

# Fashioning Possibilities

Arvind Fashions Limited  
CIN-U52399GJ2016PLC085595

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## Board of Directors

Mr. Sanjay S Lalbhai	- Non Executive Director
Mr. Nilesh Shah	- Independent Director
Mr. Jayesh Shah	- Non Executive Director
Mr. Kamal Singal	- Independent Director
Ms. Nithya Easwaran	- Nominee Director
Ms. Renuka Ramnath	- Nominee Director
Mr. Kulin Lalbhai	- Non Executive Director

## Audit Committee

Mr. Jayesh Shah	- Non Executive Director
Mr. Nilesh Shah	- Independent Director
Mr. Kamal Singal	- Independent Director
Ms. Nithya Easwaran	- Nominee Director

## Nomination and Remuneration Committee

Mr. Jayesh K Shah	- Non Executive Director
Ms. Renuka Ramnath	- Nominee Director
Mr. Nilesh Shah	- Independent Director
Mr. Kamal Singal	- Independent Director

## Corporate Social Responsibility Committee

Mr. Sanjay S Lalbhai	- Non Executive Director
Mr. Jayesh K Shah	- Non Executive Director
Mr. Nilesh Shah	- Independent Director

## Committee of Directors

Mr. Sanjay S Lalbhai	- Non Executive Director
Mr. Kulin Lalbhai	- Non Executive Director
Mr. Jayesh K Shah	- Non Executive Director

## Chief Financial Officer

Kannan S

## Company Secretary

Vijay Kumar B S

## Auditors

M/s. Sorab S. Engineer & Co.  
No. 909, Atma House, Opp. Old R B I,  
Ashram Road, Ahmedabad – 380 009  
Contact Person - Mr. Shreyas Choksi  
Phone: +91 79 26584304  
E-mail: [sseahm@hotmail.com](mailto:sseahm@hotmail.com)

## Bankers to our Company

ICICI Bank Limited  
HDFC Bank Limited  
IDFC Bank Limited  
Kotak Mahindra Bank Limited  
Yes Bank Limited  
State Bank of India  
IndusInd Bank  
RBL Bank Limited

## Registered Office

Main Building,  
Arvind Limited Premises,  
Naroda Road,  
Ahmedabad – 380025  
Gujarat, India.

## Registrar And Transfer Agent

Link Intime India Pvt. Ltd.  
506-508, Amarnath Business Centre-1 (abc-1),  
Beside Gala Business Centre,  
Nr. St. Xavier's College Corner, Off C.G. Road,  
Ellisbridge, Ahmedabad - 380006.  
Phone: 079-26465179 / 86 / 87  
Fax: 079-26465179  
E-Mail: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## Message from Chairman



Dear Shareholders,

I am delighted to write to you as we embark upon the journey of Arvind Fashions Limited, as an independent company—demerged from the parent – Arvind Limited. We took this decision, with your approval, as we are quite excited about the medium to long term value creation possibilities that this business has in store for all of us.

In March 2018, India's GDP was \$1977 per capita – as we cross the \$2000 mark, we are likely to see exponential growth in consumption of branded apparel and accessories. For reference, China saw a 3X expansion over a decade starting 2002, Russia grew 2X over a similar time horizon starting 2001. Brazil and

South Korea have also gone through similar journeys in 1980s. With growing disposable income, young women and men of India are already showing increasing expenditure on lifestyle products. Across the different market segments in apparel, Indian consumers are increasingly becoming brand conscious and display growing awareness of the international brands. Towards the bottom end of the price pyramid as well, buyers are increasingly migrating towards organized value retain chains, even in Tier 2 and Tier 3 cities.

I believe that technology will shape the landscape of this industry on multiple fronts. Digital supply chain enabling fast fashion is only

We have an industry leading portfolio of brands across all price points – starting with iconic bridge-to-luxury brands like Tommy Hilfiger, Calvin Klein, Gap and Gant, our large established power brands like US Polo, Arrow and Flying Machine, all the way to our fast-growing value retail offering, Unlimited.

the beginning. I expect technology to be used extensively to drive a personalized shopper/ consumer experience seamlessly across offline and online. Bespoke products made to factory finish quality are already here. Apparel and accessories will continue to leverage newer materials, designs and construction methods to deliver higher functional performance, while also meeting the aesthetic needs of the consumers. Finally, macro trends of increasing environmental sustainability will impact the Indian fashion industry as well.

Against this backdrop, I feel very enthusiastic about the prospects of Arvind Fashions. We have an industry leading portfolio of brands across all price points –bridge-to-luxury brands like Tommy Hilfiger, Calvin Klein, Gant and Nautica premium to mid-premium play with brands like US Polo, Arrow, Flying Machine, GAP and other category brands, and our fast-growing value retail format-Unlimited. We dominate the branded men's casual and denim wear segment, which is the largest and fastest growing branded apparel segment in India. In addition, our fast growing innerwear business and our beauty retail business – Sephora are powerful growth engines for the future.

I also believe that Arvind Fashions is best positioned to ride the opportunity wave, with its powerful platform capabilities and proprietary omni-channel approach that provides seamless shopping experience to the Indian fashion shoppers.

For the financial year ending March 2018, Arvind Fashions clocked a market leading 19% y-o-y increase in revenue, accompanied with a sharp increase in EBITDA from 4.7% to 6.0%. The recent two quarters have been quite challenging for the industry. Yet, Arvind Fashions has delivered strong growth. While the short-term market conditions have been difficult, I expect favorable macro-economic factors will ensure a healthy growth over next 3-5 years.

I trust you will share my optimism and excitement as we embark upon this ambitious journey as an independent company at Arvind Fashions.

With warm regards,



Sanjay Lalbhai,  
Chairman



## Arvind Fashions Sustainability Commitment



To achieve the objective of sustainable development Arvind Fashions has adopted a five pillar strategy

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### Climate Change



#### We target

- 15% reduction in specific GHG emission by 2020 in comparison to 2017 baseline
- 20% of the energy coming from renewable sources by 2022 - We have taken the first step in this direction and have shifted 80% of our electricity consumption in the corporate office to renewable sources. We have entered an agreement with a third party solar power plant to purchase 14 lakh KWH of solar power per annum with the open source model. This will help us reduce ~1300 tons of carbon dioxide emissions per annum from our operations, hence reducing our carbon footprint.
- All new stores to be launched with LED lighting

## Responsible Supply Chain



Our supply chain contributes to our biggest environmental and social footprint. Arvind Fashions is committed to taking along our vendor partners and other supply chain stakeholders on our journey towards sustainable development.

We have recently re-introduced the 'Responsible Supply Chain (RSC) guidelines' which contain the minimum sustainability standards that our vendors are expected to meet and good practices that may be adopted. This has been rolled out for our Final Good (FG) vendor partners.

We aim to have >80% of the final goods vendor factories to be compliant with RSC guidelines by 2019. We also engage with our vendor partners to help develop corrective action plans and improve their performance.

### Higg Index

Arvind is a founding member of the Sustainable Apparel Coalition (SAC). SAC developed The Higg Index, a suite of tools that enables brands, retailers, and facilities of all sizes, at every stage in their sustainability journey, to accurately measure and score a company or product's sustainability performance. As on date, we have more than 50 vendor partners on the Higg platform. This is only the first step in a long journey. Going forward, we will identify the improvement opportunities for all the vendor partners on Higg Index, based on their FEM submission, and strive to on-board 75% of our strategic vendor partners by 2019.

### Sustainable Fashion

**Sustainable products:** We are making conscious efforts to reduce the environmental footprint of our products. USPA launched a responsible jeans range that is washed using non-hazardous chemicals in the manufacturing process. Similarly, Arrow and True Blue piloted certain SKUs of jeans manufactured with sustainable cotton blend and non-hazardous chemicals for washing. We are committed to bringing more sustainable products to the market, providing our customers a responsible choice and enabling them to contribute towards sustainable fashion.

**Sustainable operations:** We are making efforts towards judicious use of the available resources across the value chain and also converting waste into resources.



- We collected old and not-in-use garments from our customers, weighing approximately 1.3 tonnes through a dedicated campaign. These garments were then segregated based on different parameters and potential to reuse / recycle is being evaluated. We are committed to establish infrastructure for textile waste recycling / reuse by 2022.
- We retrofitted all the existing water taps and in the corporate office with water flow restricting aerators. This is expected to result in a saving of 2500 – 3000 kl of water per annum

### Employee & Customer Wellness

Please refer our HR section to understand our comprehensive employee engagement and development programs.



To our customers, we are committed to making shopping a pleasant experience. In line, we continuously strive to improve the health and safety conditions prevalent within our operations. We conduct periodic safety assessments across our stores, offices and warehouses and provide periodic training to our staff to equip them to handle emergency situations and provide relevant assistance as and when required. We are committed to have zero lost time injury in our retail and backend operations by 2020.



## Prosperous Society

We believe in inclusive development of the community where we operate and the society at large. Our CSR initiatives focus on basic education, primary healthcare and upskilling of the underprivileged.

Arvind Foundation is the umbrella organization which spearheads the CSR initiatives across the group companies and is run by the financial contributions from all the Arvind group companies. Under Arvind Foundation, our initiatives in the realm of social development are undertaken by Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust and Narottam Lalbhai Rural Development Fund (NLRDF). Both these organizations have been working on programs of social renewal with urban and rural poor respectively. We also partner with likeminded individuals, organizations, Government, Corporate, Academic Institutions, Research, Development and Training bodies and NGOs which bring specific expertise. A few highlights

- Gyanda, the education program managed by SHARDA trust now helps around 1000 students to complete their basic education.
- Arvind has established five medical centers in association with Swasth India foundation. These primary health centers provide quality healthcare to people and offer facilities such as Doctor Consultations, Diagnosis (pathological tests), Drug (strip packed quality medicines), Dental care and Day time care when required.



## Notice

NOTICE is hereby given that the Third Annual General Meeting of the Members of Arvind Fashions Limited (Formerly known as Arvind J&M Limited) will be held on Monday, July 16, 2018 at 11.00 AM at the Registered Office of the Company at Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial Statements of the Company for the financial year ended on March 31, 2018 together with the Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. Jayesh Shah (DIN: 00008349), who retires by rotation and being eligible, offers himself for reappointment.

### SPECIAL BUSINESS:

#### 3. To adopt new set of Articles of Association

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) a new set of Articles of Association, placed before the Meeting, be and is hereby adopted and substituted in place of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient and to settle any question, difficulty or doubt that may arise in this regard and to authorise any Director or Committee of Directors or Chief Financial Officer or Company Secretary or such other officials, to do such acts, as may be necessary to give effect to the above resolution.

#### 4. To Appoint Mr. Suresh Jayaraman, as Managing Director of the Company

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded to the terms of appointment of Mr. Suresh Jayaraman (holding DIN 03033110) as Managing Director & CEO of the Company for a period of three years from 1st August 2018 to 31st July 2021 on the terms and conditions of appointment and remuneration as set out in the draft agreement of the appointment submitted to the meeting and initialled by the Chairman for identification and that he be paid remuneration by way of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Nomination & Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

**RESOLVED FURTHER THAT** the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Suresh Jayaraman.

#### 5. Payment of Commission to Non-Executive Directors and Independent Directors

To consider and if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), the relevant provisions of the Memorandum and Articles of Association of the company, the consent of the Company be and is hereby accorded to pay a commission upto 1% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013 to all the Non-Executive Directors and Independent Directors of the Company.

**RESOLVED FURTHER THAT** the above remuneration shall be in addition to fee payable to the Director(s) for attending the Meetings of the Board or Committee thereof or for any other purposes, specified under Section 197 of the Companies Act, 2013 and/or other applicable provisions of the Act and Rules made thereunder, as may be decided by the Board of Directors, and reimbursement of expenses for participation in the Board/Committee and other Meetings.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient and to settle any question, difficulty or doubt that may arise in this regard and to authorise any Director or Committee of Directors or Chief Financial Officer or Company Secretary or such other officials, to do such acts, as may be necessary to give effect to the above resolution.

#### 6. To enhance the aggregate limit for foreign portfolio investors to 30% of paid up capital

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and such other applicable Acts, Rules, Regulations, Circulars, Directions, Notifications, Press Notes, Guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions, sanctions as may be required from any appropriate regulatory or statutory authority and subject to such terms and conditions as may be prescribed/imposed by any of them, the consent of the Company be and is hereby accorded for increasing the limit for investment in the Company from foreign portfolio investors i.e. Foreign

Institutional Investors (FII)s/Foreign Portfolio Investors to 30% of the paid-up equity capital of the Company with effect from such date(s) as may be decided by the Board and as may be prescribed from time to time, under applicable Acts, Rules and Regulations (including any statutory modifications or re-enactment thereof for the time being in force).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient and to settle any question, difficulty or doubt that may arise in this regard and to authorise any Director or Committee of Directors or Chief Financial Officer or Company Secretary or such other officials, to do such acts, as may be necessary to give effect to the above resolution.

## 7. To approve the amended AFL - Employees Stock Option Scheme 2016

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 42, 62(1)(b) of the Companies Act, 2013 (“**the Act**”) and the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, of the Act, including any statutory modification(s) or re-enactment of the Act for the time being in force and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 including any modifications thereof or supplements thereto (“**the SEBI ESOS Regulations**”) as and when they become applicable to the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the SEBI LODR Regulations**”) as and when they become applicable to the Company, the Listing Agreement to be entered into with the Stock Exchange where the securities of the Company will be listed and any other applicable laws for the time being in force and subject to such other consents, permissions, sanctions and approvals which may be agreed by the Board of Directors of the Company (which shall be deemed to include the Nomination and Remuneration Committee or any other Committee of the Board of Directors constituted by the Board, to exercise its powers including powers conferred by this Resolution) (hereinafter referred to as “**the Board/Committee**”), consent of the Shareholders be and is hereby accorded to amend the AFL - Employees Stock Option Scheme 2016 (hereinafter referred as “**ESOS - 2016**” or “**the Scheme**”) which was approved by the members at the Extra-Ordinary General meeting held on 15th October, 2016 the salient features of which are detailed in the Explanatory Statement.

**RESOLVED FURTHER THAT** the Board/Committee, be and are hereby authorized to settle all questions, difficulties or doubts that may arise in relation/reference to the amendment of the Scheme to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** it is hereby noted that the amendments to the Scheme are not prejudicial to the interests of

the existing & future option holders.

**RESOLVED FURTHER THAT** the Board/Committee be and is hereby authorized to vary, amend, modify or alter the terms of the Scheme in accordance with and subject to the terms of the Act and any Guidelines, Rules or Regulations that may be issued by any regulatory/statutory authority, as applicable.

**RESOLVED FURTHER THAT** the Board/Committee, be and is hereby severally authorized to do all such acts, deeds and things and execute all such deeds, documents and instruments and writings as may be necessary and incidental for giving effect to the above.

## 8. To approve availing of the Financial Assistance having an option available to the Lenders for conversion of such Financial Assistance into Equity Shares of the Company upon occurrence of certain events

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 62(3), and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approval(s) and condition(s) as may be applicable, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, include any Committee duly constituted by the Board to exercise its powers, including the powers conferred by this Resolution) in respect of availing of the Financial Assistance (comprising loans, debentures or any other financial assistance categorised as loans), inter-alia, up to an amount and in a manner as approved by the Shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013, on terms and conditions contained in the respective financing documents as may be approved by the Board from time to time, which terms and conditions may, inter alia, provide for an enabling option to the Lenders, at their absolute discretion, on one or more occasions during the currency of such Financial Assistance, (i) upon occurrence of a default in payment of Interest or repayment of any Instalment or Interest thereon or any combination thereof, subject to notice of such default and a cure period for the said default as may be agreed to by the relevant Lenders; and/or (ii) in accordance with the rights conferred on the Lenders pursuant to any regulations of Reserve Bank of India as may be modified from time to time; to convert the whole or any part of such outstanding Financial Assistance into fully paid up Equity Shares of the Company, as per the relevant guidelines of the Securities Exchange Board of India or such other method as may be prescribed, and in the manner specified in a notice in writing (which shall be in accordance with the applicable law) to be given by the relevant Lenders (or their agents or trustees) to the Company (“Notice of Conversion”) and consequently the right to sell such shares, so converted to any third party through Stock Exchanges or otherwise.

**RESOLVED FURTHER THAT** upon receipt of Notice of Conversion, the Board be and is hereby authorised to do all such acts, deeds and things, including issue and allotment of requisite number of fully paid up Equity Shares in the Company to such Lenders, as it deems fit.

**RESOLVED FURTHER THAT** the Equity Shares to be so issued and allotted to such Lenders pursuant to its exercising the right of conversion under the said financing documents shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders arising from or incidental to the aforesaid terms providing for such option.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable or as may be required to create, offer, issue and allot the aforesaid shares, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection with or incidental thereto as the Board in its absolute discretion may deem fit, without it being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to delegate all or any of the powers herein conferred by this Resolution on it, to any Committee of Directors or any person(s), as it may in its absolute discretion deem fit in order to give effect to this Resolution.

**9. To Increase Borrowing Limits up to Rs. 2000 crores**

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013, and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, include any Committee duly constituted by the Board to exercise its powers, including the powers conferred by this Resolution), to borrowing moneys (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) in excess of the aggregate of paid up capital, free reserves and securities premium of the Company, as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed the limit of Rs. 2000 Crores (Rupees Two Thousand crores only).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient and to settle any question, difficulty or doubt that may arise in this regard, do all such acts, deeds, matters and things, as it may, in its absolute discretion deem necessary, proper or desirable to give effect to this resolution and to delegate all or any of these powers to any

Committee of Directors of the Company.

**10. To authorise the Board to mortgage and/or create charge on the assets of the Company**

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to Section 180(1)( a) and other applicable provisions, if any, of the Companies Act 2013, and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, include any Committee duly constituted by the Board to exercise its powers, including the powers conferred by this Resolution), for creation of mortgage, pledge, hypothecate, charge, security in any form or manner on the properties of the Company whether tangible, intangible or otherwise, both present and future, in favour of lenders including banks, financial institutions, investors and any other lenders or debenture trustees to secure the amount borrowed by the Company from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company at any point of time shall not exceed the limit of Rs. 2000.00 Crores (Rupees Two Thousand crores only).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to negotiate and decide terms and conditions of security, finalise and execute all deeds, documents and writings as may be necessary, desirable or expedient, settle any question, difficulty or doubt that may arise in this regard, do all such acts, deeds, matters and things, as it may, in its absolute discretion deem necessary, proper or desirable to give effect to this resolution and to delegate all or any of these powers to any Committee of Directors of the Company.

**11. To increase the limits of Investments, Loans, Guarantees and Securities under section 186 of the Companies Act, 2013**

To consider and if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to Section 186 and other applicable provisions, if any, of the Companies Act 2013, and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, include any Committee duly constituted by the Board to exercise its powers, including the powers conferred by this Resolution), to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as the Board may, from time to time deem necessary in the interest of the Company, provided that the aggregate of the loans and investments so far

made, the amount for which guarantees or securities so far provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of Rs. 2000 Crores (Rupees Two Thousand Crores only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient and to settle any question, difficulty or doubt that may arise in this regard, do all

such acts, deeds, matters and things, as it may, in its absolute discretion deem necessary, proper or desirable to give effect to this resolution and to delegate all or any of these powers to any Committee of Directors of the Company.

**Registered Office :**

Main Building,  
Arvind Limited Premises,  
Naroda Road, Ahmedabad - 380 025.

**Place:** Ahmedabad

**Date:** 09/07/2018

**By order of the Board**

**Jayesh Kantil Shah**

Director (DIN: 00008349)

**NOTES:**

- a) The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business stated in item Nos. 3 to 11 is annexed hereto.
- b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. Proxies, in order to be valid and effective, should be duly stamped and completed, signed and deposited at the registered office of the Company at least 48 hours before the commencement of the meeting.
- c) All relevant documents referred to in the accompanying Notice and the Statement including Register of Directors and their shareholding, shall remain open for inspection by the Members at the Registered Office of the Company on all working days between 10.00 a.m. and 5.00 p.m. up to the date of the meeting.
- d) Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- e) Members are requested to fill-in and sign the attendance slip and hand it over at the entrance to the venue.
- f) Members are requested to notify any change in their address to the Company at its Registered Office in respect of shares held in physical form, quoting their Folio number.

**Registered Office :**

Main Building,  
Arvind Limited Premises,  
Naroda Road, Ahmedabad - 380 025.

**By order of the Board**

**Jayesh Kantilal Shah**  
Director (DIN: 00008349)

**Place:** Ahmedabad

**Date:** 09/07/2018

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013**

**Item No. 3 - To adopt new set of Articles of Association**

Keeping in view of listing of the Company in coming months, it is proposed to adopt new set of Articles of Association of the Company to remove various restrictions in the existing Articles of Association of the Company pursuant to Shareholders Agreement entered with investors. As per Section 14 of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) any modifications to the Articles of Association of the Company require prior approval of the members of the Company, hence approval of the members is sought by way of a special resolution.

None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 3 to be passed as a special resolution.

**Item No. 4 - To Appoint Mr. Suresh Jayaraman, as Managing Director of the Company**

Resolution under item No. 4 of the Notice relates to appointment of Mr. Suresh Jayaraman as Managing Director & CEO of the Company for a

period of three years from 1st August 2018 to 31st July 2021 and approval of his remuneration and terms of appointment.

The Nomination and Remuneration Committee, at its meeting held on 3rd May 2018, had recommended the appointment of Mr. Suresh Jayaraman as Managing Director & CEO of the Company and terms of remuneration payable to him for a period of three years from 1st August 2018 to 31st July 2021. The Board of Directors, at their meeting held on 3rd May 2018 had approved the same. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his appointment will be in the interest of the Company.

The material terms of remuneration of Mr. Suresh Jayaraman effective from 1st August 2018 to 31st July 2021 as approved by both the Nomination and Remuneration Committee and Board of Directors in their respective meetings held on 3rd May 2018 are as under:

**Remuneration**

**(a) Basic Salary:**

Rs. 9,70,000 (Rupees Nine Lacs and Seventy Thousand only) per month with such increase as may be decided by Board of Directors (which includes any Committee thereof) from time to time, but subject to maximum salary of Rs. 20,00,000 (Rupees Twenty lacs only) per month.

**(b) Perquisites and Allowances:**

In addition to salary, the following perquisites / allowances shall be allowed to the Managing Director & CEO:

**CATEGORY – A**

- i) Other Allowances, Personal Accident insurance and Medical expenses:  
The Company shall pay other allowances, Personal Accident insurance and Medical expenses as per the Company's policy.
- ii) Club Fees:  
The Company shall reimburse club fees as per the Company's policy.  
The aggregate value of perquisites for (i) to (ii) above for each year shall be computed as per the provisions of Income-tax Act, 1961. In case of benefits for which no specific rule of valuation is provided under the Income-tax Act, the perquisites value of such benefit shall be taken at actual cost.

**CATEGORY – B**

- i) The Company shall contribute towards Provident Fund provided that such contributions either singly or put together shall not exceed the tax-free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity as per rules of the Company.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.  
The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

**CATEGORY – C**

- i) The Company shall provide car(s) at the cost of the Company for use on Company's business and the same will not be considered as perquisites.
- ii) The Company shall provide telephone and other communication facilities to the Managing Director & CEO at the cost of the Company.

## CATEGORY – D

The Managing Director & CEO shall be entitled to Performance Linked Variable Pay/Special Allowance/Role Award/Bonus/Commission on profits etc. or in any other form as the Nomination and Remuneration Committee and the Board of Directors may determine from time to time within the overall limit of 10% of the net profits and the overall limits of remuneration prescribed under Sections 197 and other applicable provisions of the Companies Act 2013.

### Overall and Minimum Remuneration Limit:

The overall limit of remuneration payable to Directors including Managing Directors, Whole time Directors and Managers in a financial year is 11% of the net profit of the company computed in accordance with Section 198 of the companies Act, 2013. The aforesaid remuneration is subject to the limit of 10% of the annual net profit of the Company computed in accordance with Section 198 of the Companies Act, 2013.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Managing Director & CEO, the company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, commission and perquisites as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013.

The abovementioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company or the Nomination and Remuneration Committee as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole time Directors in accordance with the provisions of the Companies Act, 2013, including those of Schedule V or any amendments thereto made hereafter in this regard within the overall limits approved by the Company in General Meeting.

As required under the Schedule V to the Companies Act, 2013, the relevant details for the Item No. 4 to be sent along with the notice calling the General meeting are as under:

### I. General Information:

- 1 Nature of industry: Apparel Industry
- 2 Date or expected date of commencement of commercial production:  
Business commenced in 2016, since the Company is into Apparel Industry, hence there is no date of commercial production.
- 3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- 4 Financial performance based on given indicators (As per audited financial statements for the year ended 31.03.2018)

Particulars	Rs. in Crores
Sales & Other Income	848.6
EBIDTA	95.3
Net Profit/(Loss)	53.3

- 5 Foreign investments or collaborations, if any: The Company has not made any foreign investments and neither entered into any foreign

collaborations.

### II. Information about the appointee:

- 1 Background details:

Mr. Suresh is the Managing Director of Arvind Lifestyle Brands Ltd, the Brands & Retail subsidiaries of India's largest textile company Arvind Ltd. Mr. Suresh joined the Arvind Group in September 2005 and since then has turned around the company by strengthening brands and retail portfolio of Arvind through organic growth and acquisitions and aggressively growing Unlimited as a leading value retail chain in apparels. During his tenure, Arvind added international marquee brands like Calvin Klein, Nautica, US Polo, Gap, The Children's Place, Aeropostale and Sephora to its portfolio. In the last 8 years, Brands & Retail subsidiaries turnover has increased 10 times and profits manifold.

Prior to joining Arvind, Mr. J. Suresh has held several senior positions during his 18-year old stint in Hindustan Unilever Ltd and has served as a member of the management committee of the foods and beverages business.

He was appointed by JP Morgan Chase as CEO when they invested in MTR Foods, Suresh was instrumental in growing a regional brand to a national brand with global presence. This resulted in the Firms Valuation increasing by 5 times in 3 years.

Mr. J. Suresh is a Mechanical Engineer and an MBA from IIM Bangalore. He was the past Chairman of the CII National Committee on Retail in 2013-2014 and is a member of the National Council of Retailers Association of India.

- 2 Past remuneration:

Mr. Suresh Jayaraman was not drawing any remuneration as managerial personnel under the Companies Act, 2013.

- 3 Recognition or awards:

No awards in his individual capacity however, the Group Companies have received many awards in the Branded Apparel Industry including in categories of Sourcing, Supply Chain, Retail and Best Employer under his leadership.

- 4 Job profile and his suitability:

He is being appointed as the Managing Director of the Company and devotes whole time attention to the management of the affairs of the Company and exercises powers under the supervision and superintendence of the Board of the Company.

- 5 Remuneration proposed:

The details of the proposed remuneration have already been explained herein above and the same are therefore not repeated.

- 6 Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Mr. Suresh Jayaraman is working as an independent professional and in an executive capacity, not related to Promoters/directors of the Company and also that the Company is at a growing stage where it needs to retain/reward the professionals with a remuneration in accordance with prevailing market conditions and benchmark. Considering the size of the Company, the profile of Mr. Suresh Jayaraman, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is

commensurate with the remuneration packages being paid to similar appointees in other companies.

- 7 Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed and to the extent of ESOP's granted to him, Mr. Suresh Jayaraman does not have any pecuniary relationship with the Company and its managerial personnel.

**III. Other information:**

- 1 Reasons of loss or inadequate profits: Not Applicable
- 2 Steps taken or proposed to be taken for improvement: Not Applicable
- 3 Expected increase in productivity and profits in measurable terms: Not Applicable

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Special Resolution set out at Item No.4 of the accompanying Notice for the approval of the Members.

The Draft of Agreement to be entered into between the Company and Mr. Suresh Jayaraman for remuneration is available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolution at Item No. 4 relates to payment of remuneration to Mr. Suresh Jayaraman, he is deemed to be concerned or interested in the said resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

**Item No. 5 - Payment of Commission to Non-Executive Directors and Independent Directors**

The Non-Executive Directors and Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, corporate strategy and finance. The Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors and the Independent Directors so as to compensate them for their time and efforts.

Accordingly, the payment of commission to the Non-Executive Directors and Independent Directors is proposed up to 1 per cent of the net profits of the Company, computed in accordance with Section 198 of the Companies Act, 2013, plus taxes at an applicable rate.

All the Non-Executive Directors and the Independent Directors of the Company are concerned or interested financially in the resolution because the resolution relates to payment of commission to self. Except these persons, no other Director or KMP of the Company or their relatives are, in any way, concerned or interested, financially or otherwise.

The Board recommends resolution under Item No.5 to be passed as a special resolution.

**Item No. 6 - To enhance the aggregate limit for foreign portfolio investors to 30% of paid up capital**

In terms of Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors ("FII") registered with the Securities and Exchange Board of India ("SEBI") can acquire and hold on their own account and on behalf of their SEBI approved sub-accounts or Foreign Portfolio Investors ("FPI") together, up to an aggregate limit of 24% of the paid up Equity Share capital of an Indian Company. The said limit of 24% can be further increased up to the sectoral cap/statutory ceiling as applicable, by passing a resolution of the Board and a Special Resolution by the members to that effect.

With a view to enable transactions among FII/FPI, it is proposed to increase the sub-limit for FII/FPI from 24% to such percentage as the Board may decide from time to time, subject to a maximum of 30% of the paid-up equity capital of the Company for FII/FPI.

None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolution under Item No. 6 to be passed as a special resolution.

**Item No. 7 - To approve the amended AFL - Employees Stock Option Scheme 2016**

Arvind Fashions Limited (hereinafter referred as "the Company") had introduced the AFL - Employee Stock Option Scheme 2016 (hereinafter referred as "ESOS - 2016" or "the Scheme"), with effect from 15th October, 2016. The Scheme is administered through the Board of Directors of the Company (which shall be deemed to include the Nomination and Remuneration Committee or any other Committee of the Board of Directors constituted by the Board, to exercise its powers including powers conferred by this Resolution) (hereinafter referred to as "the Board/Committee"). The objective of the Scheme was to create wealth, retention of critical employees, attract and increase the performance of Employees by offering Equity Shares of the Company to Eligible Employees of the company, Holding Company and its Subsidiary Companies.

In order to make the Scheme compliant with SEBI (SBEB) Regulations and also to provide necessary flexibility to the Nomination and Remuneration Committee (NRC) and the Board of Directors (Board) to administer the Scheme, NRC proposed to amend the Scheme at its Meeting held on 3rd May 2018 and the Board further recommended the amendments on 3rd May 2018, subject to the approval by the Shareholders of the Company.

**COMPARATIVE STATEMENT OF CLAUSES TO BE AMENDED/DELETED AREAS BELOW:**

1. The Company has authorised the Board/Committee as defined in the Scheme to take the necessary actions & procedural aspects of the Scheme & thus the same has been incorporated in the scheme. Accordingly, the authority given to the "Company/ Board/ Committee" have been replaced with "Board/Committee."



The following changes in the Clause are being made to the Scheme:

Clause	Existing Clause	Amended Clause
Clause 3.5	“Board” means the Board of Directors of the Company	“Board” or “Committee” or “Nomination and Remuneration Committee” means the Board of Directors of the Company and includes the Nomination and Remuneration Committee and any other Committee(s) or person, which the Board may constitute to administration, superintendence and to exercise the powers under this Scheme
Clause 3.7	“Committee” means Any Committee as constituted by the Board for administration and superintendence of the scheme;	Deleted Since definition of Board includes Committee, including Nomination and Remuneration Committee so the definition of Committee has been deleted.
Clause 3.11 is now Clause 3.10:	<p>“Employee” means</p> <p>a) a permanent employee of the Company who has been working in India or outside India; or</p> <p>b) a director of the Company, whether a whole time director or not but excluding an independent director; or</p> <p>c) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company;</p> <p>but does not include-</p> <p>(i) an employee who is a promoter or a person belonging to the promoter group; or</p> <p>(ii) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;</p>	<p>“Employee” means</p> <p>a) a permanent employee of the Company who has been working in India or outside India; or</p> <p>b) a director of the Company, whether a whole time director or not but excluding an independent director; or</p> <p>c) an employee as defined in clauses (a) or (b) of a subsidiary, whether in India or outside India, or of a Holding Company of the company; or</p> <p>d) such other persons as may from time to time be allowed to be eligible for the benefits of the stock options under applicable laws and regulations prevailing from time to time</p> <p>but does not include-</p> <p>(i) an employee who is a promoter or a person belonging to the promoter group; or</p> <p>(ii) a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;</p>
Clause 3.32 is now 3.31	“SEBI Regulations” refers to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India (‘SEBI’) under the SEBI Act, 1992 as amended from time to time	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India (‘SEBI’) under the SEBI Act, 1992 as amended from time to time; or such other rules or regulations, as may be applicable from time to time;
Clause 3.33 is now Clause 3.32	“Scheme” means the Employee Stock Option scheme of the Company including any amendments thereof notified as per Clause 4 below proposing to provide share based benefits to its Employees, which may be implemented and administered directly or indirectly by such Company or through a Trust, in accordance with the Scheme;	“Scheme” means the Employee Stock Option scheme of the Company including any amendments thereof notified as per Clause 4 below proposing to provide share based benefits to its Employees, which may be implemented and administered directly or indirectly by the Company, in accordance with the Scheme
Clause 3.38 is now deleted as Board/Committee has recommended that scheme shall not be implemented through trust route	“Trust” means an employee welfare trust established by the Company with the objective of facilitating the administration of the Scheme;	Deleted

Clause	Existing Clause	Amended Clause
Clause 3.39 (Same as above)	“Trustee” means trustee as defined under the SEBI Guidelines	Deleted
Clause 5.2 (Inserted)	N.A.	The Scheme shall be applicable to the Company and its Holding Company and any successor Company thereof, Subsidiary Companies and may be granted to the Employees and Directors of the Company, of the Holding Company and its Subsidiary Companies, as determined by the Board/Committee at its own discretion. Provided that in case of any Grant of Option to the Employees of Holding and its Subsidiary Companies, prior approval of the Shareholders shall be obtained as per provisions of the Applicable Laws
Clause 5.3	Based on the eligibility criteria as described in Clause 5.1 above, the Board/Committee will decide the Employees eligible for Grant of Options under the Scheme and accordingly, the Company/Committee would Grant the Options to the identified Employees under the Scheme.	Based on the eligibility criteria as described in Clause 5.1 & 5.2 above, the Board/Committee will decide the Employees eligible for Grant of Options under the Scheme and accordingly, the Board/Committee would Grant the Options to the identified Employees under the Scheme.
Clause 5.4 (Inserted)	N.A.	The appraisal process for determining the eligibility of the employees will be specified by the Board/Committee, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and / or such other criteria that may be determined by the Board, at its sole discretion
Clause 6.1	This Scheme shall be administered by the Board/Committee working under the powers delegated by the Board, which may delegate its duties and powers in whole or in part as it may determine to the Trust. The Board/Committee is authorized to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme, and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme. The Board/Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Scheme and take any action which the Board is entitled to take. The acts of a majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Committee shall be the acts of the Committee for the purpose of the Scheme. No member of the Committee may act upon matters under the Scheme specifically relating to such member.	This Scheme shall be administered by the Board/Committee working under the powers delegated by the Board. The Board/Committee is authorized to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme, and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme. The Board/Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Scheme and take any action which the Board is entitled to take. The acts of a majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Committee shall be the acts of the Committee for the purpose of the Scheme. No member of the Committee may act upon matters under the Scheme specifically relating to such member.

Clause	Existing Clause	Amended Clause
Clause 6.2 (Inserted)	N.A.	<p>The Board/Committee shall in accordance with this Scheme and Applicable Laws determine the following: The Eligibility Criteria for grant of Employee Stock Options to the Employees</p> <ul style="list-style-type: none"> <li>(a) The quantum of Employee Stock Options to be granted under the Scheme per Employee subject to ceiling specified in Sub-clause 8.1;</li> <li>(b) Terms and conditions in respect of grant to, vest in and exercise of Options by the Employees and determination of exercise price which may be different for different class/ classes of Employees falling in the same tranche of grant of Options issued under the Scheme;</li> <li>(c) The procedure for making a fair and reasonable adjustment in case of corporate actions such as rights issues, bonus issues, merger, sale of division, demerger and others;</li> <li>(d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options in case of employees who are on long leave;</li> <li>(e) Deciding on disallowance of options in case of misconduct on the part of Option Grantee.</li> <li>(f) The procedure for Vesting in case of termination of employment, if required;</li> <li>(g) The procedure for cashless exercise of Employee Stock Options, if required; and</li> <li>(h) Approve forms, writings and/or agreements for use in pursuance of the Scheme</li> </ul>
Clause 6.3 is now 6.4	The Committee shall, inter alia, formulate the detailed terms and conditions of the Scheme which shall include the provisions to the extent it is not in violation of the Companies Act 2013	The Committee shall, inter alia, formulate the detailed terms and conditions of the Scheme which shall include the provisions to the extent it is not in violation of the Companies Act 2013 and SEBI Regulations.
Clause 6.4 is now 6.5	The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company, the Trust and its Employees, as applicable	The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 and SEBI (Share Based Employee Benefits) Regulations, 2014 by the Company and its Employees, as applicable
Clause 6.5 Since the scheme is administrated through company, Clause 6.5 has been deleted	The Company may implement the Scheme directly or through a Trust(s) as permitted under the SEBI regulations.	Deleted

Clause	Existing Clause	Amended Clause
Clause 7.1	Subject to Clause 19 below, the maximum number of Shares that may be issued pursuant to Exercise of Options granted to the Participants under the Scheme shall not exceed 75,00,000 (in words Seventy Five Lakh) Shares. The Company reserves the right to increase or reduce such number of Shares as it deems fit.	Subject to Clause 19 below, the maximum number of Shares that may be issued pursuant to Exercise of Options granted to the Participants under this Scheme shall not exceed 75,00,000 (in words Seventy Five Lakh) Shares.
Clause 8.1	The Company/Committee/ Board/Trust may offer the Options to a Grantee in accordance with the terms and conditions of the Scheme for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.	The Board/Committee may offer the Options to a Grantee in accordance with the terms and conditions of the Scheme for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee. The Employees are not required to pay any amount at the time of grants made to them
Clause 8.2	During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting	During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting. Further, the Company has proposed to grant to Mr. Suresh Jayaraman, Director of the Company, such number of options, in one year, which is equal to or exceeding 1% of the issued and paid up capital (excluding outstanding warrants and conversions) of the Company as on the date of the grant. Such determination shall be made by the Board, depending on the criteria and parameters it may decide
Clause 10.6 (Inserted)	N.A.	The options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Companies as the case may be, as per applicable laws. The Board/Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.
Clause 10.7 (Inserted)	N.A.	The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.
Clause 10.8 (Inserted)	N.A.	Options granted under the Scheme would vest subject to maximum period of 5 (five) years from the date of grant of such options.
Clause 10.9 (Inserted)	N.A.	The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of grant of Options.
Clause 11.1	The Exercise Price shall be as decided by the Board/Committee at its own discretion.	The Exercise Price shall be as decided by the Board/Committee at its own discretion. Provided that after listing of the equity shares of the Company on any recognized stock exchange in India, the exercise price shall be the Market Price of the share. However, it can be such other price as may be decided by the Board/Committee for grant of options not exceeding 0.5% of the paid-up equity shares as on 31st March 2018 i.e. not exceeding 5,79,257 shares or such other price as may be required to be arrived in accordance with the applicable laws. Further, Board/Committee shall grant such options not exceeding 0.5% of paid up capital as mentioned above to employees in lieu of cash compensation based on achievement of key performance indicators and such options shall not exceed 0.15% of the paid-up capital i.e. not exceeding 1,73,777 shares to any one employee. Explanation - Market Price means the latest available closing price on a recognised stock exchange on which the shares of the company are

Clause	Existing Clause	Amended Clause
		listed on the date immediately prior to the relevant date and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.
Clause 12.1	Subject to Clause 13.5 below, the Participant alone can Exercise the Vested Options within the Exercise Period	Subject to Clause 13.5 below, the Participant alone can Exercise the Vested Options within the Exercise Period. The exercise period shall commence from the date of vesting of the options and would expire not later than five (5) years from the date of vesting. The exact exercise period, exercise windows and related process shall be determined by the Board/Committee, subject to a maximum exercise period of five years from the date of vesting of options or such other exercise period as may be decided by the Board/Committee in compliance with law. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Board/Committee from time to time.
Clause 12.3	Subject to Clause 10 above and Clause 13 below, the Participant alone can Exercise the Vested Options only at the time of listing of Company's equity shares and thereafter. Subject to Clause 12.4 and Clause 12.10 below, such Exercise may be of all Vested Options or part of the Vested Options.	Subject to Clause 10 above and Clause 13.5 below, the Participant alone can Exercise the Vested Options only at the time of listing of Company's equity shares and thereafter or at any other time as may be decided by the Board/Committee. Subject to Clause 12.4 and Clause 12.10 below, such Exercise may be of all Vested Options or part of the Vested Options.
Clause 12.9	The Company/Committee/ Board/Trust shall endeavour to ensure that the process of allotment/transfer of Shares to the Participant who has validly exercised his Vested Options is completed within 60 days from the time of receiving the Exercise Form by the Committee.	The Board/ Committee shall endeavour to ensure that the process of allotment of Shares to the Participant who has validly exercised his Vested Options is completed within 60 days from the time of receiving the Exercise Form by the Committee.
Clause 13.7	<u>Long leave</u> For the purposes of this Scheme, the employment of the Option Grantee shall not be deemed to terminate if the Option Grantee takes any sick leave or any other bona fide leave of absence, appropriately approved, for 90 (ninety) days or less. In the event of the leave of absence in excess of 90 (ninety) days, such leave of absence will not be treated as continuous employment/service by an Option Grantee for the purpose of the Scheme. In such an event, the Options (Vested as well as Unvested) will vest as per the discretion of the Board/Committee.	<u>Long leave</u> For the purposes of this Scheme, the employment of the Option Grantee shall not be deemed to terminate if the Option Grantee takes any sick leave or any other bona fide leave of absence, appropriately approved, for 90 (ninety) days or less. In the event of the leave of absence in excess of 90 (ninety) days, such leave of absence will not be treated as continuous employment/service by an Option Grantee for the purpose of the Scheme. In such an event, the Options (Vested as well as Unvested) will vest as per the discretion of the Board/Committee. The options which vested may be cancelled as per the discretion of the Board/Committee.
Clause 19.2 (Inserted)	N.A.	The Board/Committee shall in accordance with the Applicable Laws determine the procedure for making a fair and reasonable adjustment to the ESOSs entitlement of an Option Grantee in case of a stock split, stock consolidation, rights issue, bonus issue, merger, demerger, amalgamation, sale of division and any other form of corporate restructuring, if any
Clause 19.3 (Inserted)	N.A.	If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee, except that the entitlement to the number of options and the Exercise Price will be adjusted, as determined by the Board/Committee. Only if the employee stock options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights options as Option holder of the Company.

Clause	Existing Clause	Amended Clause
Clause 25	N.A.	Accounting and Disclosures 25.1 The Company shall comply with the disclosures and the accounting policies prescribed as per the Companies Act 2013 and the guidelines issued by the Institute of Chartered Accountants of India. 25.2 To calculate the employee compensation cost, the Company shall use Intrinsic Value Method or applicable accounting guidelines for valuation of the options granted. The difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.
Clause 26	N.A.	Certificate from Auditors 26.1 The Board shall at each annual general meeting place before the Shareholders a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI (SBEB) Regulations and in accordance with the resolution of the Company in the general meeting.
Clause 25.5 is now 27.5	Subject to the Clause 25.4, the Company may by special resolution in a General Meeting vary the terms of the Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.	Subject to the Clause 27.4, the Company may by special resolution in a General Meeting vary the terms of the Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.
Clause 26.3 is now 28.3	<u>Transfer or Deputation:</u> In the event that a Participant who has been granted Options under this Scheme is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.	<u>Transfer or Deputation:</u> In the event that a Participant who has been granted Options under this Scheme is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise, the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation and all the unvested options shall vest as per the vesting schedule.

Additionally, the Board/Committee hereby proposes that AFL - Employee Stock Option Scheme 2016 shall not be implemented through Trust Route & instead it will be implemented directly by the Company through the Board/Committee.

The Brief Description of the Scheme is given below:

**a) Brief description of the Scheme**

The Company recognizes and appreciates the critical role played by the employees and directors of the Company and its Holding and subsidiary Companies in bringing about growth of the organization. It strongly feels that the value created by them should be shared with them. To promote the culture of employee ownership in the Company, and reward and retain the best talent, approval of the Members is being sought for introduction of the shares based employee benefit scheme, namely "Arvind Fashions Limited - Employee Stock Option Scheme 2016" (hereinafter referred as "ESOS - 2016" or "the Scheme") and issue of stock options to the eligible employees of the Company, holding and its subsidiaries under the ESOS-2016. The purpose of ESOS-2016 is to:

- Creation of wealth
- Retention of critical Employees
- Increase the performance of Employees

The ESOS-2016 shall be administered by the Board/Committee.

**b) The total number of options to be granted**

The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 75,00,000 equity shares of Rs. 2/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time). The Employees are not required to pay any amount at the time of grants made to them.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of Option grantees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed/cancelled options as

per the provisions of ESOS - 2016.

The Board/Committee shall in accordance with the Applicable Laws determine the procedure for making a fair and reasonable adjustment to the ESOPs entitlement of an Option Grantee in case of a stock split, stock consolidation, rights issue, bonus issue, merger, demerger, amalgamation, sale of division and any other form of corporate restructuring, if any.

If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee, except that the entitlement to the number of options and the Exercise Price will be adjusted, as determined by the Board/Committee. Only if the employee stock options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights options as Option holder of the Company. Accordingly, if any additional options/shares are issued by the Company to the option grantees for making such fair and reasonable adjustment, the above ceiling of 75,00,000 (Seventy-Five Lakhs) shall be deemed to be increased to the extent of such additional options/shares issued.

**c) Identification of classes of employees entitled to participate and be beneficiaries in the Scheme**

The following classes of employees of the Company, Holding Company and the Company's Subsidiaries, depending upon the eligibility criteria determined by the Board, are entitled to participate in ESOS-2016 (the "Eligible Employees"):

- 1) A permanent employee of the Company, whether working in India or outside India; or
- 2) A director of the Company, whether a whole time director or not, but excluding an independent director; or
- 3) An employee as defined in sub-clause (1) or (2) above, of a Holding and its subsidiary of the Company, whether in India or outside India; but does not include-
  - a) An employee who is a promoter or a person belonging to the promoter group of the Company; or
  - b) A director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

**d) Requirements of vesting and period of vesting**

The options granted under ESOS - 2016 shall vest so long as the employee continues to be in the employment of the Company or its Holding or its subsidiary, as the case may be, as per applicable laws. The Board may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest and, the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest (subject to the minimum and maximum vesting periods specified below).

Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the ESOS - 2016.

The options which vested may be cancelled in the following events:

- i. Expiry of exercise period
- ii. Resignation/Termination due to misconduct / breach of

company policies, etc. and

- iii. Abandonment/Long Leave.

**e) Maximum period within which the options shall be vested**

The maximum vesting period may extend up to 5 (five) years from the date of grant of options.

**f) Exercise price or pricing formula**

Exercise Price means the price, if any, payable by the Employee for exercising the Vested Option granted to him in pursuance of the Scheme.

