

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



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INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Lifestyle Brands Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Arvind Lifestyle Brands Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

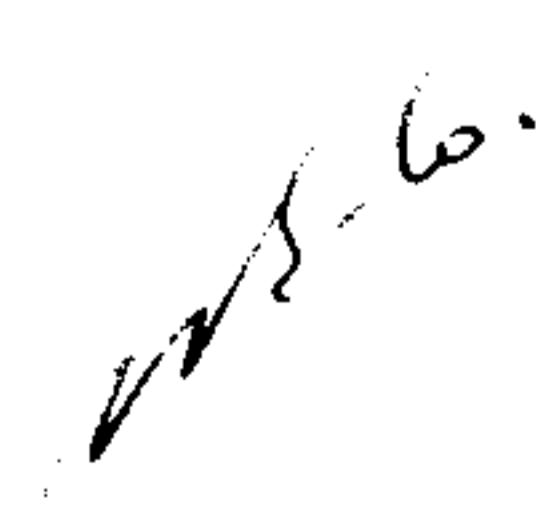
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

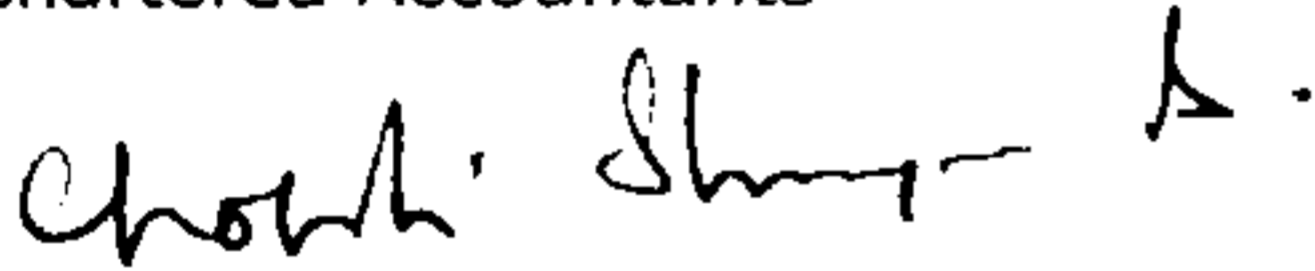
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



SORAB S. ENGINEER & CO. (Regd.)

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 financial position in its financial statements - Refer Note 20 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 7 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sorab S. Engineer & Co.
Firm Registration Number 110417W
Chartered Accountants



CA. Chokshi Shreyas B.
Partner
Membership No. 100892


Ahmedabad
May 14, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re : Arvind Lifestyle Brands Limited

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our 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.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, 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.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirement of clauses (iii,a) and (iii,b) of paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits. Consequently, requirement of clause (v) of paragraph 3 of the order are not applicable.



SORAB S. ENGINEER & CO. (Regd.)


- (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, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. There are no undisputed amounts outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
- (b) Following amounts have not been deposited as on March 31, 2015 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
		2,427,660	2001-2002	Reference with High Court
		140,000	2002-2003	Appellate Tribunal
		624,751	2005-2006	Additional Commissioner
		2,801,815	2005-2006	Special Commissioner
		729,029	2009-2010	Special Commissioner
		3,480,540	2009-2010	Deputy Commissioner
		12,063,393	2009-2010	Appellate Tribunal
		2,221,000	2010-2011	Assistant Commissioner
		79,367,260	2010-2011	
		143,537,114	2011-2012	
		34943079	2011-2012	Assessing Officer
		525,343	2011-2012	Appellate Tribunal
46,078,486	2012-2013	Assessing Officer		
Central Excise Act	Excise Duty	3,895,856	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
Income Tax Act	Income Tax	4,200,322	2010-2011	CIT Appeal

SORAB S. ENGINEER & CO. (Regd.)

- (c) According to the information and explanations given to us, there were no amounts which were required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company neither has any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial Institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Sorab S. Engineer & Co.**
Firm Registration Number 110417W
Chartered Accountants



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 14, 2015

Arvind Lifestyle Brands Limited

Balance Sheet

Amount in Rs.

	Note	As at	
		March 31, 2015	March 31, 2014
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	29,93,51,000	27,93,51,000
Reserves and Surplus	4	2,61,27,48,323	2,29,45,02,613
Non-current liabilities			
Long Term Borrowings	5	1,49,17,88,391	1,47,00,49,799
Other Long Term Liabilities	6	27,95,05,240	15,94,05,664
Long Term Provisions	7	4,14,54,298	3,11,28,818
Current liabilities			
Short Term Borrowings	8	4,99,09,42,667	3,88,66,10,123
Trade Payables	9	5,58,29,95,315	4,80,91,34,235
Other Current Liabilities	10	1,19,64,85,749	1,08,83,05,021
Short Term Provisions	7	9,16,29,767	6,83,93,074
Total		16,58,69,00,750	14,08,68,80,347
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	11	2,05,18,27,454	2,10,69,87,124
Intangible Assets	12	56,58,78,445	67,42,10,742
Capital Work-in-progress		4,25,566	-
Non Current Investments	13	1,50,000	1,50,000
Deferred Tax Assets (Net)	14	50,86,82,849	19,20,86,165
Long Term Loans and Advances	15	1,43,01,98,240	1,37,59,96,879
Other Non Current Assets	16	45,03,227	1,78,75,394
Current assets			
Inventories	17	5,05,62,57,764	4,09,31,90,939
Trade Receivables	18	5,96,08,35,127	4,72,43,28,422
Cash and Bank Balances	19	7,76,22,329	17,65,05,632
Short Term Loans and Advances	15	91,06,10,233	70,87,11,837
Other Current Assets	16	1,99,09,516	1,68,37,213
Total		16,58,69,00,750	14,08,68,80,346
Significant Accounting Policies	2		

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

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
May 14, 2015

[Signature]

Director

Director

Company Secretary

Arvind Lifestyle Brands Limited

Statement of Profit and Loss

Amount in Rs.

	Note	Year ended	
		March 31, 2015	March 31, 2014
Revenue from operations (Gross)	22	21,92,71,62,684	18,11,37,96,389
Less : Value Added Tax		87,78,37,373	69,33,03,952
Revenue from operations (Net)		21,04,93,25,311	17,42,04,92,437
Other Income	23	7,42,43,840	5,86,60,366
Total Revenue		21,12,35,69,151	17,47,91,52,803
Expenses:			
Cost of materials consumed	24	4,38,60,880	9,63,12,515
Purchases of Stock in Trade	25	11,93,59,24,418	10,15,53,36,193
Changes in inventories of stock-in-trade	26	(90,94,27,297)	(1,01,08,41,509)
Employee benefits expense	27	1,58,84,06,446	1,28,13,84,741
Finance costs	28	85,82,80,270	64,75,78,202
Depreciation and amortization expense	29	68,21,71,920	58,51,40,826
Other expenses	30	7,17,75,03,335	6,02,41,92,931
Total expenses		21,37,67,19,972	17,77,91,03,899
Profit/(Loss) before exceptional and extraordinary items and tax		(25,31,50,821)	(29,99,51,096)
Exceptional items	31	(22,40,39,733)	-
Profit/(Loss) before extraordinary items and tax		(47,71,90,554)	(29,99,51,096)
Extraordinary Items		-	-
Profit/(Loss) before tax		(47,71,90,554)	(29,99,51,096)
Tax expense:			
Deferred tax		(15,39,95,186)	(8,51,42,182)
Profit/(Loss) for the year		(32,31,95,368)	(21,48,08,914)
Earnings per equity share	37		
(Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-):			
Basic and Diluted			
Before Exceptional Item		(3.54)	(7.83)
After Exceptional Item		(11.53)	(7.83)
Significant Accounting Policies	2		

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

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
May 14, 2015

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Director
Sis
Director

Company Secretary

Arvind Lifestyle Brands Limited

Cash Flow Statement

Amount in Rs.

