99,277	3,60,46,371
(iv) Loans	7	53,89,937	1,09,60,408	83,32,642
(v) Others financial assets	7	16,42,85,100	1,62,76,756	47,18,670
(c) Current tax assets (net)	10	11,16,91,759	6,79,10,713	9,36,38,568
(d) Other current assets	8	1,27,03,63,230	78,54,79,049	60,36,61,680
Total current assets		11,27,50,00,538	10,07,74,35,017	8,21,87,25,587
Total Assets		17,86,08,05,972	16,50,05,53,786	13,70,23,10,790
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	54,39,70,030	33,63,51,000	29,93,51,000
Other equity	12	4,49,20,25,456	1,65,97,01,348	21,65,90,849
Total equity		5,03,59,95,486	1,99,60,52,348	51,59,41,849
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	1,52,64,00,287	1,91,25,59,608	1,48,90,50,169
(ii) Other financial liabilities	13	44,02,90,068	37,38,08,870	27,95,05,240
(b) Long-term provisions	14	8,69,67,666	5,57,30,330	4,14,54,298
Total non-current liabilities		2,05,36,58,021	2,34,20,98,808	1,81,00,09,707
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	4,00,94,53,895	5,36,23,12,513	5,34,38,22,937
(ii) Trade payables	13	5,75,45,58,965	5,40,79,09,963	4,76,18,87,955
(iii) Other financial liabilities	13	69,73,61,767	98,90,65,763	83,79,40,311
(b) Other current liabilities	15	26,83,63,136	33,64,14,101	37,07,07,988
(c) Short-term provisions	14	4,14,14,702	6,67,00,290	6,20,00,043
Total current liabilities		10,77,11,52,465	12,16,24,02,630	11,37,63,59,234
Total Equity and Liabilities		17,86,08,05,972	16,50,05,53,786	13,70,23,10,790

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. 0417W
Chokhi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 11, 2017

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

Suresh J.
Managing Director
DIN: 03033110

Kannan S
Chief Financial Officer

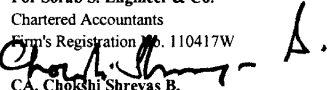
Jayesh K. Shah
Director
DIN: 00008349

B.S. Vijay Kumar
Company Secretary

Arvind Lifestyle Brands Limited
Statement of profit and loss for the year ended March 31, 2017

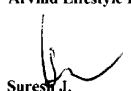
Particulars	Notes	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Income			
Revenue from operations			
Sale of Products	16	25,31,43,42,450	22,56,78,60,944
Sale of Services	16	26,37,18,740	9,10,72,485
Operating Income	16	1,04,84,575	2,30,62,679
Revenue from operations		25,58,85,45,765	22,68,19,96,108
Other income	17	3,62,90,253	2,71,87,289
Total income (I)		25,62,48,36,018	22,70,91,83,397
Expenses			
Cost of raw materials and accessories consumed	18	1,77,02,058	3,19,74,844
Purchase of stock-in-trade	19	12,74,55,60,519	11,82,99,59,562
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(2,87,21,208)	(34,31,68,380)
Employee benefits expense	21	2,21,56,47,601	1,93,67,97,393
Finance costs	22	84,63,14,037	75,79,92,246
Depreciation and amortisation expense	23	89,23,27,014	82,21,38,349
Impairment Loss	23	-	1,34,84,394
Other expenses	24	8,79,43,78,434	8,18,44,24,454
Total expenses (II)		25,48,32,08,455	23,23,36,02,862
Profit/(Loss) before exceptional items and tax (III)=(I-II)		14,16,27,563	(52,44,19,465)
Exceptional items (IV)		-	-
Profit/(Loss) before tax (V) = (III-IV)		14,16,27,563	(52,44,19,465)
Tax expense			
Current tax	25	-	6,04,97,443
Short Provision of earlier years		28,20,720	-
Deferred tax	25	(12,36,22,968)	(22,21,82,099)
Total tax expense (VI)		(12,08,02,248)	(16,16,84,656)
Profit/(Loss) for the period (VII) = (V-VI)		26,24,29,811	(36,27,34,809)
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	(78,05,588)	(1,09,41,235)
Income tax effect	25	27,01,358	37,86,543
Total other comprehensive income for the period, net of tax (VIII)		(51,04,230)	(71,54,692)
Total comprehensive income for the period, net of tax (VII+VIII)		25,73,25,581	(36,98,89,501)
Earning per equity share [nominal value per share Rs.10/- (March 31, 2016: Rs.10/-)]			
Basic	32	7.07	(11.21)
Diluted	32	7.07	(11.21)
Summary of significant accounting policies	3		


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

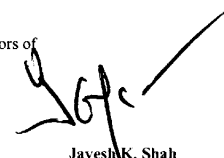
As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

C.A. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 11, 2017

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


Suresh J.
Managing Director
DIN: 03033110


Kannan S
Chief Financial Officer

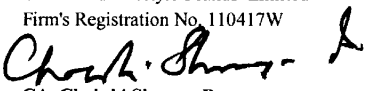

Jayesh K. Shah
Director
DIN: 00008349


B.S. Vijay Kumar
Company Secretary

Arvind Lifestyle Brands Limited
Statement of cash flows for the year ended March 31, 2017


Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
A Operating activities		
Profit Before taxation	14,16,27,563	-52,44,19,465
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	89,23,27,014	83,56,22,743
Interest Income	-1,03,39,219	-1,14,45,811
Interest and Other Borrowing Cost	84,63,14,037	75,79,92,246
Provision for Bad Debts	-	6,65,94,551
Provision for doubtful debts and advances (net)	25,60,000	1,30,95,402
Sundry Credit Balances Appropriated	-	23,96,156
Fixed Assets written off	97,66,528	24,01,650
(Profit)/Loss on Sale of Tangible/Intangible assets	-11,13,615	-4,10,000
Share based payment expense	26,17,757	-
	1,74,21,32,502	1,66,62,46,937
Operating Profit before Working Capital Changes	1,88,37,60,065	1,14,18,27,472
Working Capital Changes:		
Changes in Inventories	-2,31,20,96,245	-33,69,07,456
Changes in trade payables	1,78,21,90,987	64,36,25,852
Changes in other current liabilities	-6,80,50,965	-3,42,93,887
Changes in other financial liabilities	3,01,44,063	11,18,40,710
Changes in provisions	3,09,01,503	80,35,044
Changes in loans and advances	83,23,110	-44,88,689
Changes in trade receivables	-2,30,85,04,539	-1,30,82,88,970
Changes in other current assets	-48,74,44,181	-19,49,12,771
Changes in other financial assets	-38,31,69,915	-31,47,23,297
Changes in Other Bank Balances	-2,60,34,322	-10,03,52,906
Net Changes in Working Capital	-3,73,37,40,504	-1,53,04,66,370
Cash Generated from Operations	-1,84,99,80,439	-38,86,38,898
Direct Taxes paid (Net of Income Tax refund)	-4,66,01,766	-3,47,69,588
Net Cash from Operating Activities	-1,89,65,82,205	-42,34,08,486
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	-95,60,81,947	-1,28,73,50,396
Sale of tangible assets	38,68,715	36,70,340
Sale under Business Transfer Agreement (Refer Note 41)	2,53,25,08,027	-
Changes in Capital Advances	-60,64,496	4,15,38,405
Interest Income	1,34,11,146	74,34,279
Net cash flow from Investing Activities	1,58,76,41,445	-1,23,47,07,372
C Cash Flow from Financing Activities		
Issue of Share Capital	20,76,19,030	3,70,00,000
Securities Premium received	2,57,23,80,770	1,81,30,00,000
Changes in long term Borrowings	-64,98,45,318	48,46,50,662
Changes in short term borrowings	-97,51,66,709	1,84,89,576
Interest and Other Borrowing Cost Paid	-83,79,94,901	-68,55,45,097
Net Cash flow from Financing Activities	31,69,92,872	1,66,75,95,141
Net Increase/(Decrease) in cash & cash equivalents	80,52,112	94,79,283
Cash & Cash equivalent at the beginning of the period	5,10,55,241	4,15,75,958
Cash & Cash equivalent at the end of the period	5,91,07,353	5,10,55,241


Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	18,805	15,820
Balances with Banks	5,90,88,548	5,10,39,421
Cash and cash equivalents as restated	5,91,07,353	5,10,55,241

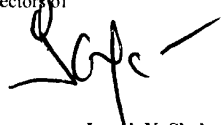
As per our report of even date
For Sorab S. Engineer & Co.
 Ch: Arvind Lifestyle Brands Limited
 Firm's Registration No. 110417W