The Exercise Price shall be as decided by the Board/Committee at its own discretion. Provided that after listing of the equity shares of the Company on any recognized stock exchange in India, the exercise price shall be the Market Price of the share. However, it can be such other price as may be decided by the Board/Committee for grant of options not exceeding 0.5% of the paid-up equity shares as on 31st March 2018 i.e. not exceeding 5,79,257 shares or such other price as may be required to be arrived in accordance with the applicable laws. Further, Board/Committee shall grant such options not exceeding 0.5% of paid up capital as mentioned above to employees in lieu of cash compensation based on achievement of key performance indicators and such options shall not exceed 0.15% of the paid-up capital i.e. not exceeding 1,73,777 shares to any one employee. Explanation - Market Price means the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date and if such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.

**g) Exercise period and process of exercise**

- (a) Employees shall be entitled to exercise options within such period as may be prescribed by the Board, which period shall not be less than one year from the date of grant and shall not exceed a period of five years from the date of respective vesting of options.
- (b) In the event of an Employee being transferred between the Company, its Subsidiaries or its Holding Company, and at instance of or with consent of the Company, the Option Grantee will continue to hold all the Vested Options and can Exercise them anytime within the Exercise Period. All Unvested Options shall vest as per the Vesting schedule.

The process and conditions subject to which options can be exercised shall be laid down by the Board of the Company.

**h) Appraisal Process for determining the eligibility of Employees to the Scheme**

The appraisal process for determining the eligibility of the employees will be specified by the Board/Committee, and will be based on criteria such as criticality of the role, designation, length of service, past performance record, future potential of the employee and / or such other criteria that may be determined by the Board, at its sole discretion.

**i) Maximum number of options to be issued per Employee and in the aggregate**

The number of Options that may be granted to any specific employee under ESOS-2016 shall not exceed the number of Shares equivalent

to 1% of the Issued Share Capital of the Company in aggregate in any one year unless prior specific approval from members of the Company through a special resolution to this effect is obtained.

The Company has proposed to grant to Mr. Suresh Jayaraman, Director of the Company, such number of options, in one year, which is equal to or exceeding 1% of the issued and paid up capital (excluding outstanding warrants and conversions) of the Company as on the date of the grant. Such determination shall be made by the Board, depending on the criteria and parameters it may decide.

**j) Maximum Quantum of benefits to be provided per employee**

The maximum quantum of benefits underlying the options issued to an Eligible Employee shall depend upon the market price of the equity shares of the Company, as on the date of sale of such equity shares.

**k) Whether the scheme is to be implemented and administered directly by the Company or through a trust**

The Scheme will be implemented directly by the Company under the guidance of the Nomination and Remuneration Committee of the Board.

**l) Whether scheme involves new issue of shares by the Company or Secondary acquisition by the trust**

The Scheme will involve only new issue of shares by the Company.

**m) Disclosure and accounting policies**

The Company shall comply with the disclosures and the accounting policies prescribed as per the Companies Act 2013 and the guidelines issued by the Institute of Chartered Accountants of India.

**n) Method of Valuation**

To calculate the employee compensation cost, the Company shall use Intrinsic Value Method or applicable accounting guidelines for valuation of the options granted. The difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

**o) Certificate from auditors**

The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the auditors of the company that the scheme(s) has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.

**p) Other terms**

The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the regulations and guidelines as prescribed by the Securities and Exchange Board of India or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Option Grantees.

The Board or Nomination and Remuneration Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESOS - 2016, subject to compliance with the Applicable Laws and Regulations.

As the Scheme would entail further shares to be offered to persons other than existing Members of the Company, consent of the

members is sought pursuant to the provisions of section 42 and 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of Clause 6 of the SEBI ESOS Regulations.

None of the Directors and Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution No. 7, except to the extent of their shareholding entitlements, if any, under the ESOS.

Your Directors recommend the Resolution set out in Item No. 7 of the Notice for adoption by the Shareholders as Special Resolution/s.

**Item No. 8 - To approve availing of the Financial Assistance having an option available to the Lenders for conversion of such Financial Assistance into Equity Shares of the Company upon occurrence of certain events**

1. Section 62(1)(c) of the Companies Act, 2013, inter-alia, provides that where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered to any person, if it is authorised by a special resolution either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.
2. Further, Section 62(3) of the Companies Act, 2013, provides that nothing in Section 62 shall apply to the increase of the subscribed capital of a company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company; provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the company in general meeting.
3. Pursuant to the Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Members of the Company, had accorded its consent to the Board of Directors of the Company to borrow any sum or sums of monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), from time to time, in such form and manner and on such terms and conditions as the Board may deem fit, such that the total amount borrowed and outstanding at any time shall not exceed Rs.1,000 Crores (Rupees One Thousand Crores Only) and to create charges on the Company's properties for securing the borrowings within the above limits and working capital facilities availed or to be availed by the Company. It is proposed to the members approval to increase the aforesaid limits to Rs.2,000 Crores (Rupees Two Thousand Crores Only) in this Notice.
4. For the purposes of such Borrowings, the Company may, from time to time, be required to execute financing documents, which provides for an enabling option to the Lenders, to convert the whole or any part of such outstanding Financial Assistance (comprising loans, debentures or any other financial assistance categorised as loans), into fully paid up Equity Shares of the Company;
  - (i) upon occurrence of a default in payment of Interest or repayment of any Installment or Interest thereon or any combination thereof, subject to an appropriate notice of default and a cure period for the said default as may be agreed to; and/or
  - (ii) in accordance with the rights conferred on the Lenders pursuant to any regulations of Reserve Bank of India as modified from time to time.



Such conversion, in the events as mentioned above, will be at a price in accordance with the relevant guidelines of the Securities Exchange Board of India or such other method as may be prescribed.

5. In line with the changes in the Companies Act, 2013 and various directives issued by the Reserve Bank of India, the Company has been advised to pass a Special Resolution under Section 62(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder for enabling the Lenders to convert the outstanding Financial Assistance (comprising loans, debentures or any other financial assistance categorised as loans), into Equity Shares of the Company upon the occurrence of certain events, as aforesaid. The Company hereby clarifies that this resolution is merely an enabling resolution and there are no proposals of conversion of loan into Equity, either pending or envisaged currently.
6. None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.
7. The Board recommends resolutions under Item No. 8 to be passed as a special resolution.

### **Item No. 9 - To Increase Borrowing Limits up to Rs. 2000 crores**

In terms of the provisions of Section 180(1)(C) of the Companies Act, 2013, the Board of Directors of the Company cannot borrow in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

Keeping in view of Company's business requirements and its growth plans, the Company may enhance its borrowings. It is therefore necessary to enhance borrowings limit in excess of the company's paid up share capital and free reserves and securities premium, apart from temporary loans obtained from the Company's bankers in the ordinary course of business up to Rs. 2,000 Crores from existing limit of Rs. 1,000 Crores which was approved by shareholders on their meeting held on October 15, 2016.

None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 9 to be passed as a special resolution.

### **Item No.10 - To authorise the Board to mortgage and/or create charge on the assets of the Company.**

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties

of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and / or immovable properties of the Company, to secure borrowings of the Company, with a power to the lender(s) to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

Keeping in view of Company's business requirements and its growth plans, Company may enhance its borrowings. It is therefore necessary to enhance the limit to mortgage and/or create charge on the assets of the Company up to Rs. 2,000 Crores from existing limit of Rs. 1,000 Crores which was approved by shareholders on their meeting held on October 15, 2016.

None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 10 to be passed as a special resolution.

### **Item No. 11 - To increase the limits of Investments, Loans, Guarantees and Securities under Section 186 of the Companies Act, 2013**

In terms of the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of the Company, cannot make any loan, investment or give guarantee or provide any security in excess of aggregate of an amount approved by the shareholders i.e. Rs. 1,000 Crores which was approved by shareholders on their meeting held on October 15, 2016.

Keeping in view of the Company's expansion plans by making investments in other persons or Body corporates or providing surplus funds in the form of loans, give guarantee or provide security to other persons or Body corporates wherever required and request is received, it is necessary to enhance the aforesaid limit up to Rs. 2,000 Crores, over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel and relatives thereof is concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 11 to be passed as a special resolution.

**Arvind Fashions Limited**

(Formerly known as Arvind J&M Limited)

CIN: U52399GJ2016PLCo85595

Registered Office: Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.

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Route Map for the venue of the meeting, Arvind Limited Premises, Naroda Road, Ahmedabad -380025



# DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Directors' Report of the Company together with the audited accounts for the financial year ended 31st March 2018. The summarized financial results for the year ended 31st March 2018 are as under :

## 1. FINANCIAL HIGHLIGHTS

The Company's financial performances for the year under review along with previous year's figures are given hereunder:

Amount in ₹

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from operations (Net)	8,47,51,55,790	2,92,28,68,939	37,93,57,85,768	12,94,27,59,881
Profit/(Loss) Before Interest, Depreciation, Tax & Exceptional Items	95,28,02,975	3,12,80,504	2,41,84,53,302	77,48,84,322
Less: Finance Cost	9,77,74,437	4,76,20,067	91,33,51,624	32,59,01,831
Profit/(Loss) Before Depreciation, Tax & Exceptional Items	85,50,28,538	-1,63,39,563	1,50,51,01,678	44,89,82,491
Less: Depreciation /Amortization	11,49,18,535	3,97,49,061	1,38,94,46,488	42,95,84,741
Profit/(Loss) before exceptional items & tax	74,01,10,003	-5,60,88,624	11,56,55,190	1,93,97,750
Less: Exceptional items	-	-	-	-
Profit/(Loss) before tax	74,01,10,003	-5,60,88,624	11,56,55,190	1,93,97,750
Less: Deferred tax	-1,76,26,949	-2,06,93,915	-27,08,32,896	-16,51,77,103
Less: Current tax	22,37,49,741	-	25,72,99,741	28,20,720
Add: Share of Profit/ (Loss) of Joint Ventures	0	-	-	-3,17,81,738
Profit/(Loss) after Tax	53,39,87,211	-3,53,94,709	12,91,88,345	14,99,72,395
Total other comprehensive income / (Exp.) for the period, net of tax	-6,34,546	-8,91,898	85,59,29,964	-43,90,081
Profit/(Loss) after tax carried over to Balance Sheet	53,33,52,665	-3,62,86,607	98,51,18,309	14,55,82,314
Proposed Dividend	-	-	-	-

Note : Financials for the year ended March, 2018 are not comparable with that of year ended March, 2017 due to Arvind Fashions Ltd. had commenced its operations from November, 2016 and Consolidation of subsidiaries (i.e. Tommy and Calvin Klein) is from April, 2017.

## 2. Review of Business Operations

Your Company has posted Revenue from operations (Net) for the current year Consolidated at Rs. 37,93,57,85,768 which was at Rs. 12,94,27,59,881 (consolidated from November 2016 to March 2017) during the previous year. The Profit before interest, depreciation, tax and exceptional items for the current year Consolidated stands at Rs. 2,41,84,53,302 which was at Rs. 77,48,84,322 (consolidated from November 2016 to March 2017) during the previous year.

The year under review was challenging on many fronts. Your company has completed yet another significant year in which it has achieved a sustained growth in terms of turnover and increase in profitability.

## 3. Statutory Auditors

At the Annual General Meeting ("AGM") held on August 04, 2017, M/s. Sorab S. Engineer & Co, Chartered Accountants were appointed as statutory auditors, for a period of five years. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

## 4. Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of M/s. N. V. Kathiria & Associates, Company Secretary in Practice, Ahmadabad to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report (in Form MR-3) is enclosed as an Annexure-3 to this Report.

Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

## 5. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2018 is enclosed as an Annexure-1 to this Report.

## 6. Board Meetings held during the year

The Company had ten Board meetings during the financial year under review which were held on 11/05/2017, 21/06/2017, 02/08/2017, 04/09/2017, 26/09/2017, 28/09/2017, 31/10/2017, 08/11/2017, 25/01/2018 and 30/03/2018. The maximum interval between any two meetings did not exceed 120 days.

## 7. Nomination & Remuneration Policy of the Company

The Company's policy on Nomination and remuneration of the Directors and Key Managerial Personnel including criteria for determining qualifications, positive attributes, independence of a Director and other related matters is enclosed as an Annexure-2 to this Report.

## 8. Directors' Responsibility Statement

The Directors hereby make the following Responsibility Statement as required by Section 134(3)(c) of the Companies Act, 2013:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with

the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis;

e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**9. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Auditors and the Practicing Company Secretary In their Reports**

There were no qualifications, reservations or adverse remarks made either by the Auditors or by the Practicing Company Secretary other than the below qualification by Practicing Company Secretary.

- During the period under review the Company has not appointed Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time Director as required under Section 203 of the Companies Act, 2013 and rules made thereunder.

The company had appointed Mr. Suresh Jayaraman as Managing Director & Chief Executive Officer of the company and his appointment will be effective from August 01, 2018.

**10. Particulars of Loans, guarantees or investments under Section 186 of the Companies Act, 2013**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Note No. 7 of the Notes to the financial statements.

**11. Related Party Transactions under Section 188 of the Companies Act, 2013**

All transactions with related parties were in the ordinary course of business and at arm's length. The Company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company. The details of related party transactions are disclosed in Note No. 34 of the Notes to the financial statements.

**12. Dividend**

The profits for the year had been retained to invest in expanding Business of the Company, hence your directors are unable to declare any dividend for the year ended 31st March, 2018

**13. Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2018 and 03rd May, 2018 (date of the Report)**

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2018) and the date of the Report (May 3, 2018).

**14. Information on Conservation of Energy, Absorption of technology and Foreign Exchange Earnings and Outgo**

**i) Conservation of Energy**

The energy consumption is insignificant, so there is no need to take steps for the conservation of energy.

**ii) Absorption of technology**

The Company has not absorbed any technology.

**iii) Foreign Exchange Earnings and Outgo**

Amount in ₹

Particulars	2017-2018	2016-2017
Earning in Foreign Currency	20,37,51,561	9,24,51,210
Expenditure in Foreign Currency	31,66,81,181	38,39,828

**15. Statement concerning development and implementation of Risk Management policy of the Company**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**16. Corporate Social Responsibility (CSR)**

The Companies had constituted CSR Committee and adopted CSR policy. The average net profits during the three immediately preceding financial years are nil, hence there was no required to spend any amount during the financial year.

**17. Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors ("Board") has carried out an annual evaluation of its own performance and that of its Committees and individual Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members.

The criteria for performance evaluation of the Board included aspects like Board composition and structure, effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

**18. Change in the nature of the Business**

During the year under review, the company had changed its nature of business from Retailer to Wholesale of branded Apparel and Accessories Business.

**19. Directors & Key Managerial Personnel**

During the year under review, Mr. Nilesh Shah (DIN: 01711720) and Mr. Kamal Singal (DIN: 02524196), appointments were regularised by the members in the Annual General Meeting held on August 04, 2017 to hold office for 5 year from the date of their appointment as an Independent Directors of the Company.

The Independent Directors have submitted a declaration that each of them meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

Mr. Soundararajan Kannan, Chief Financial Officer and Mr. Vijay Kumar B S, Company Secretary are the Key Managerial Personnel (“KMP”) of the Company and they were also KMPs of Arvind Lifestyle Brands Limited a wholly-owned subsidiary of the Company.

## 20. Subsidiaries /Joint Ventures / Associates

As on March 31, 2018, the Company has 2 subsidiary companies and 2 Joint Venture Companies.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC-1 is attached to the Financial Statements. The separate audited financial statements in respect of each of the subsidiary shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same.

## 21. Deposits

During the year under review, your Company has neither accepted nor renewed any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## 22. Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company

## 23. Internal financial Controls

Your Company has in place adequate internal financial controls with reference to financial statements and dedicated Internal Audit team to ensure its adequacy. The scope and authority of the Internal Audit function is well defined in the organisation. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in your Company, its compliance with operating systems, accounting procedures and policies of your Company. Based on the report of the Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

The Statutory Auditor of your Company has also given an opinion that the Internal Financial Controls over Financial Reporting are adequate and are operating effectively at the end of the financial year.

## 24. Disclosure of composition of Audit Committee

The Board had re-constituted the Audit Committee during the year under review and consists of the following members :

- i) Mr. Jayesh K. Shah
- ii) Ms. Nithya Eswaran
- iii) Mr. Nilesh Shah
- iv) Mr. Kamal Singal

## 25. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The Provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

## 26. Share Capital

During the year under review, the Company has increased its paid up capital from Rs. 21,74,16,400 to Rs 23,17,02,908 by allotting 45,38,578 shares on rights basis and by allotting 26,04,676 as bonus shares in the ratio of 1:0.023.

- A. Issue of Equity Shares with differential rights – No such issue and accordingly no compliance.
- B. Issue of Sweat Equity Shares - No such issue and accordingly no compliance.
- C. Employees Stock Option Scheme as per the below disclosure.

### Disclosures required pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014:

(a)	Options granted	33,94,114
(b)	Exercise price	54, 91 and 97
(c)	Options vested	16,24,706
(d)	Options exercised	0
(e)	The total number of Equity Shares arising as a result of exercise of option	0
(f)	Options lapsed	0
(g)	Variation of terms of options	78,065 new options were given as adjustment in lieu of bonus issue of shares to the equity share holders in the ratio of 1:0.023.
(h)	Money realized by exercise of options during the year	0
(i)	Total number of options in force	34,72,179
(j)	Employee wise details of options granted to:-	
	(i) Key Managerial personnel during the year	Nil
	(ii) any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year;	Nil
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of Grant	Nil

- D. Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees – Not applicable.

**27. Vigil Mechanism**

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**28. Particulars of Employees**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Annual Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which are available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

**29. Disclosure as per sexual harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. During the financial year 2017-18, the Company has not received any complaints on sexual harassment.

**30. Acknowledgement**

The Directors wish to express their appreciation for the continued support of bankers, financial institutions, customers and various Government agencies. The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

**For and on behalf of the Board of Arvind Fashions Limited**

Sd/-  
**Jayesh Kantil Shah**  
Director (DIN: 00008349)

Sd/-  
**Kulin Sanjay Lalbhai**  
Director (DIN: 05206878)

**Place:** Ahmedabad

**Date:** 03/05/2018

## Annexure – 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2018

(Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)

### I. REGISTRATION & OTHER DETAILS:

i	CIN	U52399GJ2016PLCo85595
ii	Registration Date	05th January, 2016
iii	Name of the Company	Arvind Fashions Limited (Formerly Known as Arvind J&M Limited)
iv	Category/ Sub-category of the Company	Company Limited by shares/ Indian- non Government Company
v	Address of the Registered office & contact details	Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat. <a href="mailto:Vijaykumar.bs@arvindbrands.com">Vijaykumar.bs@arvindbrands.com</a> , Ph. 09620655183
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. 506-508, Amarnath Business Centre-1 (abc-1), Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C.G. Road, Ellisbridge, Ahmedabad - 380006. Phone: 079-26465179 / 86 / 87 Fax: 079-26465179 E-Mail: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name & Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Wholesale of textiles, clothing and footwear	4641	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Arvind Limited	L17119GJ1931PLCo00093	Holding Company	89.69%	Section 2(46)
2	Arvind Lifestyle Brands Limited	U64201GJ1995PLCo24598	Subsidiary Company	100%	Section 2(87)
3	Arvind Beauty Brands Retail Private Limited	U52100GJ2015PTCo82996	Subsidiary Company	100%	Section 2(87)
4	Calvin Klein Arvind Fashion Private Limited	U52190GJ2011PTCo84513	Joint Venture Company	50%	Section 2(6)
5	Tommy Hilfiger Arvind Fashion Private Limited	U18101GJ2003PTCo46421	Joint Venture Company	50%	Section 2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**A. Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Body Corp.	97499700	-	97499700	89.69%	103906459	-	103906459	89.69%	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other (Specify)	-	-	-	-	-	-	-	-	-
f (a) Nominees of Body corporate	-	300	300	-	-	300	300	-	-
<b>Sub Total -A1</b>	<b>97499700</b>	<b>300</b>	<b>97500000</b>	<b>89.69%</b>	<b>103906459</b>	<b>300</b>	<b>103906759</b>	<b>89.69%</b>	<b>Nil</b>
2. Foreign									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Body Corp.	-	-	-	-	-	-	-	-	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub Total - A2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of</b>									
<b>Promoters (A) = A1+A2</b>	<b>97499700</b>	<b>300</b>	<b>97500000</b>	<b>89.69%</b>	<b>103906459</b>	<b>300</b>	<b>103906759</b>	<b>89.69%</b>	<b>Nil</b>
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/Fis	-	-	-	-	-	-	-	-	-
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt(s).	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
i(a) Private Equity Fund	11208200	-	11208200	10.31%	11944695	-	11944695	10.31%	-
<b>Sub-total (B)(1):-</b>	<b>11208200</b>	<b>-</b>	<b>11208200</b>	<b>10.31%</b>	<b>11944695</b>	<b>-</b>	<b>11944695</b>	<b>10.31%</b>	<b>-</b>
2. Non-Institutions									
a. Bodies Corporates									
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>11208200</b>	<b>-</b>	<b>11208200</b>	<b>10.31%</b>	<b>11944695</b>	<b>-</b>	<b>11944695</b>	<b>-</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>108707900</b>	<b>300</b>	<b>108708200</b>	<b>100%</b>	<b>115851154</b>	<b>300</b>	<b>115851454</b>	<b>100%</b>	<b>Nil</b>



**B. Shareholding of Promoters**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Arvind Limited (Along with 6 Nominees)	97500000	89.69%	0	103906759	89.69%	0	Nil
	Total	97500000	89.69%	0	103906759	89.69%	0	Nil

**C. Change in Promoters' Shareholding (please specify, if there is no change) – No Change in percentage terms**

Sr. No.	Particulars	Shareholding at the beginning of the year / Changes during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Arvind Limited (Along with 6 Nominees)</b>				
	At the beginning of the year	97500000	89.69%	-	-
	Fresh Allotment on 26.09.2017	4070634	-	101570634	89.69%
	Fresh Allotment on 28.09.2017	2336125	-	103906759	89.69%
	At the end of the year	-	-	103906759	89.69%

**D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Particulars	Shareholding at the beginning of the year / Changes during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Multiples Private Equity Fund II LLP</b>				
	At the beginning of the year	784311	0.72%	-	-
	Fresh Allotment on 26.09.2017	32745	-	817056	0.72%
	Fresh Allotment on 28.09.2017	18792	-	835848	0.72%
	At the end of the year	-	-	835848	0.72%
<b>2</b>	<b>Plenty CI Fund I Limited</b>				
	At the beginning of the year	3038284	2.79%	-	-
	Fresh Allotment on 26.09.2017	126849	-	3165133	2.79%
	Fresh Allotment on 28.09.2017	72798	-	3237931	2.79%
	At the end of the year	-	-	3237931	2.79%
<b>3</b>	<b>Plenty Private Equity Fund I Limited</b>				
	At the beginning of the year	7385605	6.79%	-	-
	Fresh Allotment on 26.09.2017	308350	-	7693955	6.79%
	Fresh Allotment on 28.09.2017	176961	-	7870916	6.79%
	At the end of the year	-	-	7870916	6.79%

**E. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	For Each of the Directors & KMP	NIL	NIL	NIL	NIL
2	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity)	NIL	NIL	NIL	NIL
3	At the end of the Year	NIL	NIL	NIL	NIL

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,27,24,816	22,21,05,222	-	23,48,30,038
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1,23,19,897	-	1,23,19,897
<b>Total (i+ii+iii)</b>	<b>1,27,24,816</b>	<b>23,44,25,119</b>	-	<b>24,71,49,935</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	24,04,42,261	59,71,32,011	-	83,75,74,272
Reduction	85,799	58,77,69,241	-	58,78,55,040
Net Change	24,03,56,462	93,62,770	-	24,97,19,232
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25,30,81,278	23,14,67,992	-	48,45,49,270
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,34,09,919	-	2,34,09,919
<b>Total (i+ii+iii)</b>	<b>25,30,81,278</b>	<b>25,48,77,911</b>	-	<b>50,79,59,189</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. Remuneration to Managing Director, Wholetime Directors and/ or Manager**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL NIL NIL	NIL NIL NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL NIL	NIL NIL
5.	Others Please Specify	NIL	NIL
6.	Total	NIL	NIL
7.	Ceiling as per Act	NA	NA

**B. Remuneration to other Directors**

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Nilesh Dhirajlal Shah			Mr. Kamal Singal		
<b>1</b>	<b>Independent Directors</b>						
	(a) Fee for attending board/ committee meetings		1,20,000			1,30,000	2,50,000
	(b) Commission		NIL			NIL	NIL
	(c) Others, please specify		NIL			NIL	NIL
<b>2</b>	<b>Total (1)</b>						<b>2,50,000</b>
<b>3</b>	<b>Non-Executive Directors</b>	<b>Mr. Jayesh Kantilal Shah</b>	<b>Mr. Sanjaybhai Shrenikbhai Lalbhai</b>	<b>Ms. Renuka Ramnath</b>	<b>Ms. Nithya Easwaran</b>	<b>Mr. Kulin Sanjay Lalbhai</b>	
	(a) Fee for attending board/ committee meetings	1,40,000	30,000	70,000	1,10,000	90,000	4,40,000
	(b) Commission	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
<b>4</b>	<b>Total (2)</b>						<b>4,40,000</b>
<b>5</b>	<b>Total (A) = (1) + (2)</b>						<b>6,90,000</b>
<b>6</b>	<b>Total Managerial Remuneration</b>	NIL	NIL	NIL	NIL	NIL	NIL
<b>7</b>	<b>Overall Ceiling as per the Act</b>	NA	NA	NA	NA	NA	NA

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Vijay Kumar B S Company Secretary	Mr. Kannan S, CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	7,33,950	1,26,28,136	1,33,62,086
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		16,20,976	16,20,976
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission as % of profit	NIL	NIL	NIL
	others, specify	NIL	NIL	NIL
<b>5</b>	<b>Total</b>	<b>7,33,950</b>	<b>1,42,49,112</b>	<b>1,49,83,062</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

<b>Type</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of Penalty/Punishment/Compounding fees imposed</b>	<b>Authority (RD/NCLT/ Court)</b>	<b>Appeal made if any (give details)</b>
A. COMPANY					
Penalty	NA	NA	No penalty	NA	NA
Punishment	NA	NA	No punishment	NA	NA
Compounding	NA	NA	No compounding	NA	NA
B. DIRECTORS					
Penalty	NA	NA	No penalty	NA	NA
Punishment	NA	NA	No punishment	NA	NA
Compounding	NA	NA	No compounding	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	No penalty	NA	NA
Punishment	NA	NA	No punishment	NA	NA
Compounding	NA	NA	No compounding	NA	NA

## Annexure – 2

### COMPANY'S POLICY ON NOMINATION AND REMUNERATION

#### 1. Purpose of this Policy:

Arvind Fashions Limited ("Arvind" or the "Company") has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

- To evaluate the performance of the members of the Board.
- To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

#### 2. Definitions:

**Independent Director** means a director referred to in Section 149(6) of the Act and as amended from time to time.

**Key Managerial Personnel** (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

**Nomination and Remuneration Committee**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

**Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

**Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

#### 3. Composition of the Committee:

The composition of the Committee is/ shall be in compliance with the Act, Rules made thereunder and as amended from time to time.