	Year ended	
	March 31, 2015	March 31, 2014
A Cash Flow From Operating Activities		
Profit/(Loss) Before taxation		(47,71,90,554)
Adjustments for:		(29,99,51,095)
Depreciation /Amortization	68,21,71,920	58,51,40,826
Interest Income	(77,70,210)	(1,89,15,760)
Interest Expenses	85,82,80,270	64,75,78,202
Provision for Retirement Benefits	1,85,02,481	1,50,34,193
Bad Debt Written off	-	52,202
Sundry Debit Written off	46,919	41,61,489
Provision for Doubtful Advances	1,50,00,000	1,83,70,000
Foreign Exchanges (Gain)/Loss	13,94,021	(1,05,21,273)
Fixed Assets Written off	67,848	2,32,01,877
Sundry Credit balances appropriated	(66,206)	-
(Profit)/Loss on Sale of Tangible assets	(9,04,320)	(2,76,052)
	1,56,67,22,723	1,26,38,25,704
Operating Profit before Working Capital Changes	1,08,95,32,169	96,38,74,609
Working Capital Changes:		
Changes in Inventories	(96,30,66,825)	(86,82,98,807)
Changes in other long term liabilities	12,00,99,576	5,96,56,999
Changes in trade payables	77,39,27,286	42,28,73,884
Changes in other current liabilities	(8,70,71,930)	33,86,90,240
Changes in provisions	1,64,62,025	44,24,786
Changes in long term loans and advances	(12,64,00,748)	(14,94,22,517)
Changes in trade receivables	(1,23,65,53,623)	(1,44,00,95,335)
Changes in other assets	(11,78,810)	6,18,72,998
Changes in short term loans and advances	(21,53,73,765)	(20,78,17,310)
Net Changes in Working Capital	(1,71,91,56,814)	(1,77,81,15,062)
Cash Generated from Operations	(62,96,24,645)	(81,42,40,453)
Direct Taxes paid (Net of Income Tax refund)	(1,05,24,843)	(1,35,16,263)
Net Cash flow from Operating Activities	(64,01,49,488)	(82,77,56,716)
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(1,04,32,94,494)	(82,74,57,881)
Sale of tangible assets	2,38,65,026	81,01,482
Changes in Capital Advances	8,27,24,230	(9,82,53,080)
Changes in Loans to Employees	(17,62,810)	(61,81,528)
Interest Income	83,56,280	1,96,26,096
Net cash flow from Investing Activities	(93,01,11,768)	(90,41,64,911)
C Cash Flow from Financing Activities		
Issue of Equity Shares	1,00,00,00,000	30,00,00,000
Changes in long term Borrowings	20,94,43,339	1,07,48,31,689
Changes in short term borrowings	1,10,43,32,544	99,92,78,890
Interest Paid	(85,32,90,534)	(61,48,05,158)
Net Cash flow from Financing Activities	1,46,04,85,349	1,75,93,05,421
Net Increase/(Decrease) in cash & cash equivalents	(10,97,75,907)	2,73,83,794
Cash & Cash equivalents at the beginning of the period	15,50,21,865	12,76,38,071
Cash & Cash equivalents at the end of the period	4,52,45,958	15,50,21,865

Particulars	As at	
	March 31, 2015	March 31, 2014
Cash and cash equivalents comprise of: (Note 19)		
Cash on Hand	11,273	62,917
Balances with Banks	4,52,34,685	15,49,58,948
Total	4,52,45,958	15,50,21,865

As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants
Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Jaye
Director
[Signature]
Director

Ahmedabad
May 14, 2015

Company Secretary

Arvind Lifestyle Brands Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind Lifestyle Brands Limited (ALBL) is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. True to being the pioneer in Apparel designing and retailing in India, ALBL launched first ever Denim Brand in India in the early 80's, brought first international brand Arrow to India in early 90's and also opened first exclusive brand outlet in India. With close to 600 stores covering 6 Lac plus square feet of Retail space panning the length and breadth of the country, ALBL today has some of the best known international portfolio brands, the likes of ARROW, GANT, U. S. POLO, IZOD, ELLE, NAUTICA, DEBENHAMS, NEXT and HANES apart from our very own Denim brand FLYING MACHINE spread across. The company has recently added two New Brands in GAP and TCP to strengthen its presence in Bridge to Lifestyle and Kidswear segment respectively.

Megamart, a division of ALBL is engaged in the business of Value Retailing of Apparels. Again taking Pioneer position, Megamart introduced the concept of Apparel Value retailing business in India and dominates the Branded Apparel Value-Retailing market in India. Megamart also introduced International Brands like Cherokee, Mossimo and Geoffrey Beane in the Value Retailing segment and created a big market excitement. With more than 135 regular format stores and 5 Big Format stores, Megamart operates with more than 8 million square feet of Retail space across India.

Both Brands and Megamart retail presence touches 800+ stores and 14.2Mn Retail space.

2. SIGNIFICANT ACCOUNTING POLICIES

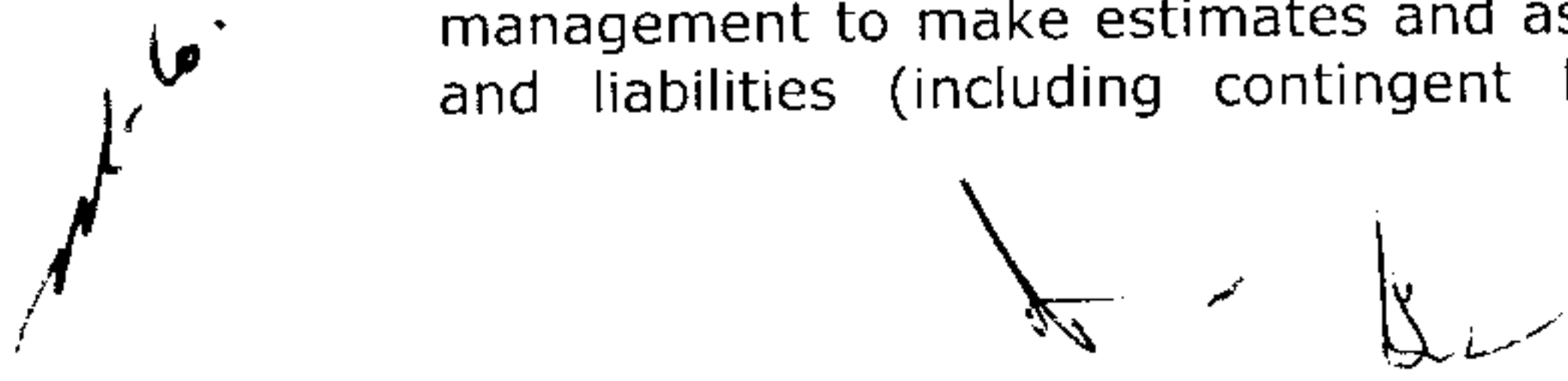
(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Indian GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

(B) USE OF ESTIMATES

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial



statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

(C) INFLATION

Assets and liabilities are recorded at historical cost to the Company except so far as they relate to assets acquired under the Scheme of Arrangement which are valued at their fair value. These costs are not adjusted to reflect the changing value in the purchasing power of money.