CA. Chokshi Shreyas B.
 Partner
 Membership No. 100892

Ahmedabad
 May 11, 2017

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


Suresh J.
 Managing Director
 DIN: 03033110


Kannan S
 Chief Financial Officer


Jayesh K. Shah
 Director
 DIN: 00008349


B.S. Vijay Kumar
 Company Secretary

Arvind Lifestyle Brands Limited
Statement of changes in Equity for the year ended March 31, 2017

A. Equity share capital

Balance	Rupees
As at April 1, 2015	29,93,51,000
Issue of Equity Share capital	3,70,00,000
As at March 31, 2016	33,63,51,000
Issue of Equity Share capital	20,76,19,030
As at March 31, 2017	54,39,70,030

B. Other equity

Particulars	Attributable to the equity holders				Total equity
	Reserves and Surplus		Contribution from Parent for ESOP	Retained Earnings	
	Capital Reserve	Securities premium			
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2015	59,05,31,059	2,96,40,00,000	-	(3,33,79,40,210)	21,65,90,849
Profit / (Loss) for the year	-	-	-	(36,27,34,809)	(36,27,34,809)
Other comprehensive income for the year	-	-	-	(71,54,692)	(71,54,692)
Total Comprehensive income for the year	-	-	-	(36,98,89,501)	(36,98,89,501)
Issue of share capital (Note 11)	-	1,81,30,00,000	-	-	1,81,30,00,000
Balance as at March 31, 2016	59,05,31,059	4,77,70,00,000	-	(3,70,78,29,711)	1,65,97,01,348
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 (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)	4,23,46,99,875

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. 1110417W

CA. Chokshi Shreyas B.

Partner

Membership No. 100892

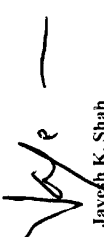
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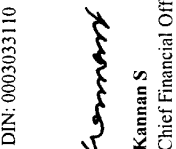
May 11, 2017

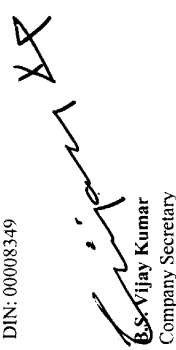
For and on behalf of the board of directors of

Arvind Lifestyle Brands Limited


Suresh J.
Managing Director
DIN: 0003033110


Jayagh K. Shah
Director
DIN: 00008349


Kannan S
Chief Financial Officer


B.S. Vijay Kumar
Company Secretary

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Rupees

Fixed Assets	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computer, server & network	Total	CWIP
Cost								
As at April 1, 2015	670,912,178	1,118,798,536	47,886,306	762,088,403	172,077,892	244,204,929	3,015,968,244	425,566
Additions	134,837,596	348,598,938	27,504,029	490,574,584	46,507,105	66,293,770	1,114,316,022	22,446,012
Deductions	33,803,389	27,523,128	8,734,373	115,239	6,018,188	4,618,294	80,812,611	15,249,973
As at March 31, 2016	771,946,385	1,439,874,346	66,655,962	1,252,547,748	212,566,809	305,880,405	4,049,471,655	7,621,605
Additions	116,446,703	268,960,150	16,800,000	454,868,598	34,858,976	47,350,017	939,284,444	19,196,096
Deductions	11,210,966	26,141,257	9,717,587	42,221,345	1,906,910	958,168	92,156,233	(26,770,601)
As at March 31, 2017	877,182,122	1,682,693,239	73,738,375	1,665,195,001	245,518,875	352,272,254	4,896,599,866	47,100
Depreciation and Impairment								
As at April 1, 2015	328,332,459	497,340,832	16,307,319	-	89,997,613	150,780,749	1,082,758,972	-
Depreciation for the year	122,682,002	201,748,540	12,802,257	261,801,438	33,497,354	47,463,130	679,994,721	-
Deductions	33,691,737	25,378,206	5,474,034	-	5,995,235	4,616,159	75,155,371	-
As at March 31, 2016	417,322,724	673,711,166	23,635,542	261,801,438	117,499,732	193,627,720	1,687,598,322	-
Depreciation for the year	111,407,925	195,913,932	14,924,938	313,916,358	31,386,752	47,632,755	715,182,660	-
Deductions	8,760,671	6,416,385	6,105,544	18,423,733	1,693,572	710,953	42,110,858	-
As at March 31, 2017	519,969,978	863,208,713	32,454,936	557,294,063	147,192,912	240,549,522	2,360,670,124	-
Net Block								
As at March 31, 2017	357,212,144	819,484,526	41,283,439	1,107,900,938	98,325,963	111,722,732	2,535,929,742	47,100
As at March 31, 2016	354,623,661	766,163,180	43,020,420	990,746,310	95,067,077	112,252,685	2,361,873,333	7,621,605
As at April 1, 2015	342,579,719	621,457,704	31,578,987	762,088,403	82,080,279	93,424,180	1,933,209,272	425,566

1. The Company has applied the optional exemption to measure its certain item of property, plant and equipment at the date of transition at their fair values and used it as the deemed cost for such assets. At the date of transition, the previous carrying amount, fair value and its impact on property, plant and equipment to which the deemed cost election was applied are detailed in Note 38

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Note 6 : Intangible assets

Rupees

Intangible assets	Computer Software	Brand Value & License Brands	Distribution Network	Vendors' Network	Jobworkers' Network	Technical Process development	Total	Intangible assets under development
Cost								
As at April 1, 2015	200,040,413	817,677,922	43,146,454	62,728,346	17,295,984	-	1,140,889,119	129,157,820
Additions	47,659,869	-	-	-	-	-	47,659,869	118,178,466
Deductions	18,210	-	-	-	-	-	18,210	-
As at March 31, 2016	247,682,072	817,677,922	43,146,454	62,728,346	17,295,984	-	1,188,530,778	247,336,286
Additions	24,372,008	-	-	-	-	247,336,286	271,708,294	-
Deductions	187,100	523,394,600	-	-	-	-	523,581,700	(247,336,286)
As at March 31, 2017	271,866,980	294,283,322	43,146,454	62,728,346	17,295,984	247,336,286	936,657,372	-
Amortisation and Impairment								
As at April 1, 2015	141,772,038	330,921,971	22,292,335	62,728,346	17,295,984	-	575,010,674	-
Amortisation for the Year	36,112,640	102,939,952	3,091,036	-	-	-	142,143,628	-
Impairment for the year	-	-	13,484,394	-	-	-	13,484,394	-
Deductions	13,460	-	-	-	-	-	13,460	-
As at March 31, 2016	177,871,218	433,861,923	38,867,765	62,728,346	17,295,984	-	730,625,236	-
Amortisation for the Year	38,458,587	89,218,510	-	-	-	49,467,257	177,144,354	-
Deductions	115,489	310,717,491	-	-	-	-	310,832,980	-
As at March 31, 2017	216,214,316	212,362,942	38,867,765	62,728,346	17,295,984	49,467,257	596,936,610	-
Net Block								
As at March 31, 2017	55,652,664	81,920,380	4,278,689	-	-	197,869,029	339,720,762	-
As at March 31, 2016	69,810,854	383,815,999	4,278,689	-	-	-	457,905,542	247,336,286
As at April 1, 2015	58,268,375	486,755,951	20,854,119	-	-	-	565,878,445	129,157,820

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Investments

	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Non-current investment			
Investment in government securities			
National Saving Certificates (Lodged with Sales Tax and Government Authorities)	150,000	150,000	150,000
Total Investments in government securities	150,000	150,000	150,000
Total investments	150,000	150,000	150,000

7 (b) Trade receivables

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Current			
Unsecured, considered good	2,781,557,651	2,316,911,756	1,075,217,337
Doubtful	74,999,378	74,999,378	8,404,827
Less : Allowance for doubtful debts	(74,999,378)	(74,999,378)	(8,404,827)
	2,781,557,651	2,316,911,756	1,075,217,337
Total Trade and other receivables	2,781,557,651	2,316,911,756	1,075,217,337

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, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Balance at the beginning of the year	74,999,378	8,404,827	-
Add : Allowance for the year	-	66,594,551	8,404,827
Less : Write off of bad debts (net of recovery)	-	-	-
Balance at the end of the year	74,999,378	74,999,378	8,404,827

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.