#### 4. Role of the Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior

Management positions in accordance with the criteria laid down in this Policy;

- Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- To devise a Policy on Board diversity.

#### 5. Criteria for Determining the followings:-

##### 5.1 Qualifications for appointment of Directors (including Independent Directors):

- a) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- b) Their financial or business literacy/skills.
- c) Their textile/apparel/Retail industry experience.
- d) Appropriate other qualification/experience to meet the objectives of the Company.
- e) As per the applicable provisions of Companies Act 2013, Rules made thereunder

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

##### 5.2 Positive attributes of Directors (including Independent Directors):

- a) Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- b) Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.
- c) Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- d) To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- e) Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- f) To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees
- g) Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and as amended from time to time

##### 5.3 Independence Standards

The following would be the independence review procedure and criteria to assist the Committee evaluate the independence of Directors for recommending to the Board for appointment. A Director is independent if the Board affirmatively determines that the Director does not have a direct or indirect material relationship with the Company, including its affiliates or any member of senior

management. "Affiliate" shall mean any company or other entity that controls, is controlled by, or is under common control with the Company.

Also, the candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence.

#### **Independence Review Procedures**

##### **1. Annual Review**

The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such Directors as per the provisions of the Companies Act, 2013 read with Rules thereon.

##### **2. Individual Director Independence Determinations**

If a director nominee is considered for appointment to the Board between annual general meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-by-case basis for each director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any director is not independent even if he or she satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon.

##### **3. Notice of Change of Independent Status**

Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

#### **5.4 Criteria for appointment of KMP/Senior Management:**

- a) To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- b) To practice and encourage professionalism and transparent working environment.
- c) To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- d) To adhere strictly to code of conduct.

#### **5.5 Term:**

The Term of the Directors including Managing/Whole time Director/Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and as amended from time to time.

Whereas the term of the KMP (other than the Managing/Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

#### **5.6 Evaluation:**

The Committee shall carry out evaluation of performance of every Director.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

#### **5.7 Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

#### **6. Remuneration of Managing / Whole-time Director, KMP and Senior Management:**

The remuneration/compensation/commission, etc., as the case may be, to the Managing / Whole time Director will be governed by the relevant provisions of the Companies Act, 2013 and applicable Rules and Regulations and will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required. Further, the Chairman & Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole time Director) and Senior Management, and which shall be decided by the Chairman & Managing Director based on the standard market practice and prevailing HR policies of the Company.

#### **7. Remuneration to Non-executive/Independent Director:**

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and as amended from time to time.

## Annexure – 3

### FORM NO. MR – 3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

#### **Arvind Fashions Limited**

Main Building, Arvind Limited Premises,

Naroda Road, Ahmedabad – 380025.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Arvind Fashions Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:
  - (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (iv) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (v) The Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015;
  - (vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (vii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (viii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

It has been found that there were no instances requiring compliance with the provision of the laws indicated at point No. 2 mentioned hereinabove during the period under review
3. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company.
4. The Company has complied with following specific laws to the extent applicable to the Company:
  1. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
  2. The Employees' State Insurance Act, 1948.
  3. The Contract Labour (Regulation & Abolition) Act, 1970.
  4. The Maternity Benefit Act, 1961.

5. The Minimum Wages Act, 1948.
  6. The Payment of Bonus Act, 1965.
  7. The Payment of Gratuity Act, 1972.
  8. The Payment of Wages Act, 1936.
  9. The Workmen Compensation Act, 1923.
  10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.
  11. Shops and Establishment Act of respective states.
  12. The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.
  13. Tax on Profession of respective States.
  14. Labour Welfare Fund.
  15. The Legal Metrology Act, 2009.
  16. The Consumer Protection Act, 1986.
  17. Trademarks Act, 1999.
  18. The Information Technology Act, 2000.
  19. Income Tax Act, 1961 and its Rules.
  20. The Goods And Services Tax Act, 2017.
  21. Customs Act, 1962.
5. We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

The Listing Agreements entered into by the Company with Stock Exchange pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. **(the securities of the company are not listed on any recognized stock exchange, clauses of listed agreement were not applicable)**

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

*However, during the period under review the Company has not appointed Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time Director as required under Section 203 of the Companies Act, 2013 and rules made thereunder.*

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that**

During the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. except the following:

1. The Company has allotted 45,38,578 Equity Shares of Rs. 2/- each at a premium of Rs. 659/- per share to its Existing Shareholders on right basis in the ratio of 0.041750098 share for every 1 share.
2. The Company has allotted 26,04,676 Equity Shares of Rs. 2/- to its Existing Equity Shareholders of the Company as on 27th September, 2017 as Bonus Shares in the ratio of 0.023 shares for every 1 share.

**For N. V. Kathiria & Associates****Sd/-****N. V. Kathiria**

Proprietor

FCS 4573 COP 3278

**Date:** 27/04/2018**Place:** Ahmedabad



To,  
The Members,  
**Arvind Fashions Limited**  
Main Building, Arvind Limited Premises,  
Naroda Road, Ahmedabad- 380025.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For N. V. Kathiria & Associates**

**Sd/-**

**N. V. Kathiria**

Proprietor

FCS 4573 COP 3278

**Date:** 27/04/2018

**Place:** Ahmedabad

## FORM AOC - 1

( Pursuant to first proviso to sub - section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 )

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A" : Subsidiaries

Amount in ₹

Sr. no.	Particulars	Name of the subsidiary and Controlled Joint Ventures			
		Arvind Lifestyle Brands Limited	Arvind Beauty Brands Retail Private Limited	Tommy Hilfiger Arvind Fashion Private Limited (Controlled Joint Ventures)	Calvin Klein Arvind Fashion Private Limited (Controlled Joint Ventures)
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	No	No	No
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR
3.	Share capital	81,27,87,230	7,68,94,880	29,89,43,180	1,00,92,960
4.	Reserves & surplus	6,67,55,21,761	65,86,75,844	1,08,31,35,120	35,39,70,355
5.	Total assets	21,99,47,16,377	1,22,31,20,875	3,06,23,29,508	1,30,15,91,272
6.	Total Liabilities	14,50,64,07,386	48,75,50,151	1,68,02,51,208	93,75,27,957
7.	Investments	1,50,000	-	-	-
8.	Turnover (Total Income)	25,89,60,48,650	1,33,04,49,410	3,47,12,80,783	1,35,67,84,736
9.	Profit/(Loss) before taxation	(11,93,99,772)	(3,85,40,261)	5,21,14,342	(6,31,29,283)
10.	Provision for taxation	(7,84,90,591)	(12,31,278)	1,78,62,899	-
11.	Profit/(Loss) after taxation	(4,09,09,181)	(3,73,08,983)	3,42,51,443	(6,31,28,776)
12.	Proposed Dividend and tax (including cess thereon)	Nil	Nil	Nil	Nil
13.	% of shareholding	100%	100%	50%	50%

1. Names of subsidiaries which are yet to commence operations: Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

#### Part "B": Associates and Joint Ventures – Not Applicable

#### For and on behalf of the board of directors of Arvind Fashions Limited

**Kulin S. Lalbhai**  
Director  
DIN: 05206878

**Jayesh K. Shah**  
Director  
DIN: 00008349

**Kannan S**  
Chief Financial Officer

**B.S. Vijay Kumar**  
Company Secretary



## Management Discussion and Analysis

Title	Description
Overview of the Economy	Macro environment – Global & Domestic, Indian Retail Market, Apparel, Cosmetics, Innerwear & Footwear Market
Risk & Governance	Risks description, root cause & mitigation plan
Human Resources	Key HR Initiatives
Digital Arvind	IT transformation & Omni channel capabilities
Financial Performance & Review	Financial Performance and discussion on key parameters
Business Outlook	Key business initiatives to improve business performance



## Overview of the Economy

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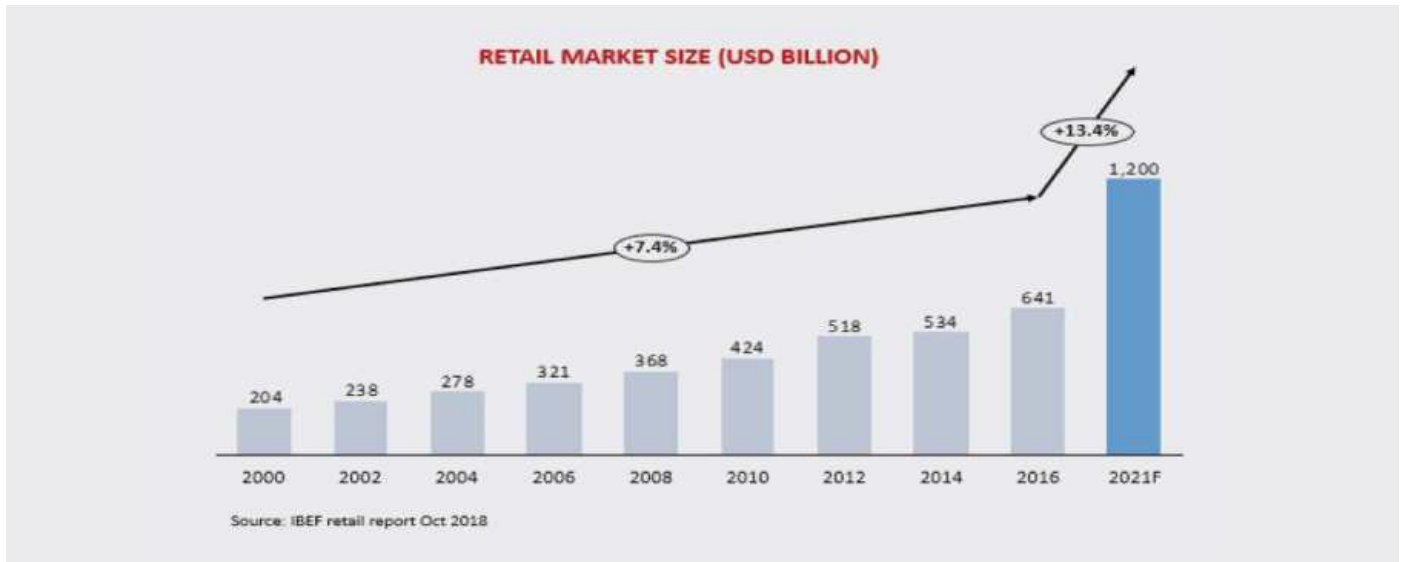
India has emerged as the fastest growing major economy in the world with an expected GDP growth of 7.4% in FY19. The nominal GDP of India was estimated to be USD 2.6 Trillion<sup>(1)</sup> in FY18 and expected to reach USD 6 Trillion<sup>(2)</sup> by FY 27. As per the IMF economic outlook report, India's economy is "lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivize private investment".

The long-term growth prospect of the Indian economy is also positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

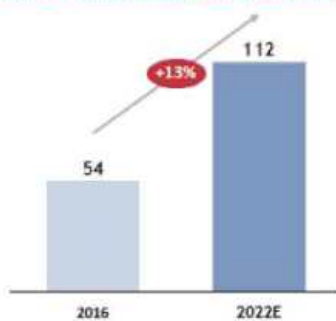
(1) Source: World Bank Data (2) Source: Morgan Stanley research

## Industry Overview

India's retail market is expected to increase by 88% from USD 0.64 Trillion in 2016 to an estimated USD 1.2 Trillion by 2021, on the back of factors like healthy economic growth, increasing disposable income, rapid urbanization, lifestyle changes and improved online and offline access. While the overall retail market is expected to grow at a CAGR of 12-13% per annum, modern retail would grow twice as fast at a CAGR of 20% per annum, and traditional retail at 10%.



**APPAREL MARKET SIZE (USD BILLION)**



Source: BCG estimates

Indian apparel is the second largest contributor in the retail industry after food and grocery. It was estimated to be worth USD 54 Billion in 2016 and will grow at a CAGR of 13% to become USD 112 Billion by 2022. The market is witnessing a rapid shift to the branded apparels, which had 26% share of the total apparel market in 2016 and growing with a fast pace at a CAGR of 19%.

Demand for branded apparel and footwear products is expected to further strengthen over the coming years due to positive and incremental impact of the economic reforms such as Goods and Services Tax (GST) implemented in 2017. The market is expected to recover completely from the disruptions caused due to demonetization in Nov 2016. The entry of new players especially international brands will further boost the demand for branded apparel and footwear.

Demand for various apparel categories varies substantially across the country. The urban market that mainly comprises of metro cities such as Delhi/ NCR, Mumbai, Bengaluru, Chennai, etc., are the biggest markets for branded apparel in India. But lately, many global and domestic brands have started penetrating into Tier 1, 2 and 3 cities. High real estate costs, competition among branded players and saturation in metro cities have made the big brands to move towards the smaller cities of the country. Increasing purchasing capacity and the awareness of fashion and trends in these cities have positioned them as huge potential markets for the branded products. E-Commerce although currently in the nascent stages is growing very rapidly. Both domestic and international brands are expected to build or increase their online presence in the coming years.

## Indian Apparel Market Segment

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The Indian apparel market can be broadly classified into menswear, womenswear and kidswear. Currently, menswear holds the major share of the apparel market. It accounted for 41% of the total market in 2016. Womenswear contributed to 39%, while kidswear constituted 20% of the market. It is estimated that over the next few years, menswear and kidswear will grow at a CAGR of 13%, while womenswear will demonstrate a higher CAGR of 14%. By 2022, menswear will have 40% share, womenswear will have 41% share while kidswear will retain its share at 20% of the apparel market.

Source: BCG estimates

## Menswear

With a market size of ~USD 22 Billion in 2016, menswear is the largest segment in the apparel market and is expected to grow at a CAGR of 13% for the next few years to reach ~USD 44 Billion by 2022. While shirts and trousers continue to be the largest categories, in recent years, denim, active wear and t-shirts have shown promising growth and are expected to grow at a high CAGRs of 14%, 14% and 12% respectively, owing to the changing preferences of the consumers. While denim and t-shirts have matured as categories and have shown a consistent growth over a considerable period, active wear has recently evolved and has high growth potential.<sup>(3)</sup>



## Womenswear

The womenswear market in India contributed to 39% of the total apparel market in 2016. It was estimated to be worth ~USD 21 Billion in 2016 and is expected to grow at a CAGR of 14% to reach ~USD 45 Billion by 2022. Saree, Salwar Kameez/ Ethnic have a dominating (~66%) share in the womenswear market though salwar kameez has started receiving tough competition from western wear owing to increased number of working women in the country, especially in urban areas. The increased competition from western wear has resulted in a new category — Indo-western (fusion-wear).<sup>(3)</sup>

## Kidswear

The kidswear market segment is relatively small but growing fast. The Indian kidswear market in 2016 was estimated to be worth ~USD 10.8 Billion and accounted for 20% of the total apparel market of the country. It is expected to grow at a CAGR of 13% to reach USD ~22.4 Billion by 2022. The Indian kidswear market is slightly skewed towards boy's wear which accounts for 51% of the total kidswear market.<sup>(3)</sup>

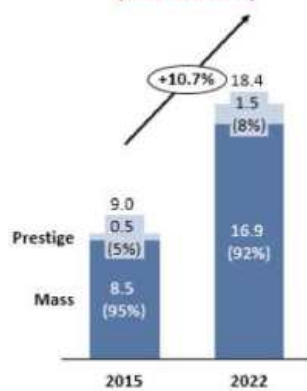


(3) Source: BCG estimates, Technopak report

## Beauty Business

The Indian beauty and personal care market was estimated to be worth USD 9.0 Billion in 2015 and is expected to become worth ~USD 18.4 Billion by 2022 growing at a CAGR of 10.7%. The prestige segment is expected to become USD 1.5 Billion by 2022 growing at a CAGR of 17% over 2015-2022, compared to the 10.2% CAGR growth predicted for the mass segment over the same period. Hair care, skin care, makeup and fragrance are the key categories within Indian beauty and personal care market. Hair care, skin care are the largest categories while makeup and fragrance are the fastest growing categories.<sup>(4)</sup>

**INDIAN BEAUTY & PERSONAL CARE MARKET (USD BILLION)**



Source: BCG



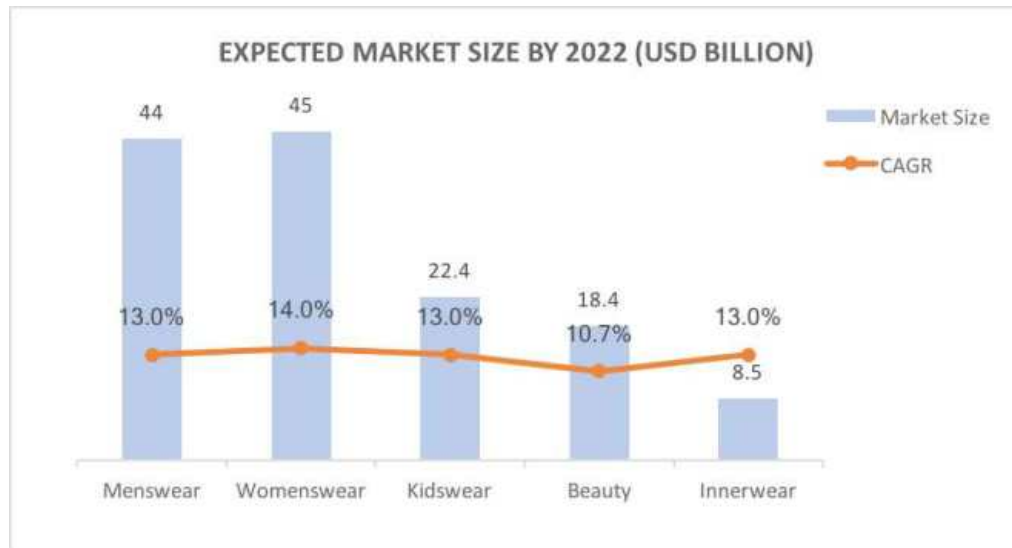
## Innerwear

Innerwear is a potential growth category across all the apparel market segments. The Indian innerwear market was worth USD 4.2 Billion in 2016, and is estimated to grow at a CAGR of 13% to reach USD 9.6 Billion by 2023. The women's innerwear market is growing at a CAGR of 14% and is expected to become worth USD 6.3 Billion by 2023 from USD 2.6 Billion in 2016. Men's innerwear market is growing at a CAGR of 11% and expected to become worth USD 2.9 Billion by 2023 from USD 1.3 Billion in 2016. Kid's innerwear is relatively small and will grow to USD 0.4 Billion by 2023<sup>(5)</sup>

(4) Source: BCG, Euromonitor: Premium beauty and personal care is the aggregation of premium colour cosmetics, fragrances, deodorants, skin care, sun care, baby and child-specific products, bath and shower and hair care. Mass beauty and personal care is the aggregation of mass colour cosmetics, fragrances, deodorants, skin care, sun care, baby and child-specific products, bath and shower and hair care.

(5) Source: Technopak report and internal estimates





## Arvind Fashions Limited - A Lifestyle Powerhouse

CASUALS (PREMIUM)	CASUALS (BRIDGE TO LUXURY)	VALUE RETAIL
FORMALS	INNER WEAR	BEAUTY RETAIL
KIDS WEAR		

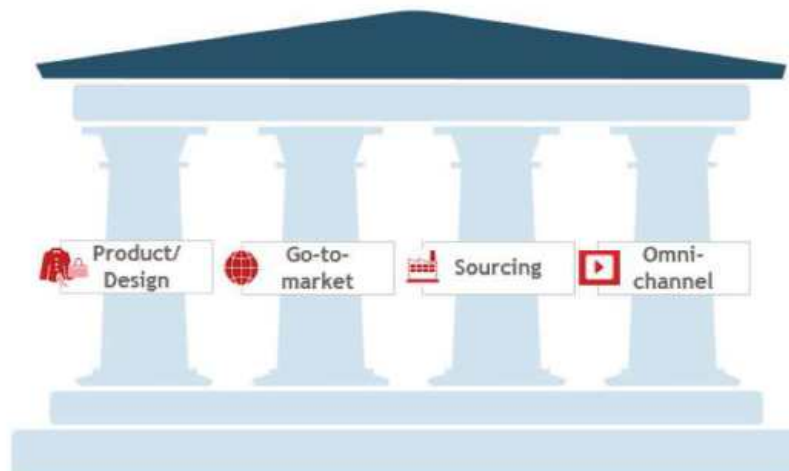
## Key characteristics of Arvind Fashions portfolio

- International and aspirational
- Across price points: Sustainable long term growth opportunities
- 'Future ready' portfolio catering to a young population
- Focus on casualization as a theme
- Strong possibility of brand extensions through innerwear and kidswear

Arvind's brand portfolio is at different stages of maturity and well positioned for delivering superior growth



### Powerful Capability Platforms



## Key capability platforms

- **Strong product/design capabilities** – Arvind Fashions has a strong product and design team and multi-category design expertise. We have demonstrated a deep understanding of the Indian consumer requirements through strong track record of creating India specific designs for international brands like US Polo, GAP, Arrow, Aeropostale etc. We have elevated brand offerings through numerous product innovations such as stitch less shirts, responsible denims etc.
- **Powerful go to market capabilities** – Our strong distribution strength across multiple channels backed by powerful warehouse, logistics and brand development capabilities have led to rapid footprint expansion. We have presence across 1300+ retail stores, 1400+ departmental stores' counters, 1800+ mom-n-pop multi-brand stores and in 180+ cities in India.
- **Sourcing capabilities** – We have been able to scale up business without any manufacturing investments through strategic vendor relationships. We source more than 33 million units in a year across more than 50 product categories.
- **Omni-channel capabilities** – We have the proprietary omni-channel platform - NNNOW. In line with the changing consumer trends our omni-channel platform will help us to sustain the competitive edge and deliver superior financial performance. Aimed at providing a seamless and consistent experience to the consumer across the channels, the platform is continuously strengthened with new capabilities. Current capabilities already enable one view of the inventory of a store on the app, endless aisles functionality, click and pick, store order and home fulfilment. Planned advancements such as store digitization (self-checkout, assisted selling, customization etc.), offline –online loyalty program integration, chat bot etc. will further augment capabilities of our omni-channel platform.