(D) REVENUE RECOGNITION

Retail sales and revenues are recognised on delivery of the merchandise to the customer, when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from export sales are recognized on shipment basis.

The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are displayed separately in the Statement of Profit and Loss.

Sales are stated net of returns, discount, Sales Tax and Value Added Tax.

Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

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.

(E) INVENTORIES

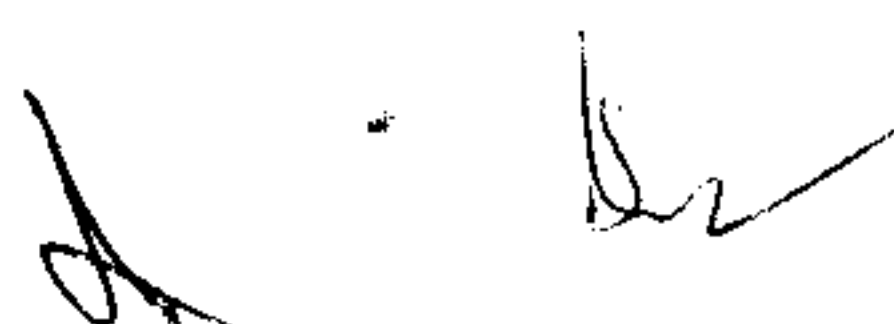
Inventories are valued at the lower of cost and net realizable value. Cost includes cost of materials and cost of conversion. The cost of finished goods has been measured on the Weighted Average Cost basis.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

(F) FIXED ASSETS

Tangible Assets

Tangible Fixed Assets are stated at acquisition cost, net of accumulated depreciation except in case of assets acquired under the scheme of demerger/amalgamation which are stated at fair value less accumulated depreciation.



The addition to the fixed assets is stated at their original cost of acquisition less accumulated depreciation. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenditure incurred up to the date of opening new stores to the extent they are attributable to the new store. Losses arising from the retirement of, and gains or losses from disposal of fixed assets are recognised in the Statement of Profit and Loss.

Intangible Assets

Intangible assets acquired are stated at their fair value, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its value/cost can be reliably measured.

The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.

(G) DEPRECIATION/AMORTISATION

Depreciation on Tangible Assets

The carrying value of the tangible fixed assets as on April 1, 2014 is depreciated over remaining useful life of the assets based on independent technical evaluation carried out by external valuer

Depreciation on addition to tangible fixed assets is provided on the straight line method over useful lives of the assets based on internal assessment.

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

The management estimates the useful lives for the tangible fixed assets as follows:

Assets	Useful Life (in yrs)
Furniture & Fixture	6
Leasehold Improvements	6
Plant & Machinery	5
Vehicles	4

The management believes that the useful lives 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 of the Companies Act 2013.

Amortisation of Intangible Assets

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 in the ratio of revenue expected to be generated from these brands over the period of ten years.

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

(H) IMPAIRMENT OF ASSETS

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of profit and loss.

(I) INVESTMENTS

Long Term investments are stated at cost. Fall in the value, other than temporary, has been charged to the Statement of Profit and Loss.

(J) FOREIGN CURRENCY TRANSACTIONS

Initial Recognition:

On initial recognition, all foreign currency transactions are recorded at the exchange rate prevailing at the time of the transaction.

Subsequent Recognition:

As at the reporting date, all monetary assets and liabilities in foreign currency have been restated at the year end rate. The difference arising as a result has been accounted as income/ expense.

Forward Contracts:

The premium or discount arising at the inception of the forward exchange contracts, or other financial instruments that are in substance forward exchange contracts is amortized as expense or income over the life of the contracts.

Realized gain or loss on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.

Forward Contracts remaining unsettled at the Balance sheet date are revalued at the closing rate and exchange difference arising on such revaluation is charged to Statement of Profit and Loss.

(K) RETIREMENT BENEFITS

The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund. The Company's contributions thereto are charged to revenue every year. The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

The Company has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. The actuarial valuation is done based on Projected Unit Credit Method. Gratuity scheme is administered by Life Insurance Corporation of India.



Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of Profit and Loss as income or expense.

(L) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and considered as revenue expenditure and charged to profit and loss for the year in which it is incurred.

(M) LEASE ACCOUNTING

Lease Rentals for assets acquired under operating lease are recognized as an expense in the statement of Profit and Loss on a straight line basis over the lease term.

(N) TAXES ON INCOME

Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.

Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.

Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year that originates in one period and is capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(O) EARNING PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(P) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but are disclosed in the accounts by way of a note.

Contingent assets are neither recognized nor disclosed in the financial statements.

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Arvind Lifestyle Brands Limited

3 Share Capital

Amount in Rs.	
As at	
March 31, 2015	March 31, 2014

Authorised 50,000,000 Equity Shares (Previous Year 50,000,000) Par Value of Rs.10/- per share	50,00,00,000	50,00,00,000
	50,00,00,000	50,00,00,000
Issued 29,935,100 Equity Shares (Previous Year 27,935,100) Par Value of Rs.10/- per share	29,93,51,000	27,93,51,000
	29,93,51,000	27,93,51,000
Subscribed and fully paid up 29,935,100 Equity Shares (Previous Year 27,935,100) Par Value of Rs.10/- per share fully paid up	29,93,51,000	27,93,51,000
Total	29,93,51,000	27,93,51,000

a Reconciliation of Number of Shares

Particulars	As at			
	March 31, 2015		March 31, 2014	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Balance at the beginning of the year	2,79,35,100	27,93,51,000	2,10,50,100	21,05,01,000
Add:				
Shares issued during the year	20,00,000	2,00,00,000	68,85,000	6,88,50,000
Balance at the end of the year	2,99,35,100	29,93,51,000	2,79,35,100	27,93,51,000

b Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 year: immediately preceding March 31, 2015)

2,00,00,000 shares of Rs. 10 each were allotted as fully paid up in April, 2009 pursuant to the scheme of arrangement without payment being received in cash.
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.

c Rights, Preferences and Restrictions attached to 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.

d Shares held by Holding Company

Particulars	As at	
	March 31, 2015	March 31, 2014
Holding Company - Arvind Brands and Retail Limited	2,99,35,100	2,78,70,012

e Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at	
	March 31, 2015	March 31, 2014
Holding Company - Arvind Brands and Retail Limited	2,99,35,100 100.00%	2,78,70,012 99.77%

4 Reserves and Surplus

Amount in Rs.	
As at	
March 31, 2015	March 31, 2014

Securities Premium Account Balance as per last financial statements Add: Addition during the year Balance at the end of the year	1,98,40,00,000 98,00,00,000 2,96,40,00,000	1,69,00,00,000 29,40,00,000 1,98,40,00,000
Capital Reserve on Amalgamation Balance as per last financial statements	59,05,31,059	59,05,31,059
Surplus in Statement of Profit and Loss Balance as per last financial statements Less : Adjustment of Depreciation (Net of Deferred Tax of Rs. 162,601,498/-) (Note 40) Add : Profit/(Loss) for the year Balance at the end of the year	-28,00,28,446 -33,85,58,922 -32,31,95,368 -94,17,82,736	-6,52,19,532 - -21,48,08,914 -28,00,28,446
Total	2,61,27,48,323	2,29,45,02,613

5 Long Term Borrowings

	Non- Current portion		Current Maturities	
	As at		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Secured				
Term Loans :				
From Banks	1,47,07,62,224	1,45,99,54,725	46,95,00,000	28,24,00,000
Hire Purchase Loans :				
From Banks	1,62,65,245	-	51,35,928	-
From Others	47,60,922	1,00,95,074	44,65,833	76,02,993
	1,49,17,88,391	1,47,00,49,799	47,91,01,761	29,00,02,993
Amount disclosed under the head "Other Current Liabilities" (Note 10)	-	-	47,91,01,761	29,00,02,993
Total	1,49,17,88,391	1,47,00,49,799	-	-

a Nature of Security

I Term Loans from Banks are secured by:

i. Loans of Rs 1,787,347,273 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. The Company is in the process of registering charge with ROC in respect of Loans amounting to Rs. 500,000,000/-;

ii. Loan of Rs. 121,277,477 is secured against First charge over the stocks, receivable and other current asset, excluding stocks of Nautica Brand and second charge over the entire fixed assets of the Company both present and future;

iii. Loan of Rs 31,637,474 is secured against First Charge on the specific assets acquired under the project.

iv. All the above loans are additionally secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company.