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
7 (c) Loans

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Unsecured considered good			
Non-current			
Loans to employees	1,466,688	4,219,327	2,358,404
	1,466,688	4,219,327	2,358,404
Current			
Loans to employees	5,389,937	10,960,408	8,332,642
	5,389,937	10,960,408	8,332,642
Total Loans	6,856,625	15,179,735	10,691,046

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Balance with Bank			
Current accounts and debit balance in cash credit accounts	57,838,548	51,039,421	41,564,685
In Deposit Account	1,250,000	-	-
Cash on hand	18,805	15,820	11,273
Total cash and cash equivalents	59,107,353	51,055,241	41,575,958

7 (e) Other bank balance

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Held as Margin Money*	158,959,804	131,900,516	32,233,579
Lodged with Court	-	1,320,000	3,670,000
Lodged with Sales Tax Department	3,473,795	3,178,761	142,792
Total other bank balances	162,433,599	136,399,277	36,046,371
Total cash and bank balances	221,540,952	187,454,518	77,622,329

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Non-current			
Security deposits			
Considered Good	1,746,008,693	1,514,101,093	1,203,105,954
Doubtful	20,000,000	20,000,000	20,000,000
Less Allowance for Doubtful Deposits	(20,000,000)	(20,000,000)	(20,000,000)
	1,746,008,693	1,514,101,093	1,203,105,954
Bank deposits with maturity of more than 12 months	866,875	684,831	4,503,227
	1,746,875,568	1,514,785,924	1,207,609,181
Current			
Income receivable	10,000,001	3,780,269	1,839,293
Accrued Interest	1,714,584	4,786,511	774,979
Receivable in respect of Business Transfer Agreement (Note 41)	132,508,026	-	-
Insurance claim receivable	20,062,489	7,709,976	2,104,398
	164,285,100	16,276,756	4,718,670
Total financial assets	1,911,160,668	1,531,062,680	1,212,327,851

Provision for doubtful deposits

The 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, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Balance at the beginning of the year	20,000,000	20,000,000	-
Add : Provision made during the year	-	-	20,000,000
Less : Write off of doubtful deposits (net of recovery)	-	-	-
Balance at the end of the year	20,000,000	20,000,000	20,000,000

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
7 (g) Financial assets by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
March 31, 2017			
Investments			
- Government securities	-	-	150,000
Trade receivables	-	-	2,781,557,651
Loans	-	-	6,856,625
Cash & bank balances	-	-	221,540,952
Other Financial Assets	-	-	1,911,160,668
Total Financial assets	-	-	4,921,265,896
March 31, 2016			
Investments			
- Government securities	-	-	150,000
Trade receivables	-	-	2,316,911,756
Loans	-	-	15,179,735
Cash & bank balances	-	-	187,454,518
Other Financial Assets	-	-	1,531,062,680
Total Financial assets	-	-	4,050,758,689
April 1, 2015			
Investments			
- Government securities	-	-	150,000
Trade receivables	-	-	1,075,217,337
Loans	-	-	10,691,046
Cash & bank balances	-	-	77,622,329
Other Financial Assets	-	-	1,212,327,851
Total Financial assets	-	-	2,376,008,563

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, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Unsecured, considered good			
Non-current			
Capital advances	42,979,809	36,915,313	78,453,718
	42,979,809	36,915,313	78,453,718
Current			
Advance to suppliers			
Considered Good	780,662,066	351,533,328	447,247,826
Doubtful	85,559,602	85,255,413	71,367,498
Less : Provision for doubtful advances	(85,559,602)	(85,255,413)	(71,367,498)
	780,662,066	351,533,328	447,247,826
Export incentive receivable	7,677,780	33,760,314	15,190,846
Prepaid expenses	70,922,751	128,181,438	60,823,084
Other Current Assets	411,100,633	272,003,969	80,399,924
	1,270,363,230	785,479,049	603,661,680
Total	1,313,343,039	822,394,362	682,115,398

Provision for Doubtful Advances

Movement in provision for doubtful advances:

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Balance at the beginning of the year	85,255,413	71,367,498	71,367,498
Add : Provision made during the year	2,560,000	13,887,915	-
Less : Write off of doubtful advances	(2,255,811)	-	-
Balance at the end of the year	85,559,602	85,255,413	71,367,498

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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, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Raw materials			
Raw materials and components	42,822,510	58,412,746	64,414,624
Raw materials in transit	5,132,348	2,426,940	148,506
Stock-in-trade	6,584,119,504	6,555,398,296	6,212,229,916
Stock-in-trade in transit	30,206,220	17,175,598	16,389,635
Packing materials	57,891,327	59,028,237	62,351,680
Total	6,720,171,909	6,692,441,817	6,355,534,361

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Tax Paid in Advance (Net of Provision)	111,691,759	67,910,713	93,638,568
Total	111,691,759	67,910,713	93,638,568

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Note 11 : Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Rupees	No. of shares	Rupees	No. of shares	Rupees
Authorised share capital						
Equity shares of Rs 10 each	75,000,000	750,000,000	50,000,000	500,000,000	50,000,000	500,000,000
Issued and subscribed share capital						
Equity shares of Rs 10 each	54,397,003	543,970,030	33,635,100	336,351,000	29,935,100	299,351,000
Subscribed and fully paid up						
Equity shares of Rs 10 each	54,397,003	543,970,030	33,635,100	336,351,000	29,935,100	299,351,000
Total	54,397,003	543,970,030	33,635,100	336,351,000	29,935,100	299,351,000

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Rupees	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the period	33,635,100	336,351,000	29,935,100	299,351,000	27,935,100	279,351,000
Add :						
Shares allotted during the year	20,761,903	207,619,030	3,700,000	37,000,000	2,000,000	20,000,000
Outstanding at the end of the period	54,397,003	543,970,030	33,635,100	336,351,000	29,935,100	299,351,000

11.2. Terms/Rights attached to the equity shares

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

11.3. Shares held by holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Rupees	No. of shares	Rupees	No. of shares	Rupees
Holding Company - Arvind Brands and Retail Limited (along with nominees)	-	-	33,635,100	336,351,000	29,935,100	299,351,000
Holding Company - Arvind Fashions Limited (along with nominees)	54,397,003	543,970,030	-	-	-	-

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, 2017		As at March 31, 2016		As at 01 April 2015	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Brands and Retail Limited (along with nominees)	-	-	33,635,100	100.00%	29,935,100	100.00%
Holding Company - Arvind Fashions Limited (along with nominees)	54,397,003	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, 2017)

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

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 12 : Other Equity

Balance	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements	590,531,059	590,531,059
Balance at the end of the year	<u>590,531,059</u>	<u>590,531,059</u>
Securities premium account		
Balance as per last financial statements	4,777,000,000	2,964,000,000
Add: Received during the year	2,572,380,770	1,813,000,000
Balance at the end of the year	<u>7,349,380,770</u>	<u>4,777,000,000</u>
Contribution from Parent for ESOP (Refer Note 37)		
Balance as per last financial statements	-	-
Add: Contribution received during the year	2,617,757	-
Balance at the end of the year	<u>2,617,757</u>	<u>-</u>
Surplus in statement of profit and loss		
Balance as per last financial statements	(3,707,829,711)	(3,337,940,210)
Add: Profit/(Loss) for the year	262,429,811	(362,734,809)
Add / (Less): OCI for the year	(5,104,230)	(7,154,692)
	<u>(3,450,504,130)</u>	<u>(3,707,829,711)</u>
Less: Appropriation		
Adjustments on transition to IND AS		-
Balance at the end of the year	<u>(3,450,504,130)</u>	<u>(3,707,829,711)</u>
Total Other equity	<u>4,492,025,456</u>	<u>-</u>
		<u>1,659,701,348</u>

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Long-term Borrowings (refer note I to II below)			
Non-current portion			
Secured			
Term loan from Banks	776,897,250	1,161,972,014	1,484,289,247
Term loan from Financial Institutions and others	-	1,297,420	4,760,922
Unsecured			
Non Convertible Debentures	749,503,037	749,290,174	-
	1,526,400,287	1,912,559,608	1,489,050,169
Current maturities			
Secured			
Term loan from Banks	272,543,064	534,013,056	471,703,456
Term loan from Financial Institutions and others	1,081,451	3,297,456	4,465,833
	273,624,515	537,310,512	476,169,289
Total long-term borrowings	1,800,024,802	2,449,870,120	1,965,219,458
Short-term Borrowings (refer note III below)			
Secured			
Working Capital Loans repayable on demand from Banks (including channel financing)	2,339,092,493	3,715,527,476	3,150,049,498
Unsecured			
Under Buyer's Credit Arrangement	308,258,210	749,316,008	532,624,441
Intercompany Deposits From Related Parties	1,362,103,192	897,469,029	1,661,148,998
Total short-term borrowings	4,009,453,895	5,362,312,513	5,343,822,937
Total borrowings	5,809,478,697	7,812,182,633	7,309,042,395

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

I Details of Term Loans

- a Loans of Rs. 99,98,65,732 is secured against First charge over the entire fixed assets of the Company both present and future and second charge over entire stock, receivables and other current assets of the Company.
- b All secured term loans except Hire Purchase Loans are additionally secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company
- c Hire Purchase Loan from Banks and Others are secured by hypothecation of related vehicles.
- d **Rate of Interest and Terms of Repayment**

Particulars	Rupees	Range of Interest (%)	Terms of Repayment from Balance sheet date
From Banks			
Rupee Loans	99,98,65,732	9.65% to 10.55%	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Hire Purchase Loan	4,95,74,597	9.25%	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans
From Financial Institutions and Others			
Hire Purchase Loan	10,81,435	10.75%	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

II Details of Unsecured Borrowings- Non Convertible Debentures

- a Non Convertible Debentures of Rs 74,95,03,037 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.
- Additionally secured by Corporate Guarantee given by Arvind Limited, the ultimate 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 at the rate of Libor+0.40%
- Inter Corporate Deposits carry interest @ 10.25% per annum.