In addition, we are strategic partners to all the major e-commerce players in India.



## Risk & Governance

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Arvind Fashions' future performance is subject to a variety of factors, including but not limited to risks and uncertainties as discussed below. We are implementing a robust enterprise risk management framework to identify potential risks and define the strategy for eliminating & minimizing the impact of these risks.

### Nature of Risks

- 1. Strategic Risks:** These risks are created by an organization's business strategy & strategic objectives and may affect a company's long term positioning and performance.
- 2. Operational Risks:** These risks arise from inadequate or failed internal processes, people and systems or from external events and impact company's day to day operations and are associated with organization's ability to execute its strategic plan.
- 3. Regulatory Risks:** These risks are the result of failure to comply with applicable laws and regulations and code of conduct and may result in legal sanctions, material financial loss or loss of reputation.

STRATEGIC RISKS	Risks	Planned mitigation steps
	Lack of robust IT infrastructure and digital readiness to support scale up and growth	<ul style="list-style-type: none"> <li>Digital transformation initiatives as outlined earlier</li> </ul>
	Shift in consumer preferences, such as consumer becoming omni-channel, increasing preferences for online channels, increasing awareness for sustainable products, preferences for higher discounting etc.	<ul style="list-style-type: none"> <li>Arvind Fashions' omni-channel platform NNNOW.com</li> <li>Tie ups with all major online players</li> <li>Sustainable products such as responsible jeans</li> <li>Analytical engine for optimized discounting replenishment models</li> </ul>
	Concentrated sourcing agreements can impact business due to vendors' operations disruptions	<ul style="list-style-type: none"> <li>Continuous engagement with vendors &amp; periodic compliance audits</li> <li>Increased compliant vendor base</li> <li>Dedicated factories already identified for Arvind Fashions for woven/knits for covering minimum volumes</li> </ul>

OPERATIONAL RISKS	Risks	Planned mitigation steps
	Increasing competition	<ul style="list-style-type: none"> <li>Enhanced value propositions through play in newer categories such as athleisure etc. and increased speed to market to place products in line with the market trends</li> <li>Footprint expansion in Tier 2/3 cities</li> <li>Brand building initiatives to strengthen brand equity</li> </ul>
	Revenue stream from newer stores not in line with the expectations; profitability concerns due to increasing operations cost (e.g. real estate availability at competitive costs)	<ul style="list-style-type: none"> <li>Advanced analytics solutions (being deployed) to ensure customer centric assortments and timely stock availability in stores to help improve sales</li> <li>Improved planning &amp; leveraging relationships with malls and real estate owners to secure stores/SOH at optimal costs</li> </ul>
	Increased need for working capital due to longer order to cash cycle from wholesale business	<ul style="list-style-type: none"> <li>Tie up with leading financial institutions for channel financing and bill discounting</li> <li>Customer centric initiatives like faster returns pullback and online account reconciliation</li> <li>Enhanced due diligence (using a 3rd party) to evaluate credit worthiness and investment capability of any new distributor before onboarding</li> </ul>

<b>COMPLIANCE RISKS</b>	<b>Risks</b>	<b>Planned mitigation steps</b>
	GST changes related business impact e.g. delays in availing credit due to delays in reconciliation with customers/vendors and GST related documentation issues	<ul style="list-style-type: none"> <li>• Certified internal process to manage GST reconciliation</li> <li>• Investment in robust compliance platform with customers/vendors to validate GST claims and avail credit on time</li> </ul>
	Any noncompliance with laws and regulations	<ul style="list-style-type: none"> <li>• 'Compliance Manager' tool implemented to track and monitor all regulatory compliance</li> <li>• Compliance focal in each business division to resolve queries and clarifications</li> </ul>
	Impact on vendor margins due to dynamic and increasing minimum wage requirements	<ul style="list-style-type: none"> <li>• Strategic partnership with vendor partners to have dedicated production capacity/factories for Arvind Fashions thereby helping to hedge against the changing costs</li> </ul>



## Human Resources









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Our vision is to be the 'most valued lifestyle company in India' and our people are at the core of our business model and the key to achieving our vision.

At Arvind Fashions, we take pride in offering a modern, engaging & inclusive work environment to our employees and have taken progressive steps when crafting employee policies to ensure that the needs of our employees are kept first. This is reflective in our employee - friendly policies such as maternity transitioning, flexi time, education assistance and numerous engagement, employee connect & wellness initiatives.

We offer world class learning & development to nurture talent and groom future leaders of the industry. Employees have access to unparalleled career opportunities through programs and tools that power their career progression and aspirations. The Arvind Express program provides a structured and transparent roadmap for our retail employees to grow from one level to another.

Our consistent approach to delivering a distinctive employee experience for our people and our 'will – do' culture has led us to become the Retail Employer of choice **(Business Today – Best companies to Work For 2018)**

Key Programmes		What it focuses on
Arvind University		Arvind University, our in-house learning centre offers programs across retail, professional & leadership development and functional areas through classroom, on the job training and our digital learning platform (iLearn). Some of our flagship programs like Arvind Store Manager Development Program (ASMD); Arvind Cluster Manager Development Program (ACMD) and Arvind Management Essentials (AME) have garnered industry recognition for the methodology & impact.
High Impact Performance		Our performance management program helps cascade business priorities through the organization and instills accountability in our employees towards achievement of Company objectives. The Company's leadership behaviours and values are integrated as part of the process so as to ensure the requisite focus on not only 'results' but also 'behaviours'.
Arvind Applause		Arvind Applause is our Reward & Recognition program under which we celebrate performance & contribution of employees across the company. Reward categories include value ambassador awards, digital marketing awards, instant recognition & spotlight awards as well as Retail awards & Functional awards.
Arvind Care		To bring to life our organizational value of 'Care', the Arvind Care framework has been introduced to focus on four key pillars – Protection, Wellness, Experience and Learning & growth so as to ensure a holistic employee experience.
SMILEs		SMILEs is a unique and comprehensive mobile app designed for our front – end staff who are a vital link in the retail value chain, it leverages the power of modern technology into HR processes. The app is used to drive engagement; share key information & updates and provides employees with access to salary information, KRAs, eligibility guidelines for Arvind Express; 'on the go' learning as well as a query resolution platform.
Wine & Fashion		A unique & disruptive forum exclusively created for the design & product fraternity within the organization. It is to bring together employees from these teams on a common platform & engage them through unique experiences.
Fundo		Organizational annual sports olympiad event consisting of various high adrenaline activities- Cricket, Football, Badminton, Chess, Table Tennis, Antakshari etc. This is followed by a function called Family Day that blends fun, family and activities in a well-planned event, making employees and their families feel connected with the company.
NEO		NEO (New Employee Orientation) has helped us redefine the employee onboarding and assimilation process. It encompasses pre-onboarding, onboarding as well as 30-60-90 days journey of a new hire. The pre-onboarding process is designed to engage & interact with potential new joiners through gamified app that provides them information about the organization history & lineage, brands, leadership videos & employee testimonials over 4 weeks long engagement period.



As we move forward, the focus is on leveraging technology more effectively to seamlessly deliver HR services; creating a career progression framework for our employees to diversify their experiences & take charge of their careers. These policies and initiatives are designed to deliver a differentiated employee experience and help our employees truly 'fashion possibilities'.





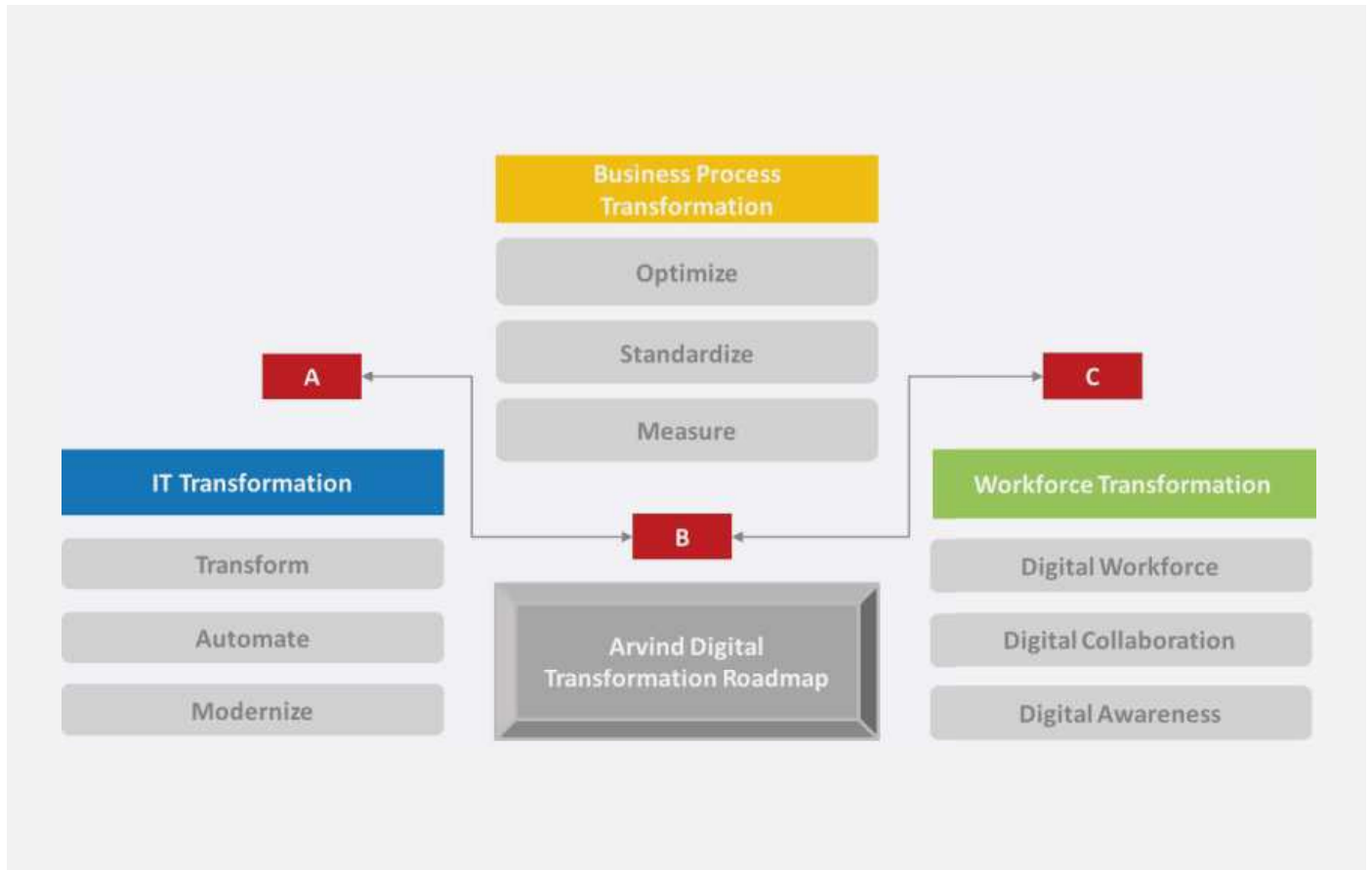
## Information Technology

Arvind Fashions has embarked on a digital transformation journey, which has three broad elements – IT transformation, business process transformation and workforce transformation.

IT transformation focuses on building the infrastructure elements and the core applications which would digitize the processes across the supply chain. To strengthen our IT infrastructure, we are currently implementing a new ERP system – SAP FMS. A new and more robust POS system has already been deployed across majority of our stores with full roll out to be completed this year. The subsequent phases will help in getting the data elements and futuristic applications which will create value and competitive advantage for Arvind in the fashion space.

The digital transformation of the business processes aims at making our business processes more agile and robust using appropriate technology interventions and automations thereby bringing in efficiencies. A few of our internal processes have already been digitized with other processes in the pipeline for implementation in the near future.

The digital transformation of workforce aims at enabling our workforce with suitable digital tools to enhance their productivity and facilitate better internal and external collaboration.





## Financial Performance & Review

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Total revenue of the company grew by 14% on comparable basis in FY 18 largely on account of consistent Like to Like (LTL) growth, growth driven by power brands & speciality retail. Operating income before interest, depreciation & taxes (EBITDA) grew by 44% on comparable basis primarily driven by profitable growth of Power brands, margin improvement & cost optimization.

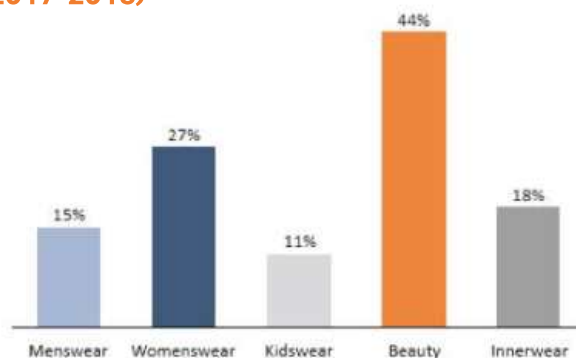
### Revenue:

Company has registered a comparable growth of 14% primarily on the back of strong double digit LTL growth of Sephora & Unlimited, supported by consistent LTL growth of other brands. Retail channel has shown comparable growth of 10% with contribution of more than 50% of total Revenue, while MBO & Online channels have demonstrated comparable growth of 35%. We are at 21.5 Lac Sq Ft distribution footprint with addition of 4.6 Lac Sq Ft of space to our business expansion & exited from loss making units. On category front, men's category delivered comparable 15% growth over FY 17 which contributes to 73% of total revenue. Women and beauty segment delivered phenomenal comparable growth of 27% & 44% respectively, which has been key growth driver of our business. Kids & innerwear category also supported to chart our growth path with 11% & 18% comparable growth.

## Financial performance and Revenue (₹ Crore)

Particulars	For the year ended (Consolidated Financials)			
	March 31, 2018		March 31, 2017	
	INR crore	% of sales	INR crore	% of sales
Revenue from Operations	3,762		1,286	
Other Operating Income	32		6	
<b>Total Revenue</b>	<b>3,794</b>		<b>1,292</b>	
Raw Material Expenses	1,979	52.2%	696	53.9%
Employee benefits expense	367	9.7%	112	8.7%
Others	1,221	32.2%	409	31.7%
<b>EBITDA w/o Other Income</b>	<b>227</b>	<b>6.0%</b>	<b>75</b>	<b>5.8%</b>
<b>Other Income</b>	<b>15</b>	<b>0.4%</b>	<b>2</b>	<b>0.2%</b>
Finance Cost	91	2.4%	33	2.6%
Cash Accruals	151	4.0%	45	3.5%
<b>Depreciation</b>	<b>139</b>	<b>3.7%</b>	<b>43</b>	<b>3.3%</b>
<b>Profit Before Tax</b>	<b>12</b>	<b>0.3%</b>	<b>2</b>	<b>0.2%</b>
<b>Tax Expense charge/(Credit)</b>	<b>(1)</b>		<b>(16)</b>	
Share of Profit/(Loss) in JV companies	-		(3)	
<b>Profit After Tax</b>	<b>13</b>	<b>0.3%</b>	<b>15</b>	<b>1.2%</b>
Exceptional Items	-		-	
<b>Net Profit</b>	<b>13</b>	<b>0.3%</b>	<b>15</b>	<b>1.2%</b>
Other Comprehensive Income (Net of Tax)	89		-	
<b>Total Comprehensive Income after Tax</b>	<b>102</b>		<b>15</b>	

\* Financials for the year ended March 2018 are not comparable with that of year ended March 2017, due to the fact that Arvind Fashions Ltd. had commenced operations from November 2016 and Consolidation of subsidiaries (i.e. Tommy and Calvin Klein) is from April 2017

**Revenue growth on comparable basis (₹ Crore)****Arvind Fashions category wise growth (2017-2018)****Operating Margin:**

Company has ensured profitable growth by delivering ₹ 227 Cr. of EBITDA (including other income). Improvement in EBITDA was a result of improvement in gross margin and focused cost improvement initiatives in the overhead expenses.

**Finance Cost:**

Finance cost for the year stood at ₹ 91.3 Cr. which is 2.4% of the total revenue. Finance cost reduced due to lower cost of borrowing and planned reduction of debt.

**Depreciation:**

Depreciation has gone up by 24% in FY 18 as we have expanded our presence with 195 new stores and added 4.6 lac sq. ft. in our distribution footprint. As a percentage of total revenue, depreciation has gone up from 3.3% in FY 17 to 3.7% in FY 18 on a comparable basis.

**Profit before taxes:**

In FY 18, we registered positive Profit before taxes (PBT) of ₹ 11.6 Cr. which is 0.3% of total revenue. PBT growth is the outcome of EBITDA growth and saving in interest costs.

**Debt:**

Total debt for the company stood at ₹ 745 Cr. as on March 31, 2018.

**Working Capital:**

Inventory has been brought down by 3% over FY 17 through focused inventory control initiatives. Inventory as on March 31, 2018 stood at ₹ 1093 Cr. Comparable current assets & current liabilities have gone up by 28% & 18% respectively. Receivables as on March 31, 2018 was at ₹ 784.5 Cr. which has gone up from ₹ 358.3 Cr. in FY 17 on a comparable basis.



## Outlook

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We are optimistic of delivering profitable future growth and have laid out three key strategic priorities.

### **Quality growth with rapid scale up of winning brands**

We will sustain the growth momentum for power brands through continuous distribution expansion and expansion into newer categories such as athleisure, innerwear, kidswear and accessories. For example, in athleisure segment, USPA brand has been witnessing tremendous response from the customers. Products ranging from track pants, shorts to performance t-shirts, will continue to grow rapidly as this category is in line with the current changes in the lifestyle.

To drive growth in our value retail format - Unlimited, key focus would be on rapid footprint expansion and leveraging online platforms. We are also piloting advanced analytics based approach to ensure customer centric merchandising strategies.

Our beauty business - Sephora with a vision to be the best prestige speciality beauty retailer in the Indian market, will continue to grow rapidly with new product launches and a robust footprint expansion plan. We would emphasize on tapping the potential of the Tier 2 cities in the coming years.

Our future growth driver, Innerwear business has set its priority on distribution & product strategy revamp. As consumers are looking at innerwear as a fashion statement, we foresee a huge potential growth opportunity.

The market for adjacent categories such as Footwear is growing at 17-18% CAGR and expected to become worth USD 10.6 Billion by 2020 <sup>(6)</sup> We are focusing on establishing our presence in casual, semi-formal & formal segments of the market through our brands Cole Haan, Aeropostale, Arrow, Flying Machine & USPA with a well-defined strategy to position us as an industry leader in casual lifestyle footwear

### **Control working capital**

We are focused on optimizing our working capital through multiple initiatives. We aim to increase our speed to market by leveraging well-defined supply chain pipes with faster turnaround, introducing analytical tools to optimize our buy plan and controlling receivables through customer centric initiatives such as faster stock returns, online account reconciliations and channel/micro financing options to our customers.

### **Speed up progress in realizing digital vision**

With growing importance of digitization, we are focused on rapidly building our digital capabilities to increase employee productivity, enable transparency & faster decision making, promote internal and external collaboration and provide superior digital experience to our customers. In the coming years, we will further strengthen our omni-channel capabilities. Our in-house built omni channel platform NNNOW provides our customers with information about every piece of merchandise from Arvind's warehouses, all brands & a network of more than 1300 stores.



## NNNOW

In the coming years, we will focus on strengthening Omni channel capabilities. Our in-house built Omni channel platform NNNOW connects our customers to every piece of merchandise from Arvind's warehouses, all brands & a network of more than 1300 stores.