II Hire Purchase Loan from Others are secured by hypothecation of related vehicles.

b Rate of Interest and Terms of Repayment

Particulars	Amount in Rs.	Range of Interest (%)	Terms of Repayment
A. Term Loan			
State Bank of India/Bank of Baroda/HDFC Bank	1,44,02,62,224	0.5% to 1.75% above Base Rate	Repayable in quarterly installments ranging between 16 to 20 after moratorium of one year from the date of loan
HDFC Bank	50,00,00,000	0.5% above Base Rate	Repayable in 60 monthly instalments after moratorium upto April 2015.
B. Hire Purchase Loans			
AXIS Bank and HDFC Bank	2,14,01,173	9% to 15%	Repayable in 48 monthly installments from the date of release of respective loans
Kotak Mahindra Prime Limited - Hire Purchase Loan	92,26,755	9% to 11%	Repayable in 48 monthly installments from the date of release of respective loans

6 Other Long Term Liabilities

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Security Deposits	27,95,05,240	15,94,05,664
Total	27,95,05,240	15,94,05,664

Arvind Lifestyle Brands Limited

7 Provisions	Amount in Rs.			
	Long Term		Short Term	
	As at		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Provision for Employee Benefits				
Leave Encashment	4,14,54,298	3,11,28,818	67,65,564	56,12,919
Gratuity	-	-	2,50,60,249	1,70,40,861
Provision for Wealth tax	-	-	1,74,230	99,230
Provision for Litigation/Disputes (Note a)	-	-	3,00,00,000	2,81,24,552
Provision for Customer Loyalty Program Reward Points (Note b)	-	-	2,34,14,626	98,98,081
Provision for Forward Contract Premium	-	-	62,15,098	76,17,431
Total	4,14,54,298	3,11,28,818	9,16,29,767	6,83,93,074

a Provision for Litigation/Disputes

The Company 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	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Balance as per last financial statements	2,81,24,552	2,81,24,552
Add : Provision made during the year	18,75,448	-
Balance at the end of the year	3,00,00,000	2,81,24,552

b Provision for Customer Loyalty Program Reward Points

The Company has made provision for customer loyalty program reward points. The movement in provision for those reward points are given below:

Particulars	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Balance as per last financial statements	98,98,081	11,55,000
Add : Provision made during the year	3,72,47,643	1,20,63,175
Less : Redeemed/Reversal made during the year	-2,37,31,097	-33,20,094
Balance at the end of the year	2,34,14,626	98,98,081

8 Short Term Borrowings

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Working Capital Loans repayable on demand From Banks	2,79,71,69,228	2,64,28,25,110
Unsecured	2,79,71,69,228	2,64,28,25,110
Under Buyer's Credit Arrangement from Banks	53,26,24,441	26,00,68,845
Intercompany Deposits		
From Related Parties	1,66,11,48,998	80,40,25,849
From Others	-	17,96,90,319
	2,19,37,73,439	1,24,37,85,013
Total	4,99,09,42,667	3,88,66,10,123

a Nature of Security

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. The Company is in the process of registering charge with ROC in respect of Loans amounting to Rs. 256,872,502/-;
- 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.
- Inter Corporate Deposits carry interest @ 11% per annum.

Arvind Lifestyle Brands Limited

9 Trade Payables

		Amount in Rs.	
		As at	
		March 31, 2015	March 31, 2014
Creditors in respect of goods and services (Note a)		4,46,31,10,648	3,77,80,68,354
Acceptances		1,11,98,84,667	1,03,10,65,881
Total		5,58,29,95,315	4,80,91,34,235

a During the year, the Company has received certificate of registration under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 from some suppliers. Based on the information available, the disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Small Enterprise are presented as follows:

		Amount in Rs.	
		As at	
		March 31, 2015	March 31, 2014
(a) Amount due and outstanding to suppliers as at the end of accounting year;		9,04,23,526	12,79,70,884
(b) Interest paid during the year;		1,43,84,730	-
(c) Interest payable at the end of the accounting year;		3,13,53,617	3,21,50,979
(d) Interest accrued and unpaid at the end of the accounting year		3,13,53,617	3,21,50,979

10 Other Current Liabilities

		Amount in Rs.	
		As at	
		March 31, 2015	March 31, 2014
Current maturities of long-term borrowings (Note 5)		47,91,01,761	29,00,02,993
Interest accrued but not due		69,80,704	29,452
Interest accrued and due		3,13,53,617	3,21,50,979
Advance from Customers		6,00,85,118	39,80,04,982
Statutory dues including Provident Fund and Tax deducted at Source		24,55,64,134	20,41,60,982
Payable in respect of Capital Goods		8,03,53,667	6,17,06,084
Book Overdraft		8,50,42,679	3,97,61,185
Payable in respect of employees		15,68,84,355	3,63,44,581
Security Deposit		11,56,000	-
Others		4,99,63,714	2,61,43,783
Total		1,19,64,85,749	1,08,83,05,021

Arvind Lifestyle Brands Limited

11 Tangible Assets

Particulars	Gross Block				Depreciation / Amortization				Amount in Rs. Net Block	
	As on 01.04.2014	Additions	Disposals	As on 31.03.2015	As on 01.04.2014	Other Adjustments (Note 40)	For the year	Deductions	As on 31.03.2015	As on 31.03.2014
Own Assets										
Plant and Equipments	46,44,35,411	21,01,31,121	36,54,371	67,09,12,161	14,34,38,464	10,22,27,195	8,33,16,464	6,49,664	32,83,32,459	34,25,79,702
Furniture and Fixtures	76,57,46,523	35,66,20,248	35,68,235	1,11,87,98,536	24,20,60,852	9,83,54,198	15,85,45,274	16,19,492	49,73,40,832	62,14,57,704
Vehicles	3,90,82,969	2,16,58,261	1,28,54,924	4,78,86,306	1,90,68,439	13,38,458	75,51,720	1,16,51,298	1,63,07,319	3,15,78,987
Office Equipments	11,23,71,094	6,14,45,323	17,38,525	17,20,77,892	3,80,12,608	2,29,04,933	2,94,57,732	3,77,660	8,99,97,613	8,20,80,279
Leasehold Improvements	1,63,94,96,787	28,77,48,445	1,24,28,222	1,91,48,17,010	57,04,75,022	25,04,87,633	21,78,39,227	46,91,474	1,03,41,10,408	88,07,06,602
Data Processing Equipments	18,48,53,636	6,31,27,150	37,75,857	24,42,04,929	8,59,43,911	2,58,48,003	3,92,30,750	2,41,915	15,07,80,749	9,34,24,180
Total	3,20,59,86,420	1,00,07,30,548	3,80,20,134	4,16,86,96,834	1,09,89,99,296	50,11,60,420	53,59,41,167	1,92,33,503	2,11,68,69,380	2,10,69,87,124