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
13 (b) Trade payable

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rupees	Rupees	Rupees
Current			
Acceptances	1,079,163,909	932,993,931	767,004,397
Dues to Micro, Small and Medium Enterprises	298,292,590	286,147,739	90,423,526
Other trade payable (Refer note below)	4,377,102,466	4,188,768,293	3,904,460,032
	5,754,558,965	5,407,909,963	4,761,887,955
Total	5,754,558,965	5,407,909,963	4,761,887,955

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, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of	332,196,624	310,567,278
(b) Interest paid during the year;	16,572,726	10,908,511
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	1,804,917,178	679,378,695
(d) Interest due and payable for the period of delay in making payment;	33,904,034	24,419,539
(e) Interest accrued and unpaid at the end of the accounting year; and	33,904,034	24,419,539
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.	31,579,878	20,671,367

13 (c) Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rupees	Rupees	Rupees
Non-current			
Deposits from customers and others	440,290,068	373,808,870	279,505,240
	440,290,068	373,808,870	279,505,240
Current			
Current maturity of long term borrowings	273,624,515	537,310,512	476,169,289
Interest accrued but not due	119,100,606	110,781,470	6,980,704
Interest accrued and due	-	-	31,353,617
Payable to employees	181,091,253	143,729,608	156,884,355
Deposits from customers and others	-	1,156,000	1,156,000
Book overdraft	28,762,393	46,727,687	85,042,679
Payable in respect of capital goods	85,553,173	145,270,566	80,353,667
Mark to market of derivative financial instruments	9,229,827	4,089,920	-
	697,361,767	989,065,763	837,940,311
Total	1,137,651,835	1,362,874,633	1,117,445,551

13 (d) Financial liabilities by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
March 31, 2017			
Borrowings	-	-	5,535,854,182
Trade payable	-	-	5,754,558,965
Current maturity of long term borrowings	-	-	273,624,515
Payable to employees	-	-	181,091,253
Deposits from customers and others	-	-	440,290,068
Payable in respect of capital goods	-	-	85,553,173
Interest accrued but not due	-	-	119,100,606
Mark to market of derivative financial instruments	-	-	9,229,827
Book overdraft	-	-	28,762,393
Total Financial liabilities	-	-	12,428,064,982
March 31, 2016			
Borrowings	-	-	7,274,872,121
Trade payable	-	-	5,407,909,963
Current maturity of long term borrowings	-	-	537,310,512
Payable to employees	-	-	143,729,608
Deposits from customers and others	-	-	374,964,870
Payable in respect of capital goods	-	-	145,270,566
Interest accrued but not due	-	-	110,781,470
Mark to market of derivative financial instruments	-	-	4,089,920
Book overdraft	-	-	46,727,687
Total Financial liabilities	-	-	14,045,656,717

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Arvind Lifestyle Brands Limited

Notes to the Financial Statements

April 1, 2015			
Borrowings	-	-	6,832,873,106
Trade payable	-	-	4,761,887,955
Current maturity of long term borrowings	-	-	476,169,289
Payable to employees	-	-	156,884,355
Deposits from customers and others	-	-	280,661,240
Payable in respect of capital goods	-	-	80,353,667
Interest accrued	-	-	38,334,321
Book overdraft	-	-	85,042,679
Total Financial liabilities	-	-	12,712,206,612

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, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Long-term			
Provision for employee benefits (refer Note 30)			
Provision for leave encashment	56,957,462	47,138,914	41,454,298
Provision for Gratuity	30,010,204	8,591,416	-
	86,967,666	55,730,330	41,454,298
Short-term			
Provision for employee benefits (refer Note 30)			
Provision for leave encashment	11,268,632	11,811,368	6,765,564
Provision for Gratuity		24,742,852	25,060,249
Others			
Provision for Wealth tax	146,070	146,070	174,230
Provision for litigation/disputed matters	30,000,000	30,000,000	30,000,000
	41,414,702	66,700,290	62,000,043
Total	128,382,368	122,430,620	103,454,341

(b) 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, 2017 Rupees	Year ended March 31, 2016 Rupees
Balance as per last financial statements	30,000,000.00	30,000,000.00
Addition / Settlement during the year (Net)	-	-
Balance at the end of the year	30,000,000.00	30,000,000.00

Note 15 : Other current / Non-current liabilities

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 1, 2015 Rupees
Current			
Advance from customers	16,033,180	51,953,656	96,675,604
Statutory dues including provident fund and tax deducted at source	218,794,983	239,571,949	245,564,133
Deferred income of loyalty program reward points (Refer note a below)	28,124,899	43,469,627	25,535,436
Other liabilities	5,410,074	1,418,869	2,932,815
	268,363,136	336,414,101	370,707,988
Total	268,363,136	336,414,101	370,707,988

(a) Deferred income of Loyalty Program Reward Points

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

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Balance as per last financial statements	43,469,627	25,535,436
Add: Provision made during the year (Net)	68,224,381	75,039,983
(Less): Redemption made during the year	83,569,109	57,105,792
Balance at the end of the year	28,124,899	43,469,627

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 16 : Revenue from operations

Particulars	2016-17	2015-16
	Rupees	Rupees
Sale of products	25,314,342,450	22,567,860,944
Sale of services	263,718,740	91,072,485
Operating income		
Export incentives	8,911,706	20,511,331
Miscellaneous receipts	1,572,869	2,551,348
	10,484,575	23,062,679
Total	25,588,545,765	22,681,996,108

Note 17 : Other income

Particulars	2016-17	2015-16
	Rupees	Rupees
Interest income	10,339,219	11,445,811
Profit on sale of Property, Plant & Equipment (Net)	1,113,615	410,000
Sundry credit balances appropriated	-	2,396,156
Exchange Difference (Net)	12,404,811	-
Miscellaneous income	12,432,608	12,935,322
Total	36,290,253	27,187,289

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Arvind Lifestyle Brands Limited

Notes to the Financial Statements

Note 18 : Cost of raw materials and components consumed

Particulars	2016-17	2015-16
	Rupees	Rupees
Stock at the beginning of the year	60,839,686	64,563,130
Add : Purchases	4,817,230	28,251,400
	65,656,916	92,814,530
Less : Inventory at the end of the year	47,954,858	60,839,686
Raw materials and components consumed	17,702,058	31,974,844
Total	17,702,058	31,974,844

Note 19 : Purchases of stock-in-trade

Particulars	2016-17	2015-16
	Rupees	Rupees
Garments	12,745,560,519	11,829,959,562
Total	12,745,560,519	11,829,959,562

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

Particulars	2016-17	2015-16
	Rupees	Rupees
Stock at the end of the year		
Stock-in-trade	6,584,119,504	6,555,398,296
	6,584,119,504	6,555,398,296
Stock at the beginning of the year		
Stock-in-trade	6,555,398,296	6,212,229,916
	6,555,398,296	6,212,229,916
Total	(28,721,208)	(343,168,380)

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
Note 21 : Employee benefits expense

Particulars	2016-17	2015-16
	Rupees	Rupees
Salaries, wages, bonus, etc. (Note 30)	1,932,570,079	1,688,874,352
Contribution to provident, gratuity and other funds	160,259,274	135,382,648
Welfare and training expenses	120,200,491	112,540,393
Share based payment to employees (Note 40)	2,617,757	-
Total	2,215,647,601	1,936,797,393

Note 22 : Finance costs

Particulars	2016-17	2015-16
	Rupees	Rupees
Interest expense - Loans		
Term Loans	133,569,125	189,693,263
Cash Credit Facilities	65,384,573	111,984,177
Interest expense - others	469,878,529	333,615,184
Other finance cost	177,481,810	122,699,622
Total	846,314,037	757,992,246

Note 23 : Depreciation and amortization expense

Particulars	2016-17	2015-16
	Rupees	Rupees
Depreciation on Tangible assets (Refer Note 5)	715,182,660	679,994,721
Amortization on Intangible assets (Refer Note 6)	177,144,354	142,143,628
	892,327,014	822,138,349
Impairment Loss (Refer Note 6)	-	13,484,394
	-	13,484,394
Total	892,327,014	835,622,743