# INDEPENDENT AUDITOR'S REPORT

**To the Members of Arvind Fashions Limited (Previously known as Arvind J&M Limited)**

## **Report on the Ind AS Financial Statements**

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

## **Management's Responsibility for the Ind AS Financial Statements**

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk

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

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

## **Opinion**

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company did not have any pending litigations;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There have been no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Place : Bangalore  
Date : May 3, 2018

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT  
OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED  
(PREVIOUSLY KNOWN AS ARVIND J&M LIMITED)**

Referred to in Paragraph 1 under the heading “Report on other legal and regulatory requirements” of our Independent Auditor’s Report of even date,

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company’s product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, no disputed amounts are payable as at March 31, 2018.
- (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.
- (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 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

Sd/-  
**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Place : Bangalore  
Date : May 3, 2018

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED (PREVIOUSLY KNOWN AS ARVIND J&M 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 Fashions Limited (Previously known as Arvind J&M Limited) (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a

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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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

Sd/-  
**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Place : Bangalore  
Date : May 3, 2018

# Standalone Balance Sheet as at March 31, 2018

Amount in ₹

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	5	10,55,70,916	4,80,64,276
(b) Capital work-in-progress	5	2,08,543	-
(c) Intangible assets	6	8,80,16,333	17,60,08,642
(d) Financial assets			
(i) Investments	7	11,41,20,45,072	8,48,25,11,516
(ii) Loans	7	35,72,755	16,07,980
(iii) Other financial assets	7	12,33,90,010	4,25,23,643
(e) Deferred tax assets (net)	26	3,91,85,350	2,12,12,341
(f) Other non-current assets	8	1,52,68,315	10,34,756
<b>Total non-current assets</b>		<b>11,78,72,57,294</b>	<b>8,77,29,63,154</b>
<b>II. Current assets</b>			
(a) Inventories	9	2,52,90,28,083	2,56,19,29,304
(b) Financial assets			
(i) Investments	7	18,375	8,655
(ii) Trade receivables	7	37,73,12,240	34,32,43,449
(iii) Cash and cash equivalents	7	8,05,36,640	10,59,338
(iv) Bank balance other than (iii) above	7	2,67,957	2,50,000
(v) Loans	7	1,27,54,106	17,12,077
(vi) Others financial assets	7	11,11,646	6,041
(c) Current tax assets (net)	10	-	4,32,024
(d) Other current assets	8	38,36,06,853	5,18,79,930
<b>Total current assets</b>		<b>3,38,46,35,900</b>	<b>2,96,05,20,818</b>
<b>Total Assets</b>		<b>15,17,18,93,194</b>	<b>11,73,34,83,972</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	23,17,02,908	21,74,16,400
Other equity	12	12,07,87,65,527	8,55,27,65,640
<b>Total equity</b>		<b>12,31,04,68,435</b>	<b>8,77,01,82,040</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	25,40,844	-
(ii) Other financial liabilities	13	2,06,55,220	94,00,000
(b) Long-term provisions	14	3,53,21,145	3,22,82,031
<b>Total non-current liabilities</b>		<b>5,85,17,209</b>	<b>4,16,82,031</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	46,08,97,992	22,54,30,038
(ii) Trade payables	13	2,16,22,14,584	1,90,48,10,086
(iii) Other financial liabilities	13	9,39,34,923	18,50,70,773
(b) Other current liabilities	15	7,89,63,106	60,27,12,022
(c) Short-term provisions	14	20,10,971	35,96,982
(d) Current tax liabilities (net)	16	48,85,974	-
<b>Total current liabilities</b>		<b>2,80,29,07,550</b>	<b>2,92,16,19,901</b>
<b>Total equity and liabilities</b>		<b>15,17,18,93,194</b>	<b>11,73,34,83,972</b>
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

**Place:** Bangalore

**Date:** May 3, 2018

**For and on behalf of the board of directors of  
Arvind Fashions Limited**
**Kulin S. Lalbhai**

Director

DIN: 05206878

**Kannan S**

Chief Financial Officer

**Place:** Bangalore

**Date:** May 3, 2018

**Jayesh K. Shah**

Director

DIN: 00008349

**B.S. Vijay Kumar**

Company Secretary

# Standalone Statement of profit and loss for the year ended March 31, 2018

Amount in ₹

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations			
Sale of Products	17	8,41,70,22,658	2,91,52,26,237
Sale of Services	17	4,97,93,270	21,12,300
Operating Income	17	83,39,862	55,30,402
<b>Revenue from operations</b>		<b>8,47,51,55,790</b>	<b>2,92,28,68,939</b>
Other income	18	1,08,37,284	57,29,689
<b>Total income (I)</b>		<b>8,48,59,93,074</b>	<b>2,92,85,98,628</b>
<b>Expenses</b>			
Cost of raw materials and accessories consumed	19	1,14,00,742	13,95,170
Purchases of stock-in-trade	20	5,33,40,57,380	4,47,33,57,278
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	4,78,81,191	(2,53,80,64,805)
Employee benefits expense	22	51,01,71,428	25,58,33,995
Finance costs	23	9,77,74,437	4,76,20,067
Depreciation and amortisation expense	24	11,49,18,535	3,97,49,061
Other expenses	25	1,62,96,79,358	70,47,96,486
<b>Total expenses (II)</b>		<b>7,74,58,83,071</b>	<b>2,98,46,87,252</b>
<b>Profit/(Loss) before exceptional items and tax (III)=(I-II)</b>		<b>74,01,10,003</b>	<b>(5,60,88,624)</b>
Exceptional items (IV)		-	-
<b>Profit/(Loss) before tax (V) = (III-IV)</b>		<b>74,01,10,003</b>	<b>(5,60,88,624)</b>
<b>Tax expense</b>			
Current tax	26	22,37,49,741	-
Deferred tax	26	(1,76,26,949)	(2,06,93,915)
<b>Total tax expense (VI)</b>		<b>20,61,22,792</b>	<b>(2,06,93,915)</b>
<b>Profit/(Loss) for the year (VII) = (V-VI)</b>		<b>53,39,87,211</b>	<b>(3,53,94,709)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans	12	(9,90,326)	(14,97,994)
Income tax effect	26	3,46,060	5,18,426
		(6,44,266)	(9,79,568)
Net gain / (loss) on FVOCI equity instruments	12	9,720	87,670
Income tax effect	26	-	-
		9,720	87,670
<b>Total other comprehensive income for the year, net of tax (VIII)</b>		<b>(6,34,546)</b>	<b>(8,91,898)</b>
<b>Total comprehensive income for the year, net of tax (VII+VIII)</b>		<b>53,33,52,665</b>	<b>(3,62,86,607)</b>
Earning per equity share [nominal value per share Rs.2/- (March 31, 2017: Rs.2/- )]			
Basic	32	4.70	(0.72)
Diluted	32	4.58	(0.68)
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

**Place:** Bangalore

**Date:** May 3, 2018

**For and on behalf of the board of directors of  
Arvind Fashions Limited**

**Kulin S. Lalbhai**

Director

DIN: 05206878

**Kannan S**

Chief Financial Officer

**Place:** Bangalore

**Date:** May 3, 2018

**Jayesh K. Shah**

Director

DIN: 00008349

**B.S. Vijay Kumar**

Company Secretary

## Standalone Statement of cash flows for the year ended March 31, 2018

Amount in ₹

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>A Operating activities</b>		
<b>Profit/(Loss) Before taxation</b>	<b>74,01,10,003</b>	<b>(5,60,88,624)</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Amortization	11,49,18,535	3,97,49,061
Financial guarantee commission	(39,29,318)	
Interest Income	(97,282)	(6,712)
Interest and Other Borrowing Cost	9,77,74,437	4,76,20,067
Share based payment expense	16,38,404	7,14,676
	<b>21,03,04,776</b>	<b>8,80,77,092</b>
<b>Operating Profit before Working Capital Changes</b>	<b>95,04,14,779</b>	<b>3,19,88,468</b>
Working Capital Changes:		
Changes in inventories	3,29,01,221	(27,75,63,151)
Changes in trade payables	25,74,04,498	46,92,48,019
Changes in other current liabilities	(52,37,48,916)	60,27,12,022
Changes in other financial liabilities	(9,15,11,086)	19,44,70,641
Changes in provisions	4,62,777	16,25,676
Changes in trade receivables	(3,40,68,791)	1,50,06,15,195
Changes in other current assets	(33,17,26,923)	(5,18,79,930)
Changes in other financial assets	(8,19,71,769)	(4,25,29,684)
Changes in other bank balances	(17,957)	(2,50,000)
<b>Net Changes in Working Capital</b>	<b>(77,22,76,946)</b>	<b>2,39,64,48,788</b>
<b>Cash Generated from Operations</b>	<b>17,81,37,833</b>	<b>2,42,84,37,256</b>
Direct Taxes paid (Net of Income Tax refund)	(21,84,31,743)	(4,32,024)
<b>Net Cash from Operating Activities</b>	<b>(4,02,93,910)</b>	<b>2,42,80,05,232</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment/intangible assets	(8,46,41,409)	(1,35,49,512)
Changes in Capital Advances	(1,42,33,559)	(10,34,756)
Change in Long Term Investments	(2,92,03,08,970)	(8,47,98,94,095)
Change in Current Term Investments	-	2,68,435
Purchase under Business Transfer Agreement	-	(2,53,25,08,027)
Changes in Loans given	(1,30,06,804)	(33,20,057)
Interest Income	97,079	6,712
<b>Net cash flow from Investing Activities</b>	<b>(3,03,20,93,663)</b>	<b>(11,03,00,31,300)</b>
<b>C Cash Flow from Financing Activities</b>		
Issue of Share Capital	1,42,86,508	21,73,16,400
Securities Premium received	2,98,57,13,550	8,58,57,26,532
Changes in long term borrowings	30,81,278	-
Changes in short term borrowings	23,54,67,954	(15,24,61,871)
Interest and Other Borrowing Cost paid	(8,66,84,415)	(4,76,20,067)
<b>Net Cash flow from Financing Activities</b>	<b>3,15,18,64,875</b>	<b>8,60,29,60,994</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>7,94,77,302</b>	<b>9,34,926</b>
Cash & Cash equivalent at the beginning of the year	10,59,338	1,24,412
Cash & Cash equivalent at the end of the year	8,05,36,640	10,59,338



# Standalone Statement of cash flows for the year ended March 31, 2018 (Contd.)

Amount in ₹

Particulars	Year ended March 31, 2018	Year ended March 31, 2017 (Refer 45(l))
<b>Cash and cash equivalents comprise of: (Note 7)</b>		
Cash on Hand	4,27,610	4,27,610
Balances with Banks	8,01,09,030	6,31,728
<b>Cash and cash equivalents</b>	<b>8,05,36,640</b>	<b>10,59,338</b>

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

Notes:

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

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

**C.A. Chokshi Shreyas B.**  
 Partner  
 Membership no. 100892

**Place:** Bangalore  
**Date:** May 3, 2018

**For and on behalf of the board of directors of  
 Arvind Fashions Limited**

**Kulin S. Lalbhai**  
 Director  
 DIN: 05206878

**Kannan S**  
 Chief Financial Officer

**Place:** Bangalore  
**Date:** May 3, 2018

**Jayesh K. Shah**  
 Director  
 DIN: 00008349

**B.S. Vijay Kumar**  
 Company Secretary

Amount in ₹

**Statement of changes in Equity for the year ended March 31, 2018**

**A. Equity share capital**

Balance	Amount Note 11
<b>As at April 01, 2016</b>	<b>1,00,000</b>
Issue of Equity Share capital	21,73,16,400
<b>As at March 31, 2017</b>	<b>21,74,16,400</b>
Issue of Equity Share capital	1,42,86,508
<b>As at March 31, 2018</b>	<b>23,17,02,908</b>

**B. Other equity**

**Attributable to the equity holders**

Particulars	Reserves and Surplus			Other Reserves	Total equity
	Securities premium	Share Based Payment Reserve	Retained Earnings	Net gain / (loss) on FVOCI equity instruments	
	Note 12	Note 12	Note 12	Note 12	
<b>Balance as at April 1, 2016</b>	-	-	<b>(11,649)</b>	<b>4,932</b>	<b>(6,717)</b>
Profit/(Loss) for the year	-	-	(3,53,94,709)	-	(3,53,94,709)
Other comprehensive income for the year	-	-	(9,79,568)	87,670	(8,91,898)
Total Comprehensive income for the year	-	-	(3,63,74,277)	87,670	(3,62,86,607)
Issue of share capital (Note 11)	8,58,57,26,532	-	-	-	8,58,57,26,532
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	33,90,347	(33,90,347)	-	-
Share Based Payments for Employee Stock Option to Subsidiary Co. (Note 33)	-	26,17,756	-	-	26,17,756
Share Based Payments for Employee Stock Option (Note 33)	-	7,14,676	-	-	7,14,676
Transfer from Other Comprehensive Income	-	-	92,767	-	92,767
Transfer to Retained Earnings	-	-	-	(92,767)	(92,767)
<b>Balance as at March 31, 2017</b>	<b>8,58,57,26,532</b>	<b>67,22,779</b>	<b>(3,96,83,506)</b>	<b>(165)</b>	<b>8,55,27,65,640</b>
<b>Balance as at April 1, 2017</b>	<b>8,58,57,26,532</b>	<b>67,22,779</b>	<b>(3,96,83,506)</b>	<b>(165)</b>	<b>8,55,27,65,640</b>
Profit/(Loss) for the year	-	-	53,39,87,211	-	53,39,87,211
Other comprehensive income for the year	-	-	(6,44,266)	9,720	(6,34,546)
Total Comprehensive income for the year	-	-	53,33,42,945	9,720	53,33,52,665
Issue of share capital (Note 11)	2,99,09,22,902	-	-	-	2,99,09,22,902
Utilized during the year for bonus shares	(52,09,352)	-	-	-	(52,09,352)
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	71,39,194	(71,39,194)	-	-
Share Based Payments for Employee Stock Option to Subsidiary Co. (Note 33)	-	52,95,268	-	-	52,95,268
Share Based Payments for Employee Stock Option (Note 33)	-	16,38,404	-	-	16,38,404
<b>Balance as at March 31, 2018</b>	<b>11,57,14,40,082</b>	<b>2,07,95,645</b>	<b>48,65,20,245</b>	<b>9,555</b>	<b>12,07,87,65,527</b>

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

**C.A. Chokshi Shreyas B.**  
Partner  
Membership no. 100892

**Place:** Bangalore  
**Date:** May 3, 2018

**For and on behalf of the board of directors of  
Arvind Fashions Limited**

**Kulin S. Lalbhai**  
Director  
DIN: 05206878

**Kannan S**  
Chief Financial Officer

**Place:** Bangalore  
**Date:** May 3, 2018

**Jayesh K. Shah**  
Director  
DIN: 00008349

**B.S. Vijay Kumar**  
Company Secretary

# Notes to the Financial Statement As At and for The Year Ended 31 March 2018

## 1. Corporate Information

Arvind Fashions Limited (formerly known as Arvind J&M Limited) (‘the Company’) is engaged in the business of Readymade Garment Apparels and Accessories. The Company and its subsidiaries is marketing in India the branded apparel under various brands. The brands portfolio of the Company includes Domestic and International brands like Flying Machine, Arrow, US Polo, Nautica, GANT, GAP, TCP Izod, Elle, Cherokee etc.

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

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

## 2. Statement of Compliance and Basis of Preparation

### 2.1 Compliance with Ind AS

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

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”) and other relevant provision of the Act.

### 2.2 Historical Cost Convention

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- 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:

### 3.1. Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

### Operating cycle

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

### 3.2. Use of estimates and judgements

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

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

### 3.3. Foreign currencies

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

#### Transactions and balances

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

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

### 3.4. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

### 3.5. Property, plant and equipment

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

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

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

sheet date.

## **Derecognition**

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

## **Depreciation**

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

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.

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

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

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

### **3.6. Leases**

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

#### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised

in finance costs in the Statement of Profit and Loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the 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.

### **3.7. 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.

### **3.8. Intangible Assets**

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

The useful lives of intangible assets are assessed as finite.

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

Brand Value and License Brands acquired under Business

Transfer Agreement will be amortized on Straight Line basis up to March 31, 2019.

### **3.9. 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.

### **3.10. 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.

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

## 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.

### 3.12. Financial instruments – initial recognition and subsequent measurement

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

#### a) Financial assets

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

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

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

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

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

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

comprehensive income (FVTOCI)

- **Financial assets at amortised cost :**

A financial asset is measured at amortised cost if:

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

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

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

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

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

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

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

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised 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.

• **Equity instruments:**

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

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

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

**(iii) Derecognition of financial assets**

A financial asset is derecognised when:

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

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

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

**(iv) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the

business model as a result of external or internal changes which are significant to the Company's 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.

<b>Original classification</b>	<b>Revised classification</b>	<b>Accounting treatment</b>
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

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 and contract assets: 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/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

• **Loans and Borrowings**

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

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

This category generally applies to borrowings.

**(iii) Derecognition of financial liabilities**

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

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

**c) Offsetting of financial instruments**

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

**3.13. 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.

**3.14. 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.

**3.15. Taxes**

Tax expense comprises of current income tax and deferred tax.

**Current income tax**

Current income tax assets and liabilities are measured at the

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

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

**Deferred tax**

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

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

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

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

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

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

are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

### 3.16. Employee Benefits

#### a) Short Term Employee Benefits

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

#### b) Post-Employment Benefits

##### (i) Defined contribution plan

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

##### (ii) Defined benefit plan

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

recognise the obligation on the net basis.

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

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

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

#### d) Termination Benefits :

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

### 3.17. Share-based payments

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

#### Equity-settled transactions

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

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

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

conditions.

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

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

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

### **3.18. Earnings per share**

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

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

### **3.19. Provisions**

#### **General**

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

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

### **4. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions

that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **4.1. Significant judgements in applying the Company's accounting policies**

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

##### **Revenue recognition**

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

#### **4.2. Estimates and assumption**

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

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

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the

basis that they do not represent high quality corporate bonds.

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

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

### **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 36 for further disclosures.

### **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 33.

### **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. Nil/- (March 31, 2017: Rs. 2,01,09,104) 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.

Further details on taxes are disclosed in Note 26.

### **Revenue recognition – Customer loyalty program reward points**

The Company estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2018, the estimated liability towards unredeemed points amounted to approximately Rs. 1,21,45,953/- (March 31, 2017: Rs. Nil).

### **Intangible assets**

Refer Note 3.8 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

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

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

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

# Notes to the Standalone Financial Statements

Amount in ₹

**Note 5 : Property, plant and equipment**

Particulars	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office Equipment	Data Processing	Total	CWIP
<b>Gross Carrying Value</b>								
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-	-
Additions	1,22,037	2,85,54,314	-	2,23,16,599	-	1,51,920	5,11,44,870	-
Deductions	-	-	-	-	-	-	-	-
<b>As at April 1, 2017</b>	<b>1,22,037</b>	<b>2,85,54,314</b>	<b>-</b>	<b>2,23,16,599</b>	<b>-</b>	<b>1,51,920</b>	<b>5,11,44,870</b>	<b>-</b>
Additions	28,18,048	4,35,48,298	67,67,764	2,61,43,256	6,62,426	44,77,322	8,44,17,114	2,08,543
Deductions	-	-	-	-	-	-	-	-
<b>As at Mar 31, 2018</b>	<b>29,40,085</b>	<b>7,21,02,612</b>	<b>67,67,764</b>	<b>4,84,59,855</b>	<b>6,62,426</b>	<b>46,29,242</b>	<b>13,55,61,984</b>	<b>2,08,543</b>
<b>Depreciation and Impairment</b>								
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-	-
Depreciation for the year	10,970	16,05,684	-	14,63,281	-	659	30,80,594	-
Deductions	-	-	-	-	-	-	-	-
<b>As at April 1, 2017</b>	<b>10,970</b>	<b>16,05,684</b>	<b>-</b>	<b>14,63,281</b>	<b>-</b>	<b>659</b>	<b>30,80,594</b>	<b>-</b>
Depreciation for the year	6,19,108	1,69,24,553	15,013	86,22,032	53,589	6,76,179	2,69,10,474	-
Deductions	-	-	-	-	-	-	-	-
<b>As at Mar 31, 2018</b>	<b>6,30,078</b>	<b>1,85,30,237</b>	<b>15,013</b>	<b>1,00,85,313</b>	<b>53,589</b>	<b>6,76,838</b>	<b>2,99,91,068</b>	<b>-</b>
<b>Net Carrying Value</b>								
<b>As at Mar 31, 2018</b>	<b>23,10,007</b>	<b>5,35,72,375</b>	<b>67,52,751</b>	<b>3,83,74,542</b>	<b>6,08,837</b>	<b>39,52,404</b>	<b>10,55,70,916</b>	<b>2,08,543</b>
As at March 31, 2017	1,11,067	2,69,48,630	-	2,08,53,318	-	1,51,261	4,80,64,276	-

**Note 6: Intangible assets**

Intangible assets	Computer Software	Brand Value & License Brands	Total
<b>Gross Carrying Value</b>			
<b>As at April 1, 2016</b>	-	-	-
Additions	-	21,26,77,109	21,26,77,109
Deductions	-	-	-
<b>As at April 1, 2017</b>	<b>-</b>	<b>21,26,77,109</b>	<b>21,26,77,109</b>
Additions	15,752	-	15,752
Deductions	-	-	-
<b>As at Mar 31, 2018</b>	<b>15,752</b>	<b>21,26,77,109</b>	<b>21,26,92,861</b>
<b>Amortisation and Impairment</b>			
<b>As at April 1, 2016</b>	-	-	-
Amortisation for the Year	-	3,66,68,467	3,66,68,467
Deductions	-	-	-
<b>As at April 1, 2017</b>	<b>-</b>	<b>3,66,68,467</b>	<b>3,66,68,467</b>
Amortisation for the Year	3,745	8,80,04,316	8,80,08,061
Deductions	-	-	-
<b>As at Mar 31, 2018</b>	<b>3,745</b>	<b>12,46,72,783</b>	<b>12,46,76,528</b>
<b>Net Carrying Value</b>			
<b>As at Mar 31, 2018</b>	<b>12,007</b>	<b>8,80,04,326</b>	<b>8,80,16,333</b>
As at March 31, 2017	-	17,60,08,642	17,60,08,642

## Notes to the Standalone Financial Statements

Amount in ₹

**Note 7 : Financial assets****7 (a) Investments**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current investment</b>		
<b>“Investment in equity shares of subsidiaries (Unquoted)”</b>		
Arvind Beauty Brands Retail Private Limited # (31st March 2018: 7,689,488; 31st March 2017: 6,464,999) Face Value Rs 10.	1,02,55,69,658	90,50,99,860
Arvind Lifestyle Brand Ltd *## (31st March 2018: 81,278,723; 31st March 2017: 54,397,003) Face Value Rs 10.	9,23,44,11,216	6,72,49,39,756
Calvin Klein Arvind Fashion Private Limited (31st March,2018: 5,04,648; 31st Mar 2017: 4,57,671) Face Value Rs 10.	28,93,53,858	16,47,61,560
Tommy Hilfiger Arvind Fashion Pvt Ltd (31st March,2018: 1,49,47,159; 31st March 2017: 11,461,839) Face Value Rs 10.	86,27,10,340	68,77,10,340
	<u>11,41,20,45,072</u>	<u>8,48,25,11,516</u>
<b>Current investment</b>		
<b>Investment in equity shares of others</b>		
<b>Quoted</b>		
Arvind Infrastructure Ltd (31st March 2018: 100, 31st March 2017: 100) Face Value Rs 10	18,375	8,655
<b>Total Investments</b>	<u>11,41,20,63,447</u>	<u>8,48,25,20,171</u>
<b>Total non-current investments</b>	<u>11,41,20,45,072</u>	<u>8,48,25,11,516</u>
<b>Total current investments</b>	<u>18,375</u>	<u>8,655</u>

# Increase in the cost of investment during the year includes recognition of cost of ESOPs issued to Employees of the same is detailed below:

Subsidiaries	2017-18	2016-17
Arvind Lifestyle Brands Limited	48,25,392	26,17,756
Arvind Beauty Brands Retail Private Limited	4,69,876	-

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

Subsidiaries	2017-18	2016-17
Arvind Lifestyle Brands Limited	46,46,109	-

# Notes to the Standalone Financial Statements

Amount in ₹

## 7 (b) Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Unsecured, considered good	37,73,12,240	34,32,43,449
<b>Total Trade and other receivables</b>	<b>37,73,12,240</b>	<b>34,32,43,449</b>

## 7 (c) Loans

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured considered good</b>		
<b>Non-current</b>		
Loans to employees	35,72,755	16,07,980
	<b>35,72,755</b>	<b>16,07,980</b>
<b>Current</b>		
Loans to employees	1,27,54,106	17,12,077
	<b>1,27,54,106</b>	<b>17,12,077</b>
<b>Total Loans</b>	<b>1,63,26,861</b>	<b>33,20,057</b>

## 7 (d) Cash and cash equivalent

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with Bank		
Current accounts and debit balance in cash credit accounts	8,01,09,030	6,31,728
Cash on hand	4,27,610	4,27,610
<b>Total cash and cash equivalents</b>	<b>8,05,36,640</b>	<b>10,59,338</b>

## 7 (e) Other bank balance

Particulars	As at March 31, 2018	As at March 31, 2017
<b>In Deposit Account</b>		
Held as Margin Money*	2,67,957	2,50,000
<b>Total other bank balances</b>	<b>2,67,957</b>	<b>2,50,000</b>
<b>Total cash and bank balances</b>	<b>8,08,04,597</b>	<b>13,09,338</b>

\* Under lien with bank as Security for Guarantee Facility

## 7 (f) Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Security deposits	12,33,90,010	4,25,23,643
	<b>12,33,90,010</b>	<b>4,25,23,643</b>
<b>Current</b>		
Accrued Interest	6,244	6,041
Insurance claim receivable	11,05,402	-
	<b>11,11,646</b>	<b>6,041</b>
<b>Total financial assets</b>	<b>12,45,01,656</b>	<b>4,25,29,684</b>



## Notes to the Standalone Financial Statements

Amount in ₹

## 7 (g) Financial assets by category

Particulars	Cost	FVTPL	FVOCI	Amortised cost
<b>31- March-2018</b>				
Investments				
- Equity shares	11,41,20,45,072	-	18,375	-
Trade receivables	-	-	-	37,73,12,240
Loans	-	-	-	1,63,26,861
Cash & Bank Balances	-	-	-	8,08,04,597
Other Financial Assets	-	-	-	12,45,01,656
<b>Total Financial assets</b>	<b>11,41,20,45,072</b>	<b>-</b>	<b>18,375</b>	<b>59,89,45,354</b>
<b>31- March-2017</b>				
Investments				
- Equity shares	8,48,25,11,516	-	8,655	-
Trade receivables	-	-	-	34,32,43,449
Loans	-	-	-	33,20,057
Cash & Bank Balances	-	-	-	13,09,338
Other Financial Assets	-	-	-	4,25,29,684
<b>Total Financial Assets</b>	<b>8,48,25,11,516</b>	<b>-</b>	<b>8,655</b>	<b>39,04,02,528</b>

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

## Note 8 : Other current / non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advances	1,52,68,315	10,34,756
	<b>1,52,68,315</b>	<b>10,34,756</b>
<b>Current</b>		
Advance to suppliers	3,88,24,216	3,26,77,562
GST/Sales tax/VAT/service tax receivable (net)	10,07,73,521	16,63,617
Export incentive receivable	3,96,078	27,53,217
Prepaid expenses	1,66,98,155	1,47,85,534
Other Current Assets	22,69,14,883	-
	<b>38,36,06,853</b>	<b>5,18,79,930</b>
<b>Total</b>	<b>39,88,75,168</b>	<b>5,29,14,686</b>

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

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials		
Raw materials and components	1,51,07,664	1,37,51,984
Raw materials in transit	56,228	2,18,905
Stock-in-trade	2,49,01,83,614	2,53,80,64,805
Stock-in-trade in transit	2,30,41,084	94,17,671
Packing materials	6,39,493	4,75,939
<b>Total</b>	<b>2,52,90,28,083</b>	<b>2,56,19,29,304</b>

# Notes to the Standalone Financial Statements

Amount in ₹

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
Tax Paid in Advance (Net of Provision)	-	-	-	4,32,024
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,32,024</b>

**Note 11 : Equity share capital:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
<b>Authorised share capital</b>				
Authorised share capital Equity shares of ₹ 2 each	12,50,00,000	25,00,00,000	12,50,00,000	25,00,00,000
<b>Issued and subscribed share capital</b>				
Equity shares of ₹ 2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
<b>Subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
<b>Total</b>	<b>11,58,51,454</b>	<b>23,17,02,908</b>	<b>10,87,08,200</b>	<b>21,74,16,400</b>

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
At the beginning of the period	10,87,08,200	21,74,16,400	50,000	1,00,000
Add:				
Shares issued during the year	71,43,254	1,42,86,508	10,86,58,200	21,73,16,400
Outstanding at the end of the period	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400

**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.2 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**11.3. Shares Held by Holding Company**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
Arvind Limited - (along with nominees)	10,39,06,759	20,78,13,518	9,75,00,000	19,50,00,000

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited (along with nominees)	10,39,06,759	89.69%	9,75,00,000	89.69%
Plenty Private Equity Fund I Limited	78,70,916	6.79%	73,85,605	6.79%

**11.4. Subdivision of Shares**

With effect from 26th September 2016 the nominal face value of equity shares of the Company was sub-divided from Rs.10 per share to Rs 2 per share.