Particulars	Gross Block				Depreciation / Amortization				Amount in Rs. Net Block	
	As on 01.04.2013	Additions	Disposals	As on 31.03.2014	As on 01.04.2013	For the year	Deductions	As on 31.03.2014	As on 31.03.2013	
Own Assets										
Plant and Equipments	33,21,05,263	14,49,77,516	1,26,47,368	46,44,35,411	8,43,09,931	6,62,03,306	70,74,773	14,34,38,464	32,09,96,947	
Furniture and Fixtures	56,01,26,581	22,36,85,433	1,80,65,491	76,57,46,523	14,35,89,802	10,96,19,345	1,11,48,295	24,20,60,852	52,36,85,671	
Vehicles	3,06,88,964	95,94,005	12,00,000	3,90,82,969	1,25,08,564	69,59,327	3,99,452	1,90,68,439	2,00,14,530	
Office Equipments	7,78,81,532	3,61,41,079	16,51,517	11,23,71,094	2,20,20,570	1,70,86,333	10,94,295	3,80,12,608	7,43,58,486	
Leasehold Improvements	1,30,75,46,006	35,89,75,331	2,70,24,550	1,63,94,96,787	35,11,02,022	22,95,27,748	1,01,54,748	57,04,75,022	1,06,90,21,765	
Data Processing Equipments	14,66,94,437	3,90,09,319	8,50,120	18,48,53,636	6,37,62,120	2,27,21,967	5,40,176	8,59,43,911	9,89,09,725	
Total	2,45,50,42,783	81,23,82,683	6,14,39,046	3,20,59,86,420	67,72,93,009	45,21,18,026	3,04,11,739	1,09,89,99,296	2,10,69,87,124	

12 Intangible Assets

Particular	Gross Block				Amortization				Amount in Rs. Net Block	
	As on 01.04.2014	Additions	Disposals	As on 31.03.2015	As on 01.04.2014	For the year	Deductions	As on 31.03.2015	As on 31.03.2014	
License Brands	64,09,57,210	-	-	64,09,57,210	20,81,01,878	4,39,70,606	-	25,20,72,484	38,88,84,726	
Brand Value	17,67,20,712	-	-	17,67,20,712	4,83,74,725	3,04,74,762	-	7,88,49,487	9,78,71,225	
Computer Software	16,23,64,313	4,21,38,381	44,62,281	20,00,40,413	7,88,38,300	6,31,56,094	2,22,356	14,17,72,038	5,82,68,375	
Jobworkers' Network	1,72,95,984	-	-	1,72,95,984	1,72,95,984	-	-	1,72,95,984	-	
Vendors' Network	6,27,28,346	-	-	6,27,28,346	6,27,28,346	-	-	6,27,28,346	-	
Distribution Network	4,31,46,454	-	-	4,31,46,454	1,36,63,044	86,29,291	-	2,22,92,335	2,08,54,119	
Total	1,10,32,13,019	4,21,38,381	44,62,281	1,14,08,89,119	42,90,02,277	14,62,30,753	2,22,356	57,50,10,674	56,58,78,445	

Particular	Gross Block				Amortization				Amount in Rs. Net Block	
	As on 01.04.2013	Additions	Disposals	As on 31.03.2014	As on 01.04.2013	For the year	Deductions	As on 31.03.2014	As on 31.03.2013	
License Brands	64,09,57,210	-	-	64,09,57,210	14,36,46,775	6,44,55,103	-	20,81,01,878	43,28,55,332	
Brand Value	17,67,20,712	-	-	17,67,20,712	2,92,63,135	1,91,11,590	-	4,83,74,725	14,74,57,577	
Computer Software	12,87,33,291	3,36,31,022	-	16,23,64,313	5,40,16,350	2,48,21,950	-	7,88,38,300	8,35,26,013	
Jobworkers' Network	1,72,95,984	-	-	1,72,95,984	1,38,36,788	34,59,196	-	1,72,95,984	-	
Vendors' Network	6,27,28,346	-	-	6,27,28,346	5,01,82,676	1,25,45,670	-	6,27,28,346	-	
Distribution Network	4,31,46,454	-	-	4,31,46,454	50,33,753	86,29,291	-	1,36,63,044	2,94,83,410	
Total	1,06,95,81,997	3,36,31,022	-	1,10,32,13,019	29,59,79,477	13,30,22,800	-	42,90,02,277	67,42,10,742	

Arvind Lifestyle Brands Limited

13 Non Current Investments

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Trade Investments (At Cost)		
Investments in Government Trust Securities National Saving Certificates (Lodged with Sales Tax Authorities)	1,50,000	1,50,000
Total	1,50,000	1,50,000
a		
Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	1,50,000	1,50,000
b		
Disclosure as per AS 13 - Accounting for Investments		
Long Term Investments	1,50,000	1,50,000
Current Investments	-	-
Total	1,50,000	1,50,000

14 Deferred Tax Assets (Net)

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Deferred Tax Asset		
Fixed Assets	23,25,65,760	1,08,56,174
Expenditure allowable on payment basis	5,92,13,912	4,93,11,358
Unabsorbed loss/ Depreciation	21,09,09,287	12,45,73,395
Others	59,93,890	73,45,238
Deferred Tax Asset (Net)	50,86,82,849	19,20,86,165

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws

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Arvind Lifestyle Brands Limited

Amount in Rs.

15 Loans and Advances
(Unsecured, Considered good unless otherwise stated)

	Long Term		Short Term	
	As at		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Capital Advances	7,84,53,718	16,11,77,948	-	-
Security Deposits	1,22,31,05,954	1,09,67,05,206	-	-
Loans to Employees	-	-	1,06,91,046	89,28,236
Advances recoverable in cash or in kind or for value to be received	-	-	68,18,05,598	47,35,42,672
Considered Good	-	-	4,63,67,498	3,13,67,498
Considered Doubtful	-	-	72,81,73,096	50,49,10,170
Less: Provision for Doubtful Advances	-	-	-4,63,67,498	-3,13,67,498
Prepaid Expenses	-	-	68,18,05,598	47,35,42,672
Deferred Premium on Forward Contracts	-	-	21,45,23,032	22,24,12,193
Advance Income Tax (Net of Provision of Rs. 211,125,801 Previous Year Rs. 211,125,801)	9,36,38,568	8,31,13,725	35,90,557	38,28,736
MAT Credit Entitlement	3,50,00,000	3,50,00,000	-	-
Total	1,43,01,98,240	1,37,59,96,879	91,06,10,233	70,87,11,837

16 Other Assets

Amount in Rs.