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements
Note 24 : Other expenses

Particulars	2016-17 Rupees	2015-16 Rupees
Power and fuel	306,012,749	283,647,079
Insurance	29,492,041	15,138,590
Processing charges	30,948,232	29,783,218
Printing, stationery & communication	116,851,124	113,681,375
Rent	2,377,561,088	1,854,198,346
Commission, Brokerage & discount	962,430,264	748,425,475
Rates and taxes	112,751,223	94,909,647
Repairs :		
To Building	10,402,815	10,209,588
To others	508,747,820	343,045,942
Royalty on Sales	906,475,345	871,161,163
Freight, insurance & clearing charge	258,419,743	290,750,495
Octroi	71,984,365	81,548,791
Legal & Professional charges	110,787,206	82,873,213
Housekeeping Charges	95,491,447	77,321,814
Security Charges	108,141,634	86,949,764
Computer Expenses	97,837,620	71,844,680
Conveyance & Travelling expense	211,472,218	198,799,974
Advertisement and publicity	1,017,816,197	1,534,518,770
Design Fees	5,472,150	4,522,154
Charges for Credit Card Transactions	113,745,863	85,643,045
Packing Materials	124,748,606	121,066,969
Contract Labour Charges	803,538,120	709,133,956
Sampling and Testing Expenses	110,745,605	60,774,548
Director's sitting fees	260,000	40,000
Provision for doubtful debts and advances (net)	2,560,000	13,095,402
Provision for doubtful debts	-	66,594,551
Auditor's remuneration	6,580,000	8,633,588
Business Conducting Fees	5,471,866	122,588
Bank charges	43,703,316	40,721,363
Warehouse Charges	143,719,099	159,397,746
Staff Training and Recruitment Expense	47,498,722	55,858,662
Exchange difference (net)	-	6,143,958
Loss on assets sold, demolished, discarded and scrapped	9,766,528	2,401,650
Miscellaneous expenses	42,945,428	61,466,350
Total	8,794,378,434	8,184,424,454

Payment to Auditors (Net of service tax)

Particulars	2016-17 Rupees	2015-16 Rupees
Payment to Auditors as		
Auditors	3,600,000	5,100,000
For taxation matters	1,000,000	1,500,000
For Other certification work	1,691,100	1,768,441
For reimbursement of expenses	288,900	265,147
Total	6,580,000	8,633,588

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Note 25 : Income tax

The major component of income tax expense for the years ended March 31, 2017 and March 31, 2016 are :

Particulars	2016-17 Rupees	2015-16 Rupees
Statement of Profit and Loss		
Current tax		
Current income tax	-	60,497,443
Short Provision of earlier years	2,820,720	-
Deferred tax		
Deferred tax expense	(123,622,968)	(222,182,099)
Income tax expense reported in the statement of profit and loss	(120,802,248)	(161,684,656)

OCI section

Particulars	2016-17 Rupees	2015-16 Rupees
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	(2,701,358)	(3,786,543)
Deferred tax charged to OCI	(2,701,358)	(3,786,543)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

A) Current tax

Particulars	2016-17 Rupees	2015-16 Rupees
Accounting profit before tax from continuing operations	133,821,975	(535,360,700)
Tax @ 34.608% (March 31, 2016: 34.608%)	46,313,109	(185,277,631)
Adjustment		
Adjustments in respect of current income tax of previous years	-	(40,076,253)
Non-recognition of deferred tax assets due to absence of probable certainty of reversal in future	-	56,234,428
Other non-deductible expenses	9,666,780	3,648,257
Recognition of deferred tax assets not recognised in earlier period due to absence of probable certainty	(179,483,499)	-
At the effective income tax rate of -92.29% (March 31, 2016 -30.91%)	(123,503,610)	(165,471,199)

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Arvind Lifestyle Brands Limited

Notes to the Financial Statements

B) Deferred tax

Particulars	Balance Sheet			Statement of Profit and Loss	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees	Rupees
Impact of Fair value and accelerated book depreciation	472,668,150	376,603,339	273,617,149	96,064,811	102,986,190
Impairment of Receivables/Advances(including allowance for Expenditure allowable on payment basis	56,061,531	48,818,076	18,482,343	7,243,455	30,335,733
Unused losses available for offsetting against future taxable income	1,232,406,467	32,071,692	210,909,287	1,200,334,775	(178,837,595)
Impact of deferment of revenue, net of related cost		1,080,598,771	887,610,294	(1,080,598,771)	192,988,477
Unused tax credit available for offsetting against future taxable income (MAT Credit entitlement)	98,318,163	95,497,443	35,000,000	2,820,720	60,497,443
Others	2,424,334	105,425,798	81,509,812	(103,001,464)	23,915,986
Deferred tax (expense)/income				126,324,326	225,968,642
Net deferred tax assets/(liabilities)	1,918,635,765	1,792,311,439	1,566,342,797		
Reflected in the balance sheet as follows					
Deferred tax assets	1,919,405,690	1,793,587,422	1,569,111,993		
Deferred tax liabilities	(769,925)	(1,275,983)	(2,769,196)		
Deferred tax assets (net)	1,918,635,765	1,792,311,439	1,566,342,797		
Reconciliation of deferred tax assets / (liabilities), net				March 31, 2017	March 31, 2016
				Rupees	Rupees
Opening balance as of April 1				1,792,311,439	1,566,342,797
Tax income/(expense) during the period recognised in profit or loss				123,622,968	222,182,099
Tax income/(expense) during the period recognised in OCI				2,701,358	3,786,543
Closing balance as at March 31				1,918,635,765	1,792,311,439

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.

Note 26 : Contingent liabilities

Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 1, 2015	
	Rupees		Rupees		Rupees	
Contingent liabilities not provided for						
a. Bills discounted		37,734,896		-		-
b. Claims against Company not acknowledged as debts		27,902,209		25,689,793		25,689,793
c. Disputed demands in respect of						
Excise/Customs duty		1,861,064		1,861,064		4,153,856
Sales tax		1,563,618,913		708,785,041		374,415,079
Income tax		29,031,509		2,193,488		12,703,529
Textile Committee Cess		1,094,000		1,094,000		1,094,000
Provident Fund		7,560,000		-		-

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.

Note 27: Capital commitment and other commitments

Particulars	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 1, 2015	
	Rupees		Rupees		Rupees	
Capital commitments						
Estimated amount of Contracts remaining to be executed on capital account and not provided for		191,052,988		160,723,105		101,037,840
Other commitments						
		-		-		-

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of instrument	Currency	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 1, 2015	
		In FC	Rupees	In FC	Rupees	In FC	Rupees
Forward contracts							
Purchase	USD	3,879,818	251,606,197	3,593,055	238,057,859	3,726,841	232,927,563

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, 2017		Year ended March 31, 2016		Year ended April 1, 2015	
		In FC	Rupees	In FC	Rupees	In FC	Rupees
Receivables	USD	74,241	4,814,505	1,068,000	70,773,989	979,000	61,190,794
Payable towards borrowings	USD	890,261	57,733,420	11,309,000	749,316,024	4,795,000	299,696,855
Payable for Settlement Agreement	USD	-	-	-	-	3,200,000	200,000,000
Payable to creditors	USD	1,406,411	91,205,757	4,224,000	279,843,151	3,509,000	219,417,943
	EURO	91,559	6,344,354	163,000	12,302,838	297,600	19,976,957
	GBP	-	-	359	34,275	30,016	2,775,538
	SEK	135,059	981,542	1,784,200	14,581,281	566,000	4,102,592

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

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 31,2017	Rupees
		March 31,2016
Segment Revenue*		
a) In India	25,411,007,113	22,361,023,159
b) Rest of the world	177,538,652	320,972,949
Total Sales	25,588,545,765	22,681,996,108
Carrying Cost of Segment Assets**		
a) In India	17,855,991,467	16,429,779,797
b) Rest of the world	4,814,505	70,773,989
Total	17,860,805,972	16,500,553,786
Carrying Cost of Segment Non Current Assets**@		
a) In India	2,918,677,413	3,111,652,079
b) Rest of the world	-	-
Total	2,918,677,413	3,111,652,079

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets.

Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs.11,00,18,658/- (March 31, 2016: Rs. 9,26,29,299/-) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees		Rupees	
Provident Fund	53,135,096		44,393,281	
Contributory Pension Scheme	55,427,840		45,973,441	
Superannuation Fund	1,455,722		2,262,577	
	110,018,658		92,629,299	

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, 2017 Changes in defined benefit obligation and plan assets

	April 1, 2016		Gratuity cost charged to statement of profit and loss		Remeasurement gains/(losses) in other comprehensive income				Sub-total included in OCI	Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2017
	Service cost	Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions				
Defined benefit obligation	59,474,966	22,273,694	3,976,188	26,249,882	(6,838,239)	2,610,090	2,634,729	(2,771,067)	2,463,752	(15,249,616)	-	66,100,745
Fair value of plan assets	(26,402,544)	-	(2,674,822)	(2,674,822)	6,838,239	-	-	-	5,341,836	-	(19,193,250)	(36,090,541)
Benefit liability	33,072,422	22,273,694	1,301,366	23,575,060	-	2,610,090	2,624,729	(2,771,067)	7,805,588	(15,249,616)	(19,193,250)	30,010,204
Total benefit liability	33,072,422	22,273,694	1,301,366	23,575,060	-	2,610,090	2,624,729	(2,771,067)	7,805,588	(15,249,616)	(19,193,250)	30,010,204

March 31, 2016 - Changes in defined benefit obligation and plan assets

	Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income							Rupees	
	April 1, 2015	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 21)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	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
Gratuity													
Defined benefit obligation	45,263,191	15,808,455	3,109,554	18,918,009	(15,298,679)	-	-	-	10,593,445	10,593,445	-	-	59,474,966
Fair value of plan assets	(20,202,943)	-	(1,809,654)	(1,809,654)	15,298,679	347,790	-	-	-	347,790	-	(20,037,416)	(26,402,544)
Benefit liability	25,060,248	15,808,455	1,299,900	17,108,355	0	347,790	0	0	10,593,445	10,941,235	-	(20,037,416)	33,072,422
Total benefit liability	25,060,248	15,808,455	1,299,900	17,108,355	-	347,790	-	-	10,593,445	10,941,235	-	(20,037,416)	33,072,422

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, 2017		Year ended March 31, 2016	
	(%) of total plan assets	100%	(%) of total plan assets	100%
Others (Insurance company Products)	100%	100%	100%	100%
(%) of total plan assets	100%	100%	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, 2017		Year ended March 31, 2016	
	(%) of total plan assets	100%	(%) of total plan assets	100%
Discount rate	6.90%	100%	8.21%	7.81%
Future salary increase	5.00%	100%	6.00%	6.00%
Medical cost inflation	0.00%	100%	0.00%	0.00%
Expected rate of return on plan assets	6.90%	100%	8.21%	7.81%
Attrition rate	18% on Front End Employee 7% on Other Employee	100%	5.00%	5.00%
Mortality rate during employment	Indian assured lives Mortality(2006-08)			
Mortality rate after employment	N.A.			

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Arvind Lifestyle Brands Limited

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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, 2017	Year ended March 31, 2016
		Rupees	Rupees
Gratuity			
Discount rate	50 basis points increase	(2,302,751)	(3,047,638)
	50 basis points decrease	2,457,217	3,885,010
Salary increase	50 basis points increase	1,806,490	3,562,081
	50 basis points decrease	(1,723,185)	(2,807,193)
Attrition rate	100 basis points increase	373,153	1,078,143
	100 basis points decrease	(540,723)	(820,037)

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

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Rupees	Years	Rupees	Years
Gratuity				
Within the next 12 months (next annual reporting period)	4,999,253	7	2,186,104	7
Between 2 and 5 years	49,560,371	7	26,184,601	7
Beyond 5 years	113,754,045	7	94,022,466	7
Total expected payments	168,313,669	7	122,393,171	7

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

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Years	Years	Years	Years
Gratuity	7	7	7	7

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

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Rupees	Years	Rupees	Years
Gratuity	-	-	-	-

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 40,058,101/- (Previous Year Rs. 21,703,688/-) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences and included in Note No. 21 "Employee benefit expense".

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 31 : Related Party Transactions

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

a Name of Related Parties and Nature of Relationship :

1	Asman Investment Limited	Fellow Subsidiary
2	Arvind Accel Limited	Fellow Subsidiary
3	Arvind Internet Limited	Fellow Subsidiary
4	Arvind Beauty Brands Retail Private Limited	Fellow Subsidiary
5	Arvind Fashions Ltd (formerly known as Arvind J&M Limited)	Holding Company (w e f November 3, 2016)
6	Arvind Brands and Retail Limited	Holding Company (Upto November 2, 2016)
7	Arvind Limited	Fellow Subsidiary (w e f November 3, 2016)
8	Arvind Goodhill Suit Manufacturing Private Limited	Ultimate Holding Company
9	Calvin Klein Arvind Fashion Private Limited (Previously known as Premium Garment Wholesale trading Private Limited)	Joint Venture Subsidiary of Ultimate Holding Company
10	Mr. J. Suresh (Managing Director)	Joint Venture of Holding Company
11	Mr. Kamman Soundarajan (CFO)	Key Managerial Personnel

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

Arvind Lifestyle Brands Limited

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Year ended		Rupees
	March 31, 2017	March 31, 2016	
Purchase of Goods and Materials			
Arvind Limited	197,533,487	151,183,605	
Arvind Goodhall Surf Manufacturing Private Limited	6,804,481	83,670,098	
Arvind Fashion Limited	522,956,518	-	
Arvind Sports Lifestyle Limited	15,283,938	-	
Arvind Sports Lifestyle Limited	15,283,938	-	
Purchase of Fixed Assets			
Arvind Limited	2,091,800	-	
Sales of Goods and Materials			
Arvind Limited	315,888,346	402,432,604	
Arman Investments Limited	3,041,471	4,957,278	
Sale of Fixed Assets			
Arvind Beauty Brands Retail Private Limited	3,429	1,272,222	
Rendering of Services			
Arvind Limited-Royalty	32,679,945	-	
Arvind Limited-Rent	5,252,436	3,456,461	
Arvind Interact Limited	-	1,109,337	
Calvin Klein Arvind Fashion Private Limited	-	514,232	
Arvind Fashion Limited-Margin Income	26,827,738	-	
Arvind Fashion Limited-Royalty	98,499,151	-	
Arvind Fashion Limited-Shared service	-	-	
Receiving of Services			
Arvind Limited-Agent Commission	37,452,899	-	
Arvind Limited-Rent	5,040,000	5,496,000	
Interest Expense			
Arvind Limited	202,140,237	104,867,390	
Arvind Brands & Retail Limited	20,010,608	-	
Remuneration			
Mr. Kamran Saundhajan	10,854,210	-	
Arvind Limited	7,161,439	1,198,669	
Arvind Interact Limited	-	381,747	
Calvin Klein Arvind Fashion Private Limited	56,493,472	63,290,438	
Arvind Beauty Brands Retail Private Limited	66,442,097	8,919,367	
Arvind Fashion Limited	125,356,941	-	
Business Transfer			
Arvind Fashion Limited	2,532,508,025	-	
Loan Given/(Repaid) (Net)			
Arvind Limited	464,634,163	741,626,644	
Issue of Equity Shares			
Arvind Brands and Retail Limited	779,999,850	1,850,000,000	
Arvind Fashion Limited	1,999,999,950	-	

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Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 32 : Earning per share

Particulars	2016-17 Rupees	2015-16 Rupees
Earing per share (Basic and Diluted)		
Profit/(Loss) attributable to ordinary equity holders	262,429,811	(362,734,809)
Total no. of equity shares at the end of the year	54,397,003	33,635,100
Weighted average number of equity shares		
For basic EPS	37,127,337	32,351,220
For diluted EPS	37,127,337	32,351,220
Nominal value of equity shares	10	10
Basic earning per share	7.07	(11.21)
Diluted earning per share	7.07	(11.21)
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	37,127,337	32,351,220
Effect of dilution: Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	37,127,337	32,351,220

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	Rupees	
	Year ended March 31, 2017	March 31, 2016
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	653,254,413	448,368,997
Later than one year and not later than five years	357,805,462	292,730,708
Lease Payment recognised in Statement of Profit and Loss	2,340,192,926	1,850,292,292

- (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	Rupees	
	Year ended March 31, 2017	March 31, 2016
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	62,302,392	-
Later than one year and not later than five years	217,273,465	-
Lease Payment recognised in Statement of Profit and Loss	37,368,162	-

- (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. 5,252,436/- (March 31, 2016: Rs. 4,007,038/-)

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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, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	In Rs.	In Rs.	In Rs.	In Rs.	In Rs.	In Rs.
Financial assets						
Investments measured at amortized cost	150,000	150,000	150,000	150,000	150,000	150,000
Total	150,000	150,000	150,000	150,000	150,000	150,000
Financial liabilities						
Borrowings	5,809,478,697	7,812,182,633	7,309,042,395	5,825,135,397	7,812,182,633	7,309,042,395
Total	5,809,478,697	7,812,182,633	7,309,042,395	5,825,135,397	7,812,182,633	7,309,042,395

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, 2017, March 31, 2016 and April 1, 2015

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, 2017				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	March 31, 2017	150,000	-	150,000
As at March 31, 2016				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	March 31, 2016	150,000	-	150,000
As at April 1, 2015				
Assets measured at fair value				
Fair value through amortized cost investments				
Investment	April 1, 2015	150,000	-	150,000

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015

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, 2017				
Liabilities disclosed at fair value				
Borrowings	March 31, 2017	5,809,478,697	-	5,809,478,697
Liabilities measured at fair value				
Derivative financial liabilities	March 31, 2017	9,229,827	-	9,229,827
As at March 31, 2016				
Liabilities disclosed at fair value				
Borrowings	March 31, 2016	7,812,182,633	-	7,812,182,633
Liabilities measured at fair value				
Derivative financial liabilities	March 31, 2016	4,089,920	-	4,089,920
As at April 1, 2015				
Liabilities disclosed at fair value				
Borrowings	April 01, 2015	7,309,042,395	-	7,309,042,395

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, 2017, March 31, 2016 and April 1, 2015 including the effect of hedge accounting, if any.