**11.5. Bonus Shares Issued**

26,04,676 Equity Shares are allotted as bonus shares by capitalization of Securities premium during the year

## Notes to the Standalone Financial Statements

Amount in ₹

**11.6. Shares reserved for issue under options**

Refer Note 33 for details of shares to be issued under options

**11.7 Objective, policy and procedure of capital management, refer Note 39****Note 12 : Other Equity**

Balance	As at March 31, 2018	As at March 31, 2017
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Securities premium account</b>		
Balance as per last financial statements	8,58,57,26,532	-
Add: addition during the year	2,99,09,22,902	8,58,57,26,532
Less: utilized during the year for bonus shares	-52,09,352	-
Balance at the end of the year	<b>11,57,14,40,082</b>	<b>8,58,57,26,532</b>
<b>Share based payment reserve (Refer Note 33)</b>		
Balance as per last financial statements	67,22,779	-
Add: Addition during the year	1,40,72,866	67,22,779
Balance at the end of the year	2,07,95,645	67,22,779
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	-3,96,83,506	-11,649
Add: Profit/ (Loss) for the year	53,39,87,211	-3,53,94,709
Add: Transfer from OCI	-	92,767
Add/ (Less): OCI for the year	-6,44,266	-9,79,568
	<b>49,36,59,439</b>	<b>-3,62,93,159</b>
Less: Appropriation		
Dividend to Holding Company for ESOP	-71,39,194	-33,90,347
Balance at the end of the year	<b>48,65,20,245</b>	<b>-3,96,83,506</b>
<b>Total reserves &amp; surplus</b>	<b>12,07,87,55,972</b>	<b>8,55,27,65,805</b>
<b>Note 12.2 Other comprehensive income</b>		
<b>Equity Instruments through OCI (net of tax)</b>		
Balance as per last financial statements	-165	4,932
Add: gain during the year	9,720	87,670
Less: Transfer to Retained Earnings	-	-92,767
Balance at the end of the year	9,555	-165
Total Other comprehensive income	9,555	-165
<b>Total Other equity</b>	<b>12,07,87,65,527</b>	<b>8,55,27,65,640</b>

# Notes to the Standalone Financial Statements

Amount in ₹

**Note 13 : Financial liabilities**
**13 (a) Long-term Borrowings**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-term Borrowings (Refer Note I below)</b>		
<b>Non-current portion</b>		
<b>Secured</b>		
Term loan from Banks	25,40,844	-
	<b>25,40,844</b>	<b>-</b>
<b>Current maturities</b>		
<b>Secured</b>		
Term loan from Banks-Current	5,40,434	-
	<b>5,40,434</b>	<b>-</b>
<b>Total long-term borrowings</b>	<b>30,81,278</b>	
<b>Short-term Borrowings (Refer Note II below)</b>		
<b>Unsecured</b>		
Working Capital Loans repayable on demand from Banks	25,00,00,000	1,27,24,816
Under Buyer's Credit Arrangement	21,08,97,992	13,98,36,396
Intercompany Deposits		
From Related Parties	-	7,28,68,826
<b>Total short-term borrowings</b>	<b>46,08,97,992</b>	<b>22,54,30,038</b>
<b>Total borrowings</b>	<b>46,39,79,270</b>	<b>22,54,30,038</b>

**I Details of Term Loans**
**a Nature of Security**

Hire Purchase Loan from Banks and Others of Rs 30,81,278 are secured by hypothecation of related vehicles.

**b Rate of Interest and Terms of Repayment**

Particulars	As at March 31, 2018	Terms of Repayment from Balance sheet date	Range Of Interest
From Banks			
Hire Purchase Loan	30,81,278	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans	8.5% to 9%

**II Details of Short Term Borrowing**
**a** Working Capital Loan of Rs 25,00,00,000 is guaranteed by Arvind Limited, the Holding company.

**b Rate of Interest and Terms of Repayment**

i. Working Capital Loans from banks carry interest rates ranging from 8.60% and are repayable on Demand

ii. Buyer's Credit carry interest at the rate of 2.17% to 3.74%.

**13 (b) Trade payable**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Acceptances	87,05,49,084	81,06,61,067
Dues to Micro, Small and Medium Enterprises	4,69,01,113	10,98,75,623
Other trade payable (Refer note below)	1,24,47,64,387	98,42,73,396
<b>Total</b>	<b>2,16,22,14,584</b>	<b>1,90,48,10,086</b>

## Notes to the Standalone Financial Statements

Amount in ₹

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

Disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:	<b>As at March 31, 2018</b>	As at March 31, 2017
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	4,69,01,113	10,98,75,623
(b) Interest paid during the year;	41,24,390	
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	59,25,22,495	21,47,68,973
(d) Interest due and payable for the period of delay in making payment;	76,77,223	26,26,786
(e) Interest accrued and unpaid at the end of the accounting year; and	76,77,223	26,26,786
(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.		

**13 (c) Other financial liabilities**

Particulars	<b>As at March 31, 2018</b>	As at March 31, 2017
<b>Non-current</b>		
Security Deposit	2,05,70,000	94,00,000
Financial Guarantee Contract- Non Current (Note a)	85,220	
	<b>2,06,55,220</b>	<b>94,00,000</b>
<b>Current</b>		
Current maturity of long term borrowings	5,40,434	-
Interest accrued but not due	1,57,32,696	96,93,111
Interest accrued and due	76,77,223	26,26,786
Payable to employees	5,21,42,471	3,16,77,347
Payable for Business Transfer Agreement	-	13,25,08,026
Book overdraft	28,700	18,70,570
Payable in respect of capital goods	1,71,81,828	66,94,933
Financial Guarantee Contract- Current (Note a)	6,31,571	-
	9,39,34,923	18,50,70,773
<b>Total</b>	<b>11,45,90,143</b>	<b>19,44,70,773</b>

**a) Financial guarantee contract**

The Company has given the financial guarantee to Banks on behalf of Subsidiary Company

# Notes to the Standalone Financial Statements

Amount in ₹

## 13 (d) Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised cost
<b>31- March-2018</b>			
Borrowings			46,39,79,270
Trade payable			2,16,22,14,584
Other financial liabilities			11,40,49,709
<b>Total Financial liabilities</b>			<b>2,74,02,43,563</b>

Particulars	FVTPL	FVOCI	Amortised cost
<b>31- March-2017</b>			
Borrowings			22,54,30,038
Trade payable			1,90,48,10,086
Other financial liabilities			19,44,70,773
<b>Total Financial liabilities</b>			<b>2,32,47,10,897</b>

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

### Note 14: Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-term</b>		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment-Long term	1,61,58,811	1,59,97,626
Provision for Gratuity-Long term	1,91,62,334	1,62,84,405
	<b>3,53,21,145</b>	<b>3,22,82,031</b>
<b>Short-term</b>		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment-Short term	20,10,971	25,18,995
Provision for Gratuity-Short term	-	10,77,987
	20,10,971	35,96,982
<b>Total</b>	<b>3,73,32,116</b>	<b>3,58,79,013</b>

### Note 15: Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Advance from customers	38,00,000	50,80,79,170
Statutory dues including provident fund and tax deducted at source	6,30,17,153	8,31,15,115
Deferred income of loyalty program reward points (Refer note a below)	1,21,45,953	-
Other liabilities	-	1,15,17,737
<b>Total</b>	<b>7,89,63,106</b>	<b>60,27,12,022</b>

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

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

Particulars	As at March 31, 2018
Provision made during the year (net of Expiry)	8,28,09,637
(Less): Redemption made during the year	-7,06,63,684
<b>Balance at the end of the year</b>	<b>1,21,45,953</b>

## Notes to the Standalone Financial Statements

Amount in ₹

**Note 16 : Current tax liabilities (net)**

Particulars	As at March 31, 2018	As at March 31, 2017
Current tax liabilities (net of Advance Tax)	48,85,974	-
<b>Total</b>	<b>48,85,974</b>	<b>-</b>

**Note 17 : Revenue from operations**

Particulars	2017-18	2016-17
Sale of products	8,41,70,22,658	2,91,52,26,237
Sale of services	4,97,93,270	21,12,300
Operating income		
Waste sale	4,04,840	-
Export incentives	79,35,022	55,30,402
	83,39,862	55,30,402
<b>Total</b>	<b>8,47,51,55,790</b>	<b>2,92,28,68,939</b>

**Note 18 : Other income**

Particulars	2017-18	2016-17
Interest income	97,282	6,712
Financial guarantee commission #	39,29,318	-
Exchange difference (net)	66,95,866	53,86,191
Miscellaneous income	1,14,818	3,36,786
<b>Total</b>	<b>1,08,37,284</b>	<b>57,29,689</b>

# Company has given financial guarantee to bank on behalf of Subsidiary Company. Fair Value of Financial guarantee has been accounted as liability and amortised over the period of loan as commission income to the extent it is excess over the loss allowance provided.

**Note 19 : Cost of raw materials and accessories consumed**

Particulars	2017-18	2016-17
Stock at the beginning of the year	1,37,51,984	-
Add: Purchases	1,27,56,422	1,51,47,154
	2,65,08,406	1,51,47,154
Less: Inventory at the end of the year	1,51,07,664	1,37,51,984
Raw materials and accessories consumed	1,14,00,742	13,95,170
<b>Total</b>	<b>1,14,00,742</b>	<b>13,95,170</b>

**Note 20 : Purchases of stock-in-trade**

Particulars	2017-18	2016-17
Garments	5,33,40,57,380	4,47,33,57,278
<b>Total</b>	<b>5,33,40,57,380</b>	<b>4,47,33,57,278</b>

# Notes to the Standalone Financial Statements

Amount in ₹

**Note 21 : Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	2017-18	2016-17
<b>Stock at the end of the year</b>		
Stock-in-trade	2,49,01,83,614	2,53,80,64,805
	<b>2,49,01,83,614</b>	<b>2,53,80,64,805</b>
<b>Stock at the beginning of the year</b>		
Stock-in-trade	2,53,80,64,805	-
	<b>2,53,80,64,805</b>	<b>-</b>
<b>(Increase) / Decrease in stocks</b>	<b>4,78,81,191</b>	<b>(2,53,80,64,805)</b>
<b>Total</b>	<b>4,78,81,191</b>	<b>(2,53,80,64,805)</b>

**Note 22 : Employee benefits expense**

Particulars	2017-18	2016-17
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	44,90,93,333	23,76,84,594
Contribution to provident and other funds	3,45,61,881	1,02,76,663
Welfare and training expenses	2,48,77,810	71,58,062
Share based payment to employees (Refer Note 33)	16,38,404	7,14,676
<b>Total</b>	<b>51,01,71,428</b>	<b>25,58,33,995</b>

**Note 23 : Finance costs**

Particulars	2017-18	2016-17
Cash Credit Facilities	57,18,579	12,32,472
Interest expense - others	2,20,35,379	3,30,83,376
Other finance cost	7,00,20,479	1,33,04,219
<b>Total</b>	<b>9,77,74,437</b>	<b>4,76,20,067</b>

**Note 24 : Depreciation and amortization expense**

Particulars	2017-18	2016-17
Depreciation on Tangible assets (Refer Note 5)	2,69,10,474	30,80,594
Amortization on Intangible assets (Refer Note 6)	8,80,08,061	3,66,68,467
<b>Total</b>	<b>11,49,18,535</b>	<b>3,97,49,061</b>



## Notes to the Standalone Financial Statements

Amount in ₹

**Note 25 : Other expenses**

Particulars	2017-18	2016-17
Power and fuel	86,94,917	56,73,380
Insurance	58,34,298	1,36,835
Processing charges	1,62,62,217	20,29,504
Printing, stationery & communication	1,70,10,674	51,31,613
Rent Expenses (note 35)	9,58,21,795	7,54,61,477
Commission & Brokerage	13,23,53,583	8,15,57,671
Rates and taxes	1,34,47,935	1,71,21,840
Repairs :		
To Building	15,79,842	4,88,567
To others	1,04,57,219	75,92,162
Royalty on Sales	64,20,12,494	25,91,82,251
Freight, insurance & clearing charge	11,14,15,265	3,41,69,103
Octroi	1,09,53,917	1,31,17,081
Legal & Professional charges	1,03,52,373	1,06,97,945
Housekeeping Charges	75,88,615	25,15,324
Security Charges	95,54,457	34,43,196
Computer Expenses	5,63,192	38,890
Conveyance & Travelling expense	3,57,26,595	1,01,30,600
Advertisement and publicity	24,36,39,827	8,60,32,711
Sales Promotion	1,10,08,059	2,13,380
Charges for Credit Card Transactions	76,31,795	39,61,874
Packing Materials Expenses	3,78,60,165	1,78,33,937
Contract Labour Charges	8,40,65,348	1,67,49,435
Sampling and Testing Expenses	5,90,66,777	1,27,89,031
Director's sitting fees	6,88,800	1,00,000
Auditor's remuneration (refer note below)	40,76,588	32,20,000
Business Conducting Fees	2,14,559	-
Bank charges	16,48,597	4,48,282
Warehouse Charges	2,83,28,640	2,03,86,272
Miscellaneous expenses	2,18,20,815	1,45,74,125
<b>Total</b>	<b>1,62,96,79,358</b>	<b>70,47,96,486</b>

**Payment to Auditors (Net of Taxes)**

Particulars	2017-18	2016-17
Payment to Auditors as		
Auditors	28,00,000	28,20,000
For tax audit	3,15,000	1,50,000
For Other certification work	7,45,600	1,50,000
For reimbursement of expenses	2,15,988	1,00,000
<b>Total</b>	<b>40,76,588</b>	<b>32,20,000</b>

**Note 26 : Income tax**

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

Particulars	2017-18	2016-17
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current income tax	22,37,49,741	-
<b>Deferred tax</b>		
Deferred tax expense/(income)	-1,76,26,949	-2,06,93,915
<b>Income tax expense reported in the statement of profit and loss</b>	<b>20,61,22,792</b>	<b>-2,06,93,915</b>

# Notes to the Standalone Financial Statements

Amount in ₹

**OCI section**

Particulars	2017-18	2016-17
<b>Statement to Other comprehensive income (OCI)</b>		
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	-3,46,060	-5,18,426
<b>Deferred tax charged to OCI</b>	<b>-3,46,060</b>	<b>-5,18,426</b>

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

**A) Current tax**

Particulars	2017-18	2016-17
<b>Accounting profit/(loss) before tax from continuing operations</b>	74,01,10,003	-5,60,88,624
Tax @ 28.84% (March 31, 2017: 30.90%)	21,34,47,725	-1,73,31,385
<b>Adjustment</b>		
Expenses u/s 35 DD	-41,80,590	-44,79,203
Lower Tax Rate benefit and others	-55,27,613	-
Gaurantee Commission Income	-11,49,679	-
Gain on fair valuation of Investment - taxable on realisation	-	1,524
Other non deductible expense	35,32,949	11,15,149
At the effective income tax rate of 27.85% (March 31, 2017 -36.9%)	20,61,22,792	-2,06,93,915

**B) Deferred tax**

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Accelerated depreciation for tax purposes	2,34,13,384	32,64,940	-2,01,48,444	-32,64,940
Expenditure allowable on payment basis(43 B)	1,49,20,608	23,17,500	-1,26,03,108	-23,17,500
Expenditure allowable over the period (Section 35D/ 35DD)	-	-44,79,203	-44,79,203	44,79,203
Employee Stock Option	8,51,358	-	-8,51,358	-
Unused losses available for offsetting against future taxable income	-	2,01,09,104	2,01,09,104	-2,01,09,104
<b>Deferred tax expense/(income)</b>			<b>-1,79,73,009</b>	<b>-2,12,12,341</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>3,91,85,350</b>	<b>2,12,12,341</b>		
Reflected in the balance sheet as follows				
Deferred tax assets	3,91,85,350	2,12,12,341		
Deferred tax liabilities	-	-		
<b>Deferred tax liabilities (net)</b>	<b>3,91,85,350</b>	<b>2,12,12,341</b>		

Reconciliation of deferred tax assets / (liabilities), net	March 2018	March 2017
Opening balance as of April 1	2,12,12,341	-
Tax income/(expense) during the period recognised in profit or loss	1,76,26,949	2,06,93,915
Tax income/(expense) during the period recognised in OCI	3,46,060	5,18,426
<b>Closing balance as at March 31</b>	<b>3,91,85,350</b>	<b>2,12,12,341</b>

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.

## Notes to the Standalone Financial Statements

Amount in ₹

**Note 27 : Contingent liabilities**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Contingent liabilities not provided for</b>		
a. Bills discounted	7,85,61,050	-
b. Guarantee given by the company to the bank on behalf of Subsidiary	2,60,41,97,352	

**Note 28 : Capital commitment and other commitments**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	71,37,632	86,30,903
<b>Other commitments</b>	-	-

**Note 29 : Foreign Exchange Derivatives and Exposures not hedged****A. Exposure Not Hedged**

Nature of exposure	Currency	Period ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rs.	In FC	In Rs.
Receivables	USD	10,61,435	6,91,79,033	11,64,911	7,55,44,506
Payable towards borrowings	USD	32,35,873	21,08,97,993	21,61,278	14,01,58,901
Payable to creditors	USD	8,53,145	5,56,03,706	3,51,502	2,27,94,874

**Note 30 : Disclosure pursuant to Employee benefits****A. Defined contribution plans:**

Amount of Rs.2,24,35,092( March 31 , 2017 - 77,91,251) is recognised as expenses and included in Note No. 22 "Employee benefit expense"

Particulars	As at March 31, 2018	As at March 31, 2017
Provident Fund	1,21,63,851	42,08,921
Contributory Pension Scheme	99,35,286	34,45,305
Superannuation Fund	3,35,955	1,37,025
	<b>2,24,35,092</b>	<b>77,91,251</b>

**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.

# Notes to the Standalone Financial Statements

## March 31, 2018: Changes in defined benefit obligation and plan assets

Particulars	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				Amount in ₹ March 31, 2018		
	April, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	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 included in OCI		Sub-total included in OCI	
<b>Gratuity</b>											
Defined benefit obligation	1,75,58,474	79,60,207	11,67,579	91,27,786	-	-	-11,93,409	44,42,915	32,49,506	-	2,83,42,477
Fair value of plan assets	-1,96,082	-	-1,42,458	-1,42,458	-54,34,892	-	-	-	-54,34,892	-	-50,00,000
Benefit liability	1,73,62,392	79,60,207	10,25,121	89,85,328	-54,34,892	-	-11,93,409	44,42,915	-21,85,386	-	-50,00,000
<b>Total benefit liability</b>	<b>1,73,62,392</b>	<b>79,60,207</b>	<b>10,25,121</b>	<b>89,85,328</b>	<b>-54,34,892</b>	<b>-</b>	<b>-11,93,409</b>	<b>44,42,915</b>	<b>-21,85,386</b>	<b>-</b>	<b>-50,00,000</b>
											<b>1,73,62,392</b>

Particulars	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income				Amount in ₹ March 31, 2017		
	April, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 30)	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 included in OCI		Sub-total included in OCI	
<b>Gratuity</b>											
Defined benefit obligation	-	8,14,782	-	8,14,782	-	-	-	14,94,076	152,49,616	-	1,75,58,474
Fair value of plan assets	-	-	-	-	3,918	-	-	-	3,918	-	-1,96,082
Benefit liability -	8,14,782	-	8,14,782	-	3,918	-	-	14,94,076	152,49,616	-2,00,000	1,73,62,392
<b>Total benefit liability</b>	<b>-</b>	<b>8,14,782</b>	<b>-</b>	<b>8,14,782</b>	<b>3,918</b>	<b>-</b>	<b>-</b>	<b>14,94,076</b>	<b>152,49,616</b>	<b>-2,00,000</b>	<b>1,73,62,392</b>

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

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

## Notes to the Standalone Financial Statements

Amount in ₹

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

Particulars	Year ended March31, 2018	Year ended March31, 2018
Discount rate	7.50%	6.90%
Future salary increase	5.00%	5.00%
Expected rate of return on plan assets	7.50%	6.90%
Attrition rate	"18% for Front End Employees 7% for Others"	"18% for Front End Employees 7% for Others"
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

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

**Gratuity**

Particulars	Sensitivity level	increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March31, 2018 Rs.	Year ended March31, 2017 Rs.
Gratuity			
Discount rate	50 basis points increase	-21,62,307	-6,37,859
	50 basis points decrease	39,571	6,81,573
Salary increase	50 basis points increase	11,73,068	3,97,194
	50 basis points decrease	-11,00,497	-4,01,411
Attrition rate	50 basis points increase	1,59,796	1,37,577
	50 basis points decrease	-1,76,502	-1,68,113

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

Particulars	Year ended March31, 2018 Rs.	Year ended March31, 2017 Rs.
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	21,45,481	12,74,069
Between 2 and 5 years	1,57,14,212	1,14,39,123
Beyond 5 years	3,48,74,680	2,38,10,530
<b>Total expected payments</b>	<b>5,27,34,373</b>	<b>3,65,23,722</b>

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

Particulars	Year ended March31, 2018 Rs.	Year ended March31, 2017 Rs.
Gratuity	8 Years	7 Years

## C. Other Long term employee benefit plans

## Leave encashment

Salaries, Wages and Bonus include Rs. 5,947,305 towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

# Notes to the Standalone Financial Statements

Amount in ₹

## Note 31 : Segment

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

### Geographical segment

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

Particulars	March 31, 2018 Rupees	March 31, 2017 Rupees
<b>Segment Revenue*</b>		
a) In India	8,27,14,04,229	2,83,04,17,729
b) Rest of the world	20,37,51,561	9,24,51,210
<b>Total Sales</b>	<b>8,47,51,55,790</b>	<b>2,92,28,68,939</b>
<b>Carrying Cost of Segment Assets**</b>		
a) In India	15,10,27,14,161	11,65,69,28,732
b) Rest of the world	6,91,79,033	7,65,55,240
<b>Total</b>	<b>15,17,18,93,194</b>	<b>11,73,34,83,972</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>		
a) In India	20,90,64,107	22,51,07,674
b) Rest of the world	-	-
<b>Total</b>	<b>20,90,64,107</b>	<b>22,51,07,674</b>

\*Based on location of Customers

\*\*Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Asset

### Note:

The Company have 1 customer contributing Rs 224,87,37,472 to the revenue of the Company.