	Non Current		Current	
	As at		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Non Current Bank Balances (Note 19)	45,03,227	1,78,75,394	-	-
Duty Drawback Receivable	-	-	1,51,90,846	1,42,98,993
Interest Accrued	-	-	7,74,979	13,61,049
Insurance Claim Receivable	-	-	21,04,398	-
Other Income Receivable	-	-	18,39,293	11,77,171
Total	45,03,227	1,78,75,394	1,99,09,516	1,68,37,213

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Arvind Lifestyle Brands Limited

17 Inventories

	Amount in Rs.	
	March 31, 2015	March 31, 2014
Fabric and Accessories	6,44,14,624	3,18,23,299
Fabric Stock in Transit	1,48,506	43,65,550
Stock-in-trade- Garments	4,91,29,53,319	4,00,35,26,022
Stock-in-trade in Transit - Garments	1,63,89,635	21,98,521
Packing Materials	6,23,51,680	5,12,77,547
Total	5,05,62,57,764	4,09,31,90,939

18 Trade Receivables
(Unsecured, considered good unless otherwise stated)

	Amount in Rs.	
	March 31, 2015	March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment	8,37,00,913	17,72,24,343
Others	5,87,71,34,214	4,54,71,04,079
Total	5,96,08,35,127	4,72,43,28,422

19 Cash and Bank Balances

	Amount in Rs.	
	March 31, 2015	March 31, 2014
Non Current		
As At		
March 31, 2015	March 31, 2015	March 31, 2014

	Amount in Rs.	
	March 31, 2015	March 31, 2014
Cash and Cash Equivalents:		
Cash on Hand	-	62,917
Balances with Banks		
In Current Account	11,273	15,30,68,948
In Cash Credit Account	87,95,193	10,000
In Deposit Account (with original maturity up to 3 months)	3,27,69,492	18,80,000
Other Bank Balances:		
In Deposits Accounts		
Held as Margin Money	-	2,13,14,370
(Under lien with bank as Security for Guarantee Facility)	1,78,25,000	1,69,397
Lodged with Government Department	50,394	
Amount disclosed under the head "Other Non Current Assets" (Note 16)	45,03,227	17,65,05,632
Total	45,03,227	17,65,05,632

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Arvind Lifestyle Brands Limited**20 Contingent Liabilities**
(to the extent not provided for)

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
(a) Claims against the Company not acknowledged as debts	2,56,89,793	3,54,92,160
(b) Disputed Demands in respect of (Note 1)		
Income Tax	1,27,03,529	1,84,43,981
Sales Tax and Value Added Tax (Note 2)	37,44,15,079	2,42,60,304
Excise Duty	41,53,856	41,53,856
Textile Committee Cess	10,94,000	10,94,000
(c) Third Party Claim arising from dispute relating to contracts	-	Amount not ascertainable

Notes:

- (1) Future cash outflows in respect of (b) above are determinable only on receipt of judgements / decisions pending with various forums/authorities.
- (2) 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.

21 Capital and Other Commitments

	Amount in Rs.	
	As at	
	March 31, 2015	March 31, 2014
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	10,10,37,840	13,74,17,688
Other Commitments	-	-

22 Revenue from Operations

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Sale of Products		
Own Merchandise (Including concession sales)	21,78,22,00,551	17,89,08,82,063
Consignment Merchandise	14,52,25,797	30,50,07,203
	21,92,74,26,348	18,19,58,89,266
Less : Value Added Tax	87,78,37,373	69,33,03,952
Less : Cost of Consignment Merchandise	10,96,28,112	22,30,72,429
	20,93,99,60,863	17,27,95,12,885
Other operating revenues		
Commission Income	6,16,01,165	9,47,83,110
Royalty Income	2,56,42,892	2,36,55,307
Duty Drawback Income	1,50,54,997	1,37,11,089
Rent Income	54,00,228	70,39,864
Others	16,65,166	17,90,182
Total	21,04,93,25,311	17,42,04,92,437

a Details of Sales (Net of VAT)

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Garments	20,89,08,94,613	17,23,01,92,204
Others	4,90,66,250	4,93,20,681
Total	20,93,99,60,863	17,27,95,12,885

23 Other Income

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Interest Income	77,70,210	1,89,15,760
Profit on sale of fixed Assets	9,04,320	2,76,052
Sundry Credit Balances Appropriated	66,206	-
Insurance Claim	1,39,84,107	-
Discount Income	3,91,37,936	3,03,60,429
Sub Lease Income	38,06,665	-
Miscellaneous Income	85,74,396	91,08,125
Total	7,42,43,840	5,86,60,366

24 Cost of Materials Consumed

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Fabrics	2,38,717	53,95,880
Accessories and Others	4,09,40,076	7,01,54,583
	4,11,78,793	7,55,50,463
Loss on Sale of Fabrics	26,82,087	2,07,62,052
Total	4,38,60,880	9,63,12,515

(a) Value of imported and indigenous materials consumed

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Imported (Rs.)	10,99,338	8,626
(%)	2.67%	0.01%
Indigenous (Rs.)	4,00,79,455	7,55,41,837
(%)	97.33%	99.99%
Total	4,11,78,793	7,55,50,463

25 Purchase of Stock-in-Trade

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Garments	11,93,59,24,418	10,15,53,36,193
Total	11,93,59,24,418	10,15,53,36,193

26 Changes in Inventories of Stock-in-Trade

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
(Increase)/Decrease in stocks		
Stock at the end of the year		
Stock in Trade - Garments	4,91,29,53,319	4,00,35,26,022
Stock at the beginning of the year		
Stock in Trade - Garments	4,00,35,26,022	2,99,26,84,513
(Increase)/Decrease in stocks	(90,94,27,297)	(1,01,08,41,509)

27 Employee Benefits Expense

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Salaries and Wages	1,40,40,60,507	1,14,18,98,997
Contribution to Provident Fund and Other Funds	10,04,80,148	7,39,36,010
Staff Welfare Expenses	8,38,65,791	6,55,49,734
Total	1,58,84,06,446	1,28,13,84,741

Arvind Lifestyle Brands Limited
Disclosure as required by Accounting Standard on Employee Benefits (AS 15):

(i) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss for Defined Contribution Plans:

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Provident Fund	3,52,70,491	2,97,51,426
Superannuation Fund	24,58,511	22,65,922

(ii) State Plans

The Company has recognised the following amounts in the Statement of Profit and Loss for Contribution to State Plans:

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Employee's State Insurance	1,33,36,972	1,24,36,019
Employee's Pension Scheme	3,20,47,098	1,99,09,730

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries and Wages includes Rs. 18,502,481 (Previous Year Rs. 15,034,193) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Contribution to Gratuity Funds

The details of the Company's Gratuity Fund for its employees are given below which is certified by the actuary and relied upon by the auditors:

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Change in the Benefit Obligations :		
Liability at the beginning of the year	3,22,41,630	2,34,37,144
Interest Cost	21,04,595	19,67,340
Current Service Cost	1,29,53,945	93,75,143
Benefits Paid	(52,94,190)	(18,64,790)
Actuarial Loss/(Gain)	35,19,056	(6,73,207)
Liability at the end of the year	4,55,25,036	3,22,41,630
Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	1,52,00,768	64,23,983
Expected Return on Plan Assets	18,86,548	11,53,919
Contributions	88,66,049	94,41,677
Benefits Paid	(52,94,190)	(18,64,790)
Actuarial gain/(loss) on Plan Assets	(1,94,387)	45,979
Fair Value on Plan Assets at the end of the year	2,04,64,788	1,52,00,768
Total Actuarial (Loss) /Gain to be recognized	(37,13,443)	7,19,186
Actual Return on Plan Assets :		
Expected Return on Plan Assets	18,86,548	11,53,919
Actuarial gain/(loss) on Plan Assets	(1,94,387)	45,979
Actual Return on Plan Assets	16,92,161	11,99,898
Amount Recognized in the Balance Sheet :		
Liability at the end of the year	4,55,25,036	3,22,41,630
Fair Value of Plan Assets at the end of the year	2,04,64,788	1,52,00,768
Amount recognized in the Balance Sheet under " Provision for Employee Benefits "	2,50,60,248	1,70,40,862
Expense Recognized in Statement of Profit and Loss :		
Interest Cost	21,04,595	19,67,340
Current Service Cost	1,29,53,945	93,75,143
Expected Return on Plan Assets	(18,86,548)	(11,53,919)
Net Actuarial loss/(gain) to be recognized	37,13,443	(7,19,186)
Expense recognized in Statement of Profit and Loss under "Employee Benefit Expense"	1,68,85,435	94,69,378
Reconciliation of the Liability Recognized in the Balance Sheet :		
Opening Net Liability	1,70,40,862	1,70,13,161
Expense Recognized	1,68,85,435	94,69,378
Contribution by the Company	(88,66,049)	(94,41,677)
Amount recognized in the Balance Sheet under " Provision for Employee Benefits "	2,50,60,248	1,70,40,862