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.

As at March 31, 2017 approximately 49% of the Company's Borrowings are at fixed rate of interest (March 31, 2016 : 48% and April 1, 2015 : 38%)

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, 2017		
Increase in 50 basis points	(16,694,791)	(16,694,791)
Decrease in 50 basis points	16,694,791	16,694,791
March 31, 2016		
Increase in 50 basis points	(21,767,581)	(21,767,581)
Decrease in 50 basis points	21,767,581	21,767,581
April 1, 2015		
Increase in 50 basis points	(23,687,157)	(23,687,157)
Decrease in 50 basis points	23,687,157	23,687,157

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, 2017	+2%	(2,882,493)	(2,882,493)
	-2%	2,882,493	2,882,493
March 31, 2016	+2%	(19,167,704)	(19,167,704)
	-2%	19,167,704	19,167,704
April 1, 2015	+2%	(13,158,480)	(13,158,480)
	-2%	13,158,480	13,158,480

	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2017	+2%	(126,887)	(126,887)
	-2%	126,887	126,887
March 31, 2016	+2%	(246,057)	(246,057)
	-2%	246,057	246,057
April 1, 2015	+2%	(399,539)	(399,539)
	-2%	399,539	399,539

	Change in GBP rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2017	+2%	-	-
	-2%	-	-
March 31, 2016	+2%	(685)	(685)
	-2%	685	685
April 1, 2015	+2%	(55,511)	(55,511)
	-2%	55,511	55,511

	Change in SEK rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2017	+2%	(19,631)	(19,631)
	-2%	19,631	19,631
March 31, 2016	+2%	(291,626)	(291,626)
	-2%	291,626	291,626
April 1, 2015	+2%	(82,052)	(82,052)
	-2%	82,052	82,052

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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 30 days to 90 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 7. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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, 2017, March 31, 2016 & April 1, 2015 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	Rupees				
	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, 2017					
Interest bearing borrowings*	3,711,196,578	344,447,049	227,434,783	1,526,400,287	-
Trade payables	3,679,169,590	1,261,925,981	813,463,394	-	-
Other financial liabilities#	423,410,982	202,665	123,605	440,290,068	-
	7,813,777,150	1,606,575,695	1,041,021,782	1,966,690,355	-
Year ended March 31, 2016					
Interest bearing borrowings*	4,613,104,760	371,257,190	915,261,075	1,912,559,608	-
Trade payables	3,915,791,023	1,232,747,027	259,371,913	-	-
Other financial liabilities#	451,755,251	-	-	373,808,870	-
	8,980,651,034	1,604,004,217	1,174,632,988	2,286,368,478	-
Year ended April 1, 2015					
Interest bearing borrowings*	4,886,438,222	419,793,535	513,760,469	1,480,716,836	8,333,333
Trade payables	4,398,593,811	354,750,620	8,543,524	-	-
Other financial liabilities#	361,415,943	238,246	116,833	279,505,240	-
	9,646,447,976	774,782,401	522,420,826	1,760,222,076	8,333,333

* 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.11,91,00,606/- (March 31, 2016 : Rs.11,07,81,470/- and April 1, 2015 : Rs.69,80,704/-).

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, 2017	Year ended March 31, 2016	Year ended April 1, 2015
	Amount in Rs.	Amount in Rs.	Amount in Rs.
Interest-bearing loans and borrowings (Note 13)	5,809,478,697	7,812,182,633	7,309,042,395
Less: cash and cash equivalent (including other bank balance) (Note 7)	(222,407,827)	(188,139,349)	(82,125,556)
Net debt	5,587,070,870	7,624,043,284	7,226,916,839
Equity share capital (Note 11)	543,970,030	336,351,000	299,351,000
Other equity (Note 12)	4,492,025,456	1,659,701,348	216,590,849
Total capital	5,035,995,486	1,996,052,348	515,941,849
Capital and net debt	10,623,066,356	9,620,095,632	7,742,858,688
Gearing ratio	52.59%	79.25%	93.34%

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, 2017, March 31, 2016 and April 1, 2015.

Loan covenants

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

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 38 : First- time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the previously published Indian GAAP financial statements as at and for the year ended March 31, 2016.

A Exemptions applied

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Ind AS optional exemptions

1 Deemed cost

Ind AS 101 permits a first time adopter to elect to measure certain items of property, plant and equipment at the transition to Ind AS at its fair value and use that fair value as its deemed cost at that date. This exemption can also be used for intangible assets covered by Ind AS 38. Accordingly, the company has applied the optional exemption to measure its certain item of property, plant and equipment at the date of transition at their fair values and used it as the deemed cost for such assets.

Ind AS mandatory exceptions

1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in the conformity with previous GAAP . The Company made estimates for the financial assets in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

1. Impairment of financial assets based on Expected Credit Loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

Reconciliation between previous GAAP and Ind AS

1. Reconciliation of equity as at March 31, 2016 & April 1, 2015

	Notes	As at March 31, 2016	Rupees As at April 1, 2015
Equity under previous GAAP		4,983,894,329	2,912,099,323
Impact of fair valuation of Property, plant and equipment	i.	(86,351,343)	(118,618,208)
Difference on account of revenue recognition (net of related cost)	ii.	(3,736,874,376)	(3,028,590,731)
Impact of provision for Expected credit loss on financial instruments	iii.	(119,999,378)	(53,404,827)
Impact of fair valuation of forward contract	iv.	(1,764,207)	2,330,913
Effective interest method for Borrowings	v.	3,448,913	5,670,694
Other adjustments	vi.	(296,109,657)	(226,205,264)
Tax impact on Ind AS adjustments	vii.	1,249,808,067	1,022,659,949
Equity as per Ind AS		1,996,052,348	515,941,849

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2. Reconciliation of total comprehensive income reconciliation for the year ended March 31, 2016

	Notes	Rupees 2015-16
Profit after tax as per previous GAAP		221,795,006
Impact of fair valuation of Property, plant and equipment	i	32,266,865
Difference on account of revenue recognition (net of related cost)	ii	(708,283,645)
Impact of provision for Expected credit loss on financial instruments	iii	(66,594,551)
Impact of fair valuation of forward contract	iv	(4,095,120)
Effective interest method for Borrowings	v	(2,221,781)
Other adjustments	vi	(69,904,393)
Reclassification of Re-measurement gains / (losses) on defined benefit plans to Other comprehensive income	viii	7,154,692
Tax impacts on Ind AS adjustments	vii	227,148,118
Profit after tax as per Ind AS		(362,734,809)
Other comprehensive income (net of tax)		
Re-measurement gains / (losses) on defined benefit plans (net of tax)		(7,154,692)
Total Comprehensive Income under Ind AS, net of tax		(369,889,501)

Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016

i. Fair Valuation of Property, plant and equipment & Intangible assets

The Company has elected to measure all items of Property, Plant and Equipment (PPE) & certain item of Intangible assets at fair value at the date of transition to Ind AS and to use the fair value as deemed cost on the date of transition. The resulting change has been adjusted in retained earnings. Change in depreciation & amortisation of the subsequent period due to fair valuation of items of PPE & Intangible assets have been recognised in statement of profit & loss.

ii. Difference on account of revenue recognition (net of related cost)

Ind AS on Revenue Recognition requires revenue to be recognised when substantial risk and rewards of ownership are transferred to customer. Accordingly revenue were derecognised and net impact as on the date of transition have been adjusted in retained earnings and subsequent changes in revenue recognition have been adjusted to the Statement of profit and loss.

iii. Provision for Expected Credit Losses on financial instruments

Under previous GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). On the date of transition, Expected Credit Loss on trade receivables and on loans and advances have been adjusted in retained earnings and subsequent changes in Expected credit loss have been charged to the Statement of profit and loss.

iv. Impact of fair valuation of Forward Contract

Under the previous GAAP the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, was amortised as expense or income over the life of the contract. Under the Ind AS 109, Forward Contracts are carried at fair value and the resultant gains and losses are recorded in the statement of Profit and Loss. Accordingly, forward outstanding as on the date of transition are adjusted to retained earnings and subsequent changes in fair value have been charged to Statement of profit and Loss.

v. Effective interest method for Borrowings

As required under the IND AS 109 transactions costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are amortised in the profit and loss over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being in Long term borrowings and to the extent attributable to Current maturity of long term debts.

Under the previous GAAP, these transaction costs were charged to the profit and loss as and when incurred. Consequently, unamortised cost as on the date of transition are adjusted to retained earnings and subsequent amortisation of cost have been charged to Statement of profit and Loss as additional interest expenses.

vi. Other Adjustments

Other adjustments includes adjustments due to the GAAP differences related to recognition and measurement of employee benefits, prepaid reversals etc.

vii. Tax impacts on Ind AS adjustments

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach under previous GAAP) for computation of deferred tax has resulted in adjustment to Reserves, with consequential impact in the subsequent periods to the Statement of profit and loss or Other comprehensive income, as the case may be.

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viii. Re-measurement gain / loss on defined benefit plan

Under Ind AS, re-measurement i.e. actuarial gain loss and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended on March 31, 2016 increased by Rs. 71,54,692. There is no impact on the total equity as at March 31, 2016.

ix. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in the Statement of profit and loss as "other comprehensive income" includes fair value gain / loss on FVOCI equity instruments, effective portion of gains / losses on cash flow hedging instruments and re-measurement of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

x. Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

xi. Classification & Presentation

Loyalty Points to customers

Under the previous GAAP, provision for Loyalty Points issued to the customers were shown as a part of other expense. Under Ind AS, revenue from sale of products are recognised at net of incentives and fair value of loyalty points issued to the customers. Thus, sale of products under Ind AS has decreased by Rs. 10,393,345/- with a corresponding decrease in other expense.

xii. Statement of cash flows

The impact of transition from previous GAAP to Ind AS on the statement of cash flows is due to various reclassification adjustments recorded under Ind AS in Balance sheet and Statement of profit and loss and difference in the definition of cash and cash equivalents under these two GAAPs like bank overdraft.

Note 39 : Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Group.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the Group.

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 40 : 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, 2017, AFL has granted 16,63,864 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:

Scheme	ESOP 2016
Date of grant	October 25, 2016
Number of options granted	6,14,332, 1,69,846 and 8,79,686
Exercise price per option	Rs. 54, Rs. 91 and Rs. 97
Fair Value of option on Grant date	Rs. 43.43, Rs. 19.94 and Rs. 17.45
Vesting period	31-Oct-17 for Grant I and II
Vesting requirements	Time based vesting for Grants I and II Performance based vesting for Grant III
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.
Method of settlement	Through allotment of one equity share for each option granted.

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

Particulars	2016-17
Options	
Outstanding at the beginning of the year	-
Vested but not exercised at the beginning of the year	-
Granted during the year	1,663,864
Forfeited during the year	-
Exercised during the year	-
Expired during the year	-
Outstanding at the end of the year	1,663,864
Exercisable at the end of the year	-
Weighted average exercise price per option (Rs.)	78.73

Share options outstanding at the end of the year have the following expiry date, exercise price and weighted average contractual life of the options outstanding at the end of the year :

Grant date	Expiry date	Exercise price	March 31, 2017 Share options
October 25, 2016	*	Rs. 54, 91 and 97	1,663,864
Weighted average remaining contractual life (Years)			5.5

* At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.

AFL has granted 16,63,864 options during the year ended on March 31, 2017 (March 31, 2016 : Nil). The fair value of the share based payment options granted is determined using the binomial model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Particulars	
Share price as at measurement date	Rs. 84.94
Expected volatility	18.34%
Expected life (years)	4
Dividend yield	0%
Risk-free interest rate (%)	6.68%

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	
	2016-17	2015-16
Employee option plan	2,617,757	-
Total employee share based payment expense	2,617,757	-

Arvind Lifestyle Brands Limited
Notes to the Financial Statements

Note 41 : Business Transfer

A Business Transfer Agreement ("the Agreement") between Arvind Lifestyle Brands Limited (ALBL) and Arvind Fashions Limited (AFL), was executed on 21st October 2016 whereby ALBL agreed to sell, transfer, convey, assign and deliver the Business Undertaking (consisting of designing, sourcing, manufacturing, distribution wholesale, franchise and any other business of ALBL, other than the Stores, using the Arrow, Izod and Flying Machine Marks and comprised of the sale of Assets, the Employees, and the Business Liabilities) to AFL, as a going concern and on a slump sale basis, for a consideration of Rs. 253,25,08,028/-.

Note 42 : Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per notification is given below:

Particulars	Rupees		
	SBNs*	Other denomination notes	Total
Closing cash balance as on November 8, 2016	10,081,500	614,188	10,695,688
(+) Permitted Receipts	-	293,197,131	293,197,131
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	10,081,500	282,626,737	292,708,237
Closing cash balance as on December 30, 2016	-	11,184,582	11,184,582

**For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.*

Note 43 : Regrouped, Recast, Reclassified

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

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 11, 2017.

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.

For all periods up to and including the year ended March 31, 2016, 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. These financial statements for the year ended March 31, 2017 are the first financial statements that the Company has prepared in accordance with Ind AS. Refer to Note 38 for information of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of profit & loss and Statement of cash flow.

2.2 Historical Cost Convention

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

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



3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2015 being the date of transition to Ind AS:

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

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

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

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

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

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

3.4. Foreign currencies

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

Transactions and balances

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

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

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



gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5. Fair value measurement

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

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

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

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

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

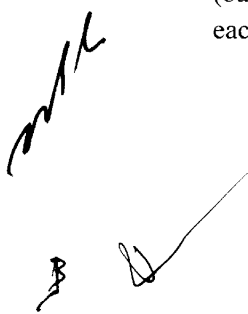
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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



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

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

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

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

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

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

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

3.6. Property, plant and equipment

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

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

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

Derecognition

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

Depreciation

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

Transition to Ind AS

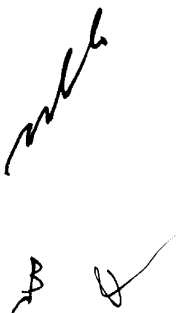
On transition to Ind AS, the Company has elected to measure certain items of property, plant and equipment at fair value as at April 1, 2015 and used that fair value as deemed cost of the such items of property, plant and equipment.

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.

Transition to Ind AS

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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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 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

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losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

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

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

Amortisation

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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to measure Intangible assets at cost eligible under Ind AS 38 less accumulated amortisation and accumulated impairment losses, if any.

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 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.

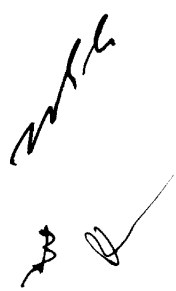
The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term 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.

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.

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

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
 - Financial assets at fair value through other comprehensive income (FVTOCI)
 - Financial assets at fair value through profit or loss (FVTPL)
 - Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- **Financial assets at amortised cost :**
A financial asset is measured at amortised cost if:
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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



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

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is

significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

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

(v) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii) Subsequent measurement of financial liabilities

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

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

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

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

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

- **Loans and Borrowings**

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

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

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

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

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

c) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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



(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

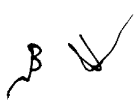
The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is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

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

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

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.

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

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taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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

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

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

3.17. 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, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.



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b) Post-Employment Benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

c) Other long term employment benefits:

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

d) Termination Benefits :

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

3.18. 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

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the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

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

3.19. 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.

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

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 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.7,49,99,378/- (March 31, 2016: Rs.7,49,99,378/- and April 1, 2015: Rs.84,04,827/-).

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 assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 40.

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, 2016: Rs. 9,54,97,443/-, April 1, 2015: Rs. 3,50,00,000/-) of tax credits carried forward. The Company also has Rs. 123,24,06,467/- (March 31, 2016: Rs. 3,20,71,692/-, April 1, 2015: Rs. 21,09,09,287/-) 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 2017, the estimated liability towards unredeemed points amounted to approximately Rs. 2,81,24,899/- (March 31, 2016: Rs. 4,34,69,627/- and April 1, 2015: Rs. 2,55,35,436/-).

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.