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

	Year ended	
	March 31, 2015	
	March 31, 2015	March 31, 2014
Discount Rate (%)	7.81	9.12
Return on Plan Assets (%)	8.00	8.00

28 Finance Costs

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Interest		
On Term Loans	20,31,07,773	10,73,12,951
On Cash Credit Facilities	27,33,70,998	23,27,53,186
Others	28,26,60,778	23,08,49,570
Forward Contract Premium Amortisation	1,26,47,211	37,88,695
Other Borrowing Costs	8,64,93,509	7,28,73,800
Total	85,82,80,270	64,75,78,202

29 Depreciation / Amortization Expense

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Depreciation on Tangible assets	53,59,41,167	45,21,18,026
Amortization on Intangible assets	14,62,30,753	13,30,22,800
Total	68,21,71,920	58,51,40,826

30 Other Expenses

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Power and fuel	29,16,12,201	24,40,00,075
Insurance	1,66,03,546	1,39,51,994
Processing Charges	3,94,49,587	2,54,70,251
Printing, Stationary & Communication	10,27,51,121	8,07,04,269
Rent	1,69,17,32,396	1,40,15,81,279
Commission, Brokerage and Discounts	72,37,97,810	82,34,69,419
Rates and taxes	10,22,71,226	13,22,26,352
Repairs to Buildings	71,38,406	1,03,30,858
Repairs to Others	34,41,64,665	33,08,56,821
Royalty on Sales	62,55,49,369	40,99,57,870
Freight, Insurance and Clearing Charges	25,30,49,209	19,01,09,268
Octroi	9,76,41,618	10,42,36,527
Legal and Professional Fees	7,53,17,434	5,50,90,398
Housekeeping Charges	7,29,79,025	4,72,35,325
Security Charges	7,96,69,036	6,74,06,313
Computer Expenses	3,98,80,327	2,36,91,664
Conveyance and Travelling Expenses	17,38,54,376	13,66,53,573
Advertisement and Publicity	1,19,69,07,376	94,78,33,834
Design Fees	1,32,94,883	1,28,99,506
Sales Promotion	4,93,16,196	1,08,20,426
Charges for Credit Card Transactions	8,58,18,214	6,91,57,480
Packing Materials	8,34,94,243	7,01,91,958
Contract Labour Charges	61,71,96,838	45,46,63,122
Sampling and Testing Expenses	11,28,56,474	6,38,48,936
Bad Debts written off	-	52,202
Sundry Debits/Deposits written off	46,919	41,61,489
Provision for Doubtful advances	1,50,00,000	1,83,70,000
Payments to the auditor as		
(a) Auditor	40,00,000	30,00,000
(b) For taxation matters	11,00,000	8,50,000
(c) For reimbursement of expenses	1,93,380	95,800
(d) Certification Work	3,82,500	18,000
Fixed Assets written off	67,848	2,32,01,877
Business Conducting Fees	44,69,154	49,27,371
Foreign Exchange Loss	2,46,77,605	6,77,27,367
Warehouse Charges	10,86,28,357	6,12,38,990
Staff Training and Recruitment Expense	4,33,19,977	3,73,07,246
Bank Charges	3,22,12,921	3,31,72,859
Miscellaneous expenses	4,70,59,098	4,36,82,212
Total	7,17,75,03,335	6,02,41,92,931

31 Exceptional Item

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Settlement Charges (Note a)	22,40,39,733	-
Total	22,40,39,733	-

Note :

- a. On March 26, 2015, the Company settled the foregoing matters and entered into a Settlement Agreement ("Settlement Agreement") with the Ralph Lauren Corporation, PRL USA Holdings, Inc. and The Polo/Lauren Company, L. P. (collectively, "RLC") along with U. S Polo Association Inc. and Arvind Limited. In the Settlement Agreement, the Company denied and disputed the allegations made by RLC. For settlement of the said dispute, as per the settlement agreement, the Company recorded a charge of Rs. 224,039,733/- (including legal costs) related to the matters that were the subject of the Settlement Agreement. The said amount has been shown as exceptional item in the Statement of Profit and Loss.

32 CIF Value of Imports

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Finished Goods	1,36,22,86,942	1,00,72,93,303
Fabric	60,41,322	53,49,064
Accessories	6,96,90,996	20,31,554
Capital Goods	99,74,697	14,79,893

33 Expenditure in Foreign Currency

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Royalty	62,83,76,560	40,23,20,359
Settlement Charge	20,00,00,000	-
Rent	2,09,00,682	2,23,72,604
Travel	1,60,63,805	1,25,77,859
Design Fees	48,79,064	1,09,90,083
Advertisement and Sales Promotion Expenses	2,84,91,740	4,05,31,113
Professional and Consultation Fees	22,94,559	22,43,947
Interest	54,81,722	41,75,200
Buying Office Commission	1,06,77,711	2,24,82,853
Franchisee fees	60,08,691	98,84,605
Other Matters	48,02,629	19,35,715

34 Earning in Foreign Currency

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Revenue from Exports on FOB Basis	27,90,97,396	26,70,93,827

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Arvind Lifestyle Brands Limited

35 Lease Rent:

Rent expense includes lease rental payments towards office premises, showrooms and other facilities. Such lease agreements are generally for a period of 11 to 108 months with the option of renewal against increased rent.

The particulars of operating leases are as follows:

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
(a) Lease Payment recognised in the Statement of Profit and Loss	1,68,68,21,905	1,40,13,44,178
(b) Future Minimum lease payments obligation on non-cancellable operating leases :		
Not later than one year	52,77,54,933	51,42,69,344
Later than one year and not later than five years	11,79,24,643	35,49,92,865
Later than five years	-	-

36 Segment Reporting:

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the context of Accounting Standard 17 on 'Segment Reporting' constitutes a single reportable primary business segment.

Secondary Segment (Geographical by Customers):

	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Segment Revenue		
a) In India	20,77,02,27,915	17,15,33,98,610
b) Outside India	27,90,97,396	26,70,93,827
Total Sales	21,04,93,25,311	17,42,04,92,437
Carrying Cost of Assets by location of Assets		
a) In India	16,52,57,09,956	13,99,71,12,866
b) Outside India	6,11,90,794	8,97,67,480
Total	16,58,69,00,750	14,08,68,80,346
Addition to Assets		
a) In India	1,04,32,94,495	82,74,57,881
b) Outside India	-	-
Total	1,04,32,94,495	82,74,57,881

37 Earning Per Share (EPS):

		Year ended	
		March 31, 2015	March 31, 2014
Profit/(Loss) before exceptional item available to Equity Shareholder	Rs.	(9,91,55,635)	(21,48,08,914)
Profit/(Loss) after exceptional item available to Equity Shareholder	Rs.	(32,31,95,368)	(21,48,08,914)
Weighted average no. of Equity Shares for Basic/Diluted EPS	No.	2,80,22,771	2,74,35,100
Nominal value of Equity Shares	Rs.	10	10
Basic / Diluted Earning per Equity Share before exceptional item	Rs.	(3.54)	(7.83)
Basic / Diluted Earning per Equity Share after exceptional item	Rs.	(11.53)	(7.83)

(A) Weighted average number of Equity Shares

	Year ended	
	March 31, 2015	March 31, 2014
Opening No. of Shares for Basic EPS	2,79,35,100	2,73,35,100
Weighted average number of shares issued during the year	87,671	1,00,000
Weighted average number of shares considered for Calculating EPS	2,80,22,771	2,74,35,100

Arvind Lifestyle Brands Limited

38 Related Party Disclosures:

As per the Accounting Standard on "Related Party Disclosures" (AS 18) the related parties of the Company are as follows:

a List of Related Parties and Nature of Relationship:

Arvind Limited	Ultimate Holding Company
Arvind Brands and Retail Limited	Holding Company
Asman Investment Limited	Fellow Subsidiary
Arvind Goodhill Suit Manufacturing Private Limited	Joint Venture Subsidiary of Ultimate Holding Company
Arvind Infrastructure Limited	Fellow Subsidiary
Arvind Accel Limited	Fellow Subsidiary
Arvind Internet Limited	Fellow Subsidiary
Aura Securities Private Limited	Company under the control of Key managerial personnel of Ultimate Holding Company
Premium Garments Wholesale Trading Private Limited	Joint Venture of Holding Company
Mr. J. Suresh	Key Managerial Personnel

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

b Disclosure in respect of Related Party Transactions:

Nature of Transactions	Amount in Rs.	
	Year ended	
	March 31, 2015	March 31, 2014
Purchase of Goods		
Arvind Limited	14,56,67,387	14,36,21,075
Arvind Goodhill Suit Manufacturing Private Limited	20,33,064	12,44,033
Sale of Goods		
Arvind Limited	20,05,80,523	19,45,84,186
Asman Investments Limited	54,45,247	59,28,683
Arvind Goodhill Suit Manufacturing Private Limited	-	69,713
Arvind Internet Limited	-	1,62,572
Other Expenses		
Arvind Limited	49,13,280	-
Asman Investments Limited	-	29,19,562
Other Income		
Arvind Internet Limited	42,77,170	37,48,905
Arvind Infrastructure Limited	-	5,62,500
Loan Taken (Net)		
Arvind Limited	85,71,23,149	12,06,16,660
Loan Repaid		
Aura Securities Private Limited	-	6,962
Interest Expense		
Arvind Limited	21,52,32,683	16,87,45,148
Aura Securities Private Limited	-	2,982
Issue of Equity Shares		
Arvind Brands and Retail Limited	1,00,00,00,000	36,27,00,020
Receivable in respect of Current Assets		
Arvind Limited	6,62,27,195	5,44,57,690
Asman Investments Limited	4,47,278	
Arvind Internet Limited	10,40,366	8,76,161
Arvind Brands and Retail Limited	17,52,964	17,52,964
Arvind Infrastructure Limited	5,62,500	5,62,500
Premium Garments Wholesale Trading Private Limited	36,97,052	-
Payable in respect of Loan		
Arvind Limited	1,66,11,48,998	80,40,25,849
Payable in respect of Current Liabilities		
Arvind Limited	23,73,32,334	27,47,54,636
Asman Investments Limited	1,28,000	1,47,600
Arvind Goodhill Suit Manufacturing Private Limited	1,29,150	12,24,463

Arvind Lifestyle Brands Limited

c Transactions and Balances:

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Company under the control of Key	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Transactions:								
Purchase of goods	14,56,67,387	14,36,21,075	-	-	20,33,064	12,44,033	-	-
Sale of goods	20,05,80,523	19,45,84,186	-	-	54,45,247	61,60,968	-	-
Other Expenses	49,13,280	-	-	-	-	29,19,562	-	-
Other Income	-	-	-	-	42,77,170	43,11,405	-	-
Loan taken(net)	85,71,23,149	12,06,16,660	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	6,962
Interest Expense	21,52,32,683	16,87,45,148	-	-	-	-	-	2,982
Issue of Equity shares	-	-	1,00,00,00,000	36,27,00,020	-	-	-	-
Balances as at year end:								
Receivable in respect of Current Assets	6,62,27,195	5,44,57,690	17,52,964	17,52,964	57,47,196	14,38,661	-	-
Payable in respect of Loan	1,66,11,48,998	80,40,25,849	-	-	-	-	-	-
Payable in respect of Current Liability	23,73,32,334	27,47,54,636	-	-	12,23,313	13,72,063	-	-

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Arvind Lifestyle Brands Limited

39 Derivatives and Unhedged Foreign Currency Exposure:

a Category-wise quantitative data about derivative instruments outstanding:

	As at 31st March, 2015		As at 31st March, 2014	
	In FC	Amount in Rs.	In FC	Amount in Rs.
Forward Purchase	USD 3,726,841	23,29,27,563	USD 1,211,565	7,25,90,917

b The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at 31st March, 2015		As at 31st March, 2014	
	In FC	Amount in Rs.	In FC	Amount in Rs.
Payable towards royalty	USD 15,29,902 SEK 566,852 EUR 215,685 GBP 26,420	9,56,18,875 41,02,592 1,44,91,893 24,43,021	USD 1,539,188 SEK 257,084 EUR 47,493 -	9,22,20,474 23,75,454 39,66,619 -
Payable for purchase of merchandise	EUR 81,635 USD 1,980,785 GBP 3,596	54,85,064 12,37,99,068 3,32,517	EUR 158,755 USD 2,191,845 GBP 30,811	1,31,26,652 13,13,24,380 30,73,835
Payable for Settlement Agreement	USD 3,200,000	20,00,00,000	-	-
Receivable on sale of Merchandise	USD 979,053	6,11,90,794	USD 1,498,247	8,97,67,480
Payable towards Foreign Currency Loans	USD 4,795,150 -	29,96,96,855 -	USD 1,148,021 EUR 63,544	6,87,83,707 52,54,104

40 Effective from April 1, 2014 the Company has revised the useful lives of fixed assets based on an independent evaluation. Accordingly, the carrying value of fixed assets as on that date, net of residual value, has been depreciated over the revised remaining useful lives. Further, an amount of Rs. 338,558,922/- (net of deferred tax of Rs. 162,601,498/-) representing the carrying value of assets, whose remaining useful life is Nil as at April 1, 2014, has been charged to the opening balance of retained earnings pursuant to the Companies Act, 2013.

41 Receivables, Payables and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

42 Impairment of Fixed Assets

In accordance with the Accounting Standard (AS -28) on 'Impairment of Assets', there is no indication of impairment based on internal or external factors and hence no impairment is considered to be necessary at the year end.

43 Previous year's figures have been regrouped / rearranged with those of current year wherever necessary.

As per our report of even date attached

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

Chokshi Shreyas B.

CA Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
May 14, 2015

[Signature]

Director

[Signature]

Director

Company Secretary