## Note 32 : Earning per share

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
<b>Earing per share (Basic and Diluted)</b>			
Profit/(Loss) attributable to ordinary equity holders	Rs.	53,39,87,211	-3,53,94,709
Total no. of equity shares at the end of the year	Nos.	11,58,51,454	10,87,08,200
<b>Weighted average number of equity shares</b>			
For basic EPS		11,36,38,120	4,92,38,056
For diluted EPS		11,66,05,967	5,21,84,069
Nominal value of equity shares	Rs.	2	2
Basic earning per share	Rs.	4.70	(0.72)
Diluted earning per share	Rs.	4.58	(0.68)
<b>Weighted average number of equity shares</b>			
Weighted average number of equity shares for basic EPS		11,36,38,120	4,92,38,056
Effect of dilution: Share options		29,67,847	29,46,013
Weighted average number of equity shares adjusted for the effect of dilution		11,66,05,967	5,21,84,069

## Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016"). Under ESOP 2016 the Company, at its discretion, may grant share option to the senior employees of the Company and its Subsidiary Company. As on March 31, 2018, the Company has granted 34,72,179 options convertible into equal number of Equity Shares of face value of 2 each, (including bonus options). The following table sets forth the particulars of the options under ESOP 2016:

## Notes to the Standalone Financial Statements

Amount in ₹

Scheme	ESOP 2016
Date of grant	October 25, 2016
Number of options granted	14,50,954, 1,73,752 and 18,47,473
Exercise price per option	Rs. 52.79, Rs. 88.95 and Rs. 94.82
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 Over a period of 5 years for Grant III
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	2017-18	2016-17
<b>Options</b>		
Outstanding at the beginning of the period	33,94,114	-
Issued as adjustment during the year	78,065	-
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	33,94,114
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	34,72,179	33,94,114
Exercisable at the end of the period	16,24,706	-
<b>Weighted average exercise price per option (Rs.)</b>	<b>76.96</b>	<b>78.73</b>

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	March 31, 2018 Share options
25-Oct-16	@ 52.79 to 94.82	34,72,179
<b>Weighted average remaining contractual life (Years)</b>		4.5

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

The Company has issued 78,065 options during the year ended on March 31, 2018 (March 31, 2017: 33,94,114). 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	31st March 2018
Share price as at measurement date (INR per share)	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	2017-18	2016-17
Employee option plan	16,38,404	7,14,676
Total employee share based payment expense	16,38,404	7,14,676

# Notes to the Standalone Financial Statements

## Note 34: Disclosure pursuant to Related Party

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:

Sr. No.	Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies		Key Management Personnel and relatives	Joint Venture/ LLP of Ultimate Holding Company		Company under the control of Key Managerial Personnel of Ultimate Holding Company		Company under the control of Relative of Key Managerial Personnel of Ultimate Holding Company		
			Sr. No.	(B)		Sr. No.	(C)	Sr. No.	(D)	Sr. No.	(E)	Sr. No.
1	Arvind Limited	1 Arvind Lifestyle Brand Limited	1	The Anup Engineering Limited	1	Kannan S., Chief Financial Officer	1	Arya Omnitalk Radio Turning Services Private Limited	1	Aura Securities Private Limited	1	White Oceans LLP
		2 Arvind Beauty Brands Private Limited	2	Syntel Telecom Limited	2	Vijay Kumar BS, Company Secretary	2	Amplus Capital Advisors Pvt.Ltd.	2	Amplus Capital Advisors Pvt.Ltd.		
		3 Calvin Klein Arvind Fashion Pvt.Ltd (w.e.f.01/04/2017)	3	Arvind Transformational Solutions Pvt Ltd	3		3	Arvind & Smart Value Homes LLP	3	Arvind Infrastructure Limited		
		4 Tommy Hilfiger Arvind Fashion Private Limited (w.e.f.01/04/2017)	4	Arvind Envisol Limited	4		4	Arudrama Developers Private Limited	4	Anveshan Heavy Engineering Ltd.		
			5	Arvind PD Composites Private Limited	5		5	Manutix Ornet Infrbuild LLP				
			6	Arvind Worldwide Inc., USA								
			7	Arya Omnitalk Wireless Solutions Pvt.Ltd.								
			8	Arvind Textile Mills Limited, Bangladesh								
			9	Arvind Goodhill Suit Manufacturing Private Limited								
			10	Arvind Niloy Exports Pvt. Ltd., Bangladesh								
			11	Arvind OG Nonwovens Pvt. Limited								
			12	Arvind Enterprise FZC								
			13	Arvind Internet Ltd.								
			14	Arvind Lifestyle Apparel Manufacturing PLC,Ethiopia								
			15	Westech Advanced Material Limited								
			16	Arvind Envisol PLC, Ethiopia								
			17	Arvind True Blue Limited								
			18	Arvind Premium Retail Limited								
			19	Arvind Ruf & Tuf Pvt.Limited								
			20	Arvind Smart Textiles Ltd.								
			21	Arvind Foundation								
			22	Dholka Textile Park Private Limited (Merged with Ultimate holding Company w.e.f.24/08/17)								
			23	Arvind Garments Park Private Limited (Merged with Ultimate holding Company w.e.f.24/08/17)								
			24	Arvind Brands and Retail Limited (Merged with Ultimate holding Company w.e.f.24/08/17)								

Note : Related Party relationship is as identified by the company and relied upon by Auditors.



## Notes to the Standalone Financial Statements

Amount in ₹

**b Disclosure in respect of Related Party Transactions :**

Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
<b>Purchase of Goods and Materials</b>		
Arvind Limited	9,32,41,076	1,03,31,143
Arvind Goodhill Suit Manufacturing Private Limited	9,80,55,755	5,37,67,841
Arvind Lifestyle Brands Limited	69,77,499	-
<b>Sales of Goods and Materials</b>		
Arvind Limited	5,39,24,443	9,67,25,719
Arvind Lifestyle Brands Limited	2,24,87,37,472	52,29,56,518
Arvind Goodhill Suit Manufacturing Private Limited	1,14,338	
<b>Remuneration</b>		
Mr Kannan Soundarajan	1,50,17,871	24,54,709
<b>Receiving of Services</b>		
Arvind Limited	7,98,200	-
Arvind Lifestyle Brands Limited-Shared exps	7,75,36,262	12,53,56,941
Arvind Lifestyle Brands Limited-Agent Commission	1,41,354	2,68,27,738
Arvind Lifestyle Brands Limited-Royalty Exps	33,39,16,238	9,84,99,151
<b>Rendering of Services</b>		
Arvind Limited-Royalty	2,21,58,531	-
Arvind Lifestyle Brands Limited-Commission on Gaurantee	39,29,318	-
<b>Purchase of Assets</b>		
Arvind Lifestyle Brands Limited	65,35,978	-
<b>Interest Expense</b>		
Arvind Limited	29,41,263	67,99,296
Arvind Brands and Retail Limited	-	2,07,91,631
<b>Business Transfer</b>		
Arvind Lifestyle Brands Limited	-	2,53,25,08,025
<b>Investments (Net)</b>		
Arvind Lifestyle Brands Limited	2,50,00,00,000	1,99,99,99,950
Arvind Beauty Brands Retail Private Limited	12,00,00,000	-
Calvin Klein Arvind Fashion Private Limited	28,93,53,858	-
Tommy Hilfiger Arvind Fashion Pvt Ltd	86,27,10,340	-
<b>Receivable in respect of Current Assets</b>		
Arvind Limited	3,79,23,204	-
Arvind Beauty Brands Retail Private Limited	7,266	-
Arvind Lifestyle Brands Limited	15,32,77,559	-
Mr Kannan Soundarajan	1,00,00,000	-
<b>Payable in respect of Loan</b>		
Arvind Limited	-	86,41,061
Arvind Brands and Retail Limited	-	7,28,68,826
<b>Payable in respect of Current Liabilities</b>		
Arvind Limited	10,13,20,224	
Arvind Goodhill Suit Manufacturing Private Limited	2,93,34,747	

# Notes to the Standalone Financial Statements

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

## c Transactions and Balances:

Amount in ₹

Particulars	Holding Company		Fellow Subsidiary and Joint Venture Subsidiary of Holding Company		Key Managerial Personnel		Subsidiary	
	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017
<b>Transactions</b>								
Purchase of Goods and Materials	9,32,41,076	1,03,31,143	9,80,55,755	5,37,67,841	-	-	69,77,499	-
Purchase of Fixed Assets	65,35,978	-	-	-	-	-	-	-
Sales of Goods and Materials	5,39,24,443	9,56,47,425	1,14,338	10,78,294	-	-	2,24,87,37,472	52,29,56,518
Sale of Fixed Assets	7,98,200	-	-	-	-	-	41,15,93,854	25,06,83,830
Receiving of Services	2,21,58,531	-	-	-	-	-	39,29,318	-
Rendering of Services	29,41,263	67,99,296	-	2,07,91,631	-	24,54,709	-	-
Interest Expense	-	-	-	-	1,50,17,871	-	-	-
Remuneration	-	-	-	-	-	-	-	2,53,25,08,025
Business Transfer	-	86,41,061	-	7,28,68,826	-	-	-	-
Loan Given/(Repaid) (Net)	-	-	-	-	-	-	3,77,20,64,198	1,99,99,99,950
Investments (Net)	-	-	-	-	-	-	-	-

Particulars	Holding Company		Fellow Subsidiary and Joint Venture Subsidiary of Holding Company		Key Managerial Personnel		Subsidiary	
	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017	Year ended March-31,2018	Year ended March-31,2017
<b>Balances as at year end</b>								
Trade and Other Receivable	3,79,23,204	5,33,96,521	-	11,70,756	-	-	15,32,84,825	-
Receivable/(Payable) in respect of Loans	-	(86,41,061)	-	(7,28,68,826)	1,00,00,000	-	-	-
Payable for Business Transfer Agreement	-	-	-	-	-	-	-	13,25,08,026
Trade and Other Payable	10,13,20,224	62,60,446	2,93,34,747	2,21,76,634	-	-	50,16,34,276	-

## d Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.

## e Commitments with related parties

The Company has not provided any commitment to the related parties at March 31, 2018 (March 31, 2017: Rs.Nil)

## Notes to the Standalone Financial Statements

Amount in ₹

**f Transactions with key management personnel**

Compensation of key management personnel of the Company

Particulars	2017-18	2016-17
Short-term employee benefits	1,42,49,112	22,49,607
Termination benefits	3,84,456	96,114
Share based payments	3,84,303	1,08,988
<b>Total compensation paid to key management personnel</b>	<b>1,50,17,871</b>	<b>24,54,709</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

**Note 35 : Lease Rent****Operating Lease**

Showrooms and other facilities are taken on lease period of 1 to 9 years with option of renewal.

The particulars of these leases are as follows:

Particulars	March 31, 2018	March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	-	5,98,10,825
Later than one year and not later than five years	-	3,01,87,859
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	9,58,21,795	7,54,61,477

**Note 36 : Fair value disclosures for financial assets and financial liabilities**

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

Particulars	Carrying amount		Fair value	
	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
<b>Financial assets</b>				
Investments measured at fair value through profit or loss		-		
Investments measured at fair value through OCI	18,375	8,655	18,375	8,655
<b>Total</b>	<b>18,375</b>	<b>8,655</b>	<b>18,375</b>	<b>8,655</b>
<b>Financial liabilities</b>				
Borrowings	46,39,79,270	22,54,30,038	46,39,79,270	22,54,30,038
<b>Total</b>	<b>46,39,79,270</b>	<b>22,54,30,038</b>	<b>46,39,79,270</b>	<b>22,54,30,038</b>

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

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

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

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.

# Notes to the Standalone Financial Statements

Amount in ₹

## Note 37 : Fair value hierarchy

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1) In Rs.	Significant observable inputs (Level 2) In Rs.	Significant unobservable inputs (Level 3) In Rs.
<b>As at March 31, 2018</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	March 31, 2018	18,375	18,375		
<b>As at March 31, 2017</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	March 31, 2017	8,655	8,655		

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

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1) In Rs.	Significant observable inputs (Level 2) In Rs.	Significant unobservable inputs (Level 3) In Rs.
<b>As at March 31, 2018</b>					
<b>Liabilities disclosed at fair value</b>					
Borrowings	March 31, 2018	46,39,79,270	-	46,39,79,270	
<b>As at March 31, 2017</b>					
<b>Liabilities disclosed at fair value</b>					
Borrowings	March 31, 2017	22,54,30,038	-	22,54,30,038	

## Note 38: Financial instruments risk management objectives and policies

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

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

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

### Market risk

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

# Notes to the Standalone Financial Statements

Amount in ₹

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%
- 10% increase/decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

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

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

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

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

## Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates. Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

As at March 31, 2018, approximately 46% of the Company's Borrowings are at fixed rate of interest (March 31, 2017: 94%)

## 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:

Particulars	Effect on Profit before tax	Effect on pre-tax equity
<b>March 31, 2018</b>		
Increase in 50 basis points	(12,50,000)	(12,50,000)
Decrease in 50 basis points	12,50,000	12,50,000
<b>March 31, 2017</b>		
Increase in 50 basis points	(63,624)	(63,624)
Decrease in 50 basis points	63,624	63,624

## Exclusion from this analysis are as follows:

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

## 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.

# Notes to the Standalone Financial Statements

Amount in ₹

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.29

## Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD 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.

Particulars	Change in USD rate	Effect on Profit before tax	Effect on pre-tax equity
March 31, 2018	+2%	(39,46,453)	(39,46,453)
	-2%	39,46,453	39,46,453
March 31, 2017	+2%	(17,48,185)	(17,48,185)
	-2%	17,48,185	17,48,185

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.

## Equity price risk

The Company's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Company and are not hedged.

As at March 31, 2018, the exposure to listed equity securities at fair value was Rs. 18,375. A decrease of 10% on the BSE market index could have an impact of approximately Rs 1838 on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

## 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 45 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 at 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 ongoing assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2018 & March 31, 2017 is the carrying amount as disclosed in Note 36.

## 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.

## Notes to the Standalone Financial Statements

Amount in ₹

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

Particulars	On Demand	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Period ended March 31, 2018</b>					
Interest bearing borrowings*		46,10,28,932	4,09,494	25,40,844	-
Trade payables	1,47,37,99,688	66,31,43,868	2,52,71,028		
Other financial liabilities#	8,18,39,055	77,04,164	38,51,271	2,06,55,220	
	<b>1,55,56,38,743</b>	<b>1,13,18,76,964</b>	<b>2,95,31,793</b>	<b>2,31,96,064</b>	<b>-</b>
<b>Year ended March 31, 2017</b>					
Interest bearing borrowings*	1,27,24,816	21,27,05,222	-	-	-
Trade payables	95,43,31,919	69,38,83,860	25,65,94,307	-	-
Other financial liabilities#	18,48,64,742	-	2,06,031	94,00,000	-
	<b>1,15,19,21,477</b>	<b>90,65,89,082</b>	<b>25,68,00,338</b>	<b>94,00,000</b>	<b>-</b>

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

# Other financial liabilities includes interest accrued but not due of Rs. 1,57,32,696 (March 31, 2017: Rs. 96,93,111).

**Note 39: 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	Period ended March 31, 2018	Year ended March 31, 2017
Interest-bearing loans and borrowings (Note 13)	46,39,79,270	22,54,30,038
Less: cash and cash equivalent (including other bank balance) (Note 7)	(-8,08,04,597)	(-13,09,338)
<b>Net debt</b>	<b>38,31,74,673</b>	<b>22,41,20,700</b>
Equity share capital (Note 11)	23,17,02,908	21,74,16,400
Other equity (Note 12)	12,07,87,65,527	8,55,27,65,640
Total capital	<b>12,31,04,68,435</b>	<b>8,77,01,82,040</b>
<b>Capital and net debt</b>	<b>12,69,36,43,108</b>	<b>8,99,43,02,740</b>
Gearing ratio	3.02%	2.49%

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

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

**Loan covenants**

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

# Notes to the Standalone Financial Statements

## **Note 40: Standards Issued but not effective**

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

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

On March 28, 2018, Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018, containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

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

### **Ind AS 115 – Revenue from contracts with customers**

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

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

The standard permits two possible methods of transition:

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

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

## **Note 41: Regrouped, Recast, Reclassified**

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



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Arvind Fashions Limited

### Report on the Consolidated Ind AS financial statements

We have audited the accompanying Consolidated Ind AS financial statements of **Arvind Fashions Limited** (hereinafter referred to as "the Holding Company") and its subsidiary Companies (the Holding Company and its subsidiaries together referred to as "the Group"); comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Ind AS financial statements

The Board of Directors of the Holding Company is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and the matter 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 Consolidated 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 Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid Consolidated 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 Ind As and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit (including other comprehensive income) and their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matter

We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of Rs. 435,46,72,554 as at March 31, 2018, total revenues of Rs. 491,05,34,457 and net cash outflows amounting to Rs. 10,105,013 for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited Ind AS financial statements.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the Ind AS financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent

applicable, 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 of the aforesaid Consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and operating effectiveness of such control, refer to our separate Report in Annexure A which is based on on the auditors' reports of the Holding Company and its

subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those Holding Company and subsidiary companies in India for the reasons stated therein; and

- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the Consolidated 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 has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

Place : Ahmedabad  
Date : May 3, 2018

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS 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 Fashions Limited (“the Holding Company”) and its subsidiary companies incorporated in India, for the year ended March 31, 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company.

#### **Management’s Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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

Chartered Accountants

Firm Registration No. 110417W

**CA. Chokshi Shreyas B.**

Partner

Membership No. 100892

Place : Bangalore

Date : May 3, 2018

# Consolidated Balance Sheet as at March 31, 2018

Amount in ₹

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	5	3,54,14,41,943	2,86,51,93,368
(b) Capital work-in-progress	5	64,30,104	47,100
(c) Goodwill on consolidation	6	1,11,23,15,108	-
(d) Intangible assets	6	66,59,32,504	53,93,05,733
(e) Financial assets			
(i) Investments	7 (a)	1,68,375	82,14,26,308
(ii) Loans	7 (c)	70,13,892	30,74,668
(iii) Other financial assets	7 (a)	2,21,35,09,086	1,85,88,59,943
(f) Deferred tax assets (net)	25	2,37,62,32,924	2,11,45,42,273
(g) Other non-current assets	8	10,98,48,271	5,57,15,315
<b>Total non-current assets</b>		<b>10,03,28,92,207</b>	<b>8,25,81,64,708</b>
<b>II. Current assets</b>			
(a) Inventories	9	10,93,32,93,446	9,43,58,06,450
(b) Financial assets			
(i) Trade receivables	7 (b)	7,84,48,36,922	2,50,05,02,361
(ii) Cash and cash equivalents	7 (d)	12,29,78,156	6,35,81,648
(iii) Bank balance other than (ii) above	7 (e)	16,12,98,702	16,76,83,599
(iv) Loans	7 (c)	4,35,70,144	1,49,50,527
(v) Others financial assets	7 (f)	23,65,65,920	19,19,32,031
(c) Current tax assets (net)	10 (a)	14,99,93,930	11,42,94,987
(d) Other current assets	8	2,24,94,92,530	1,33,71,52,288
<b>Total current assets</b>		<b>21,74,20,29,750</b>	<b>13,82,59,03,891</b>
<b>Total Assets</b>		<b>31,77,49,21,957</b>	<b>22,08,40,68,599</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	23,17,02,908	21,74,16,400
Other equity	12	10,36,60,73,178	6,36,30,00,108
Non controlling Interest		87,30,71,457	-
<b>Total equity</b>		<b>11,47,08,47,543</b>	<b>6,58,04,16,508</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13 (a)	80,62,63,413	1,52,93,10,492
(ii) Other financial liabilities	13 (c)	56,82,86,401	44,96,90,068
(b) Long-term provisions	14	18,58,99,078	12,07,45,101
(c) Deferred tax liabilities (net)	25	1,42,25,695	-
<b>Total non-current liabilities</b>		<b>1,57,46,74,587</b>	<b>2,09,97,45,661</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13 (a)	5,90,22,00,761	4,23,81,88,542
(ii) Trade payables	13 (b)	10,67,99,00,075	7,47,80,59,710
(iii) Other financial liabilities	13 (c)	1,57,75,84,014	76,77,72,826
(b) Other current liabilities	15	39,86,04,488	87,35,86,424
(c) Short-term provisions	14	16,62,24,515	4,62,98,928
(d) Current tax liabilities (net)	10 (b)	48,85,974	-
<b>Total current liabilities</b>		<b>18,72,93,99,827</b>	<b>13,40,39,06,430</b>
<b>Total Equity and Liabilities</b>		<b>31,77,49,21,957</b>	<b>22,08,40,68,599</b>

See accompanying notes forming part of the financial statements

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

**C.A. Chokshi Shreyas B.**  
 Partner  
 Membership no. 100892

**Place:** Bangalore  
**Date:** May 3, 2018

**For and on behalf of the board of directors of  
 Arvind Fashions Limited**
**Kulin S. Lalbhai**  
 Director  
 DIN: 05206878

**Kannan S**  
 Chief Financial Officer

**Place:** Bangalore  
**Date:** May 3, 2018

**Jayesh K. Shah**  
 Director  
 DIN: 00008349

**B.S. Vijay Kumar**  
 Company Secretary

# Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Amount in ₹

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>Income</b>			
Revenue from operations			
Sale of Products	16	37,61,37,91,839	12,86,08,45,996
Sale of Services	16	30,69,36,065	5,09,88,240
Operating Income	16	1,50,57,864	1,00,73,634
<b>Revenue from operations</b>		<b>37,93,57,85,768</b>	<b>12,92,19,07,870</b>
Other income	17	15,24,16,058	2,36,07,225
<b>Total income (I)</b>		<b>38,08,82,01,826</b>	<b>12,94,55,15,095</b>
<b>Expenses</b>			
Cost of raw materials and accessories consumed	18	2,92,13,972	1,52,46,627
Purchases of stock-in-trade	19	19,38,43,23,549	9,41,91,55,792
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	37,55,52,219	(2,47,58,58,733)
Employee benefits expense	21	3,66,88,07,145	1,11,55,75,916
Finance costs	22	91,33,51,624	32,59,01,831
Depreciation and amortisation expense	23	1,38,94,46,488	42,95,84,741
Other expenses	24	12,21,18,51,639	4,09,65,11,171
<b>Total expenses (II)</b>		<b>37,97,25,46,636</b>	<b>12,92,61,17,345</b>
<b>Profit before exceptional items and tax (III)=(I-II)</b>		<b>11,56,55,190</b>	<b>1,93,97,750</b>
Exceptional items (IV)		-	-
Share of Profit/(Loss) of Joint Ventures accounted for using the equity method(V)		-	(3,17,81,738)
<b>Profit/(Loss) before tax (VI) = (III-IV-V)</b>		<b>11,56,55,190</b>	<b>(1,23,83,988)</b>
<b>Tax expense</b>			
Current tax	25	25,72,99,741	-
Short Provision of taxation for earlier year	25	-	28,20,720
Deferred Tax	25	(27,08,32,896)	(16,51,77,103)
<b>Total tax expense (VII)</b>		<b>(1,35,33,155)</b>	<b>(16,23,56,383)</b>
<b>Profit for the year (VIII) = (VI-VII)</b>		<b>12,91,88,345</b>	<b>14,99,72,395</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods :</b>			
Re-measurement gains/(losses) on defined benefit plans	12	(2,15,53,599)	(78,15,078)
Income tax effect	25	70,86,410	27,59,836
Share of Other Comprehensive Income of Joint Venture accounted using Equity method(net of Tax)	-	5,77,491	-
Net gain/(loss) on FVOCI equity instruments	12	90,16,01,400	87,670
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>88,71,34,211</b>	<b>(43,90,081)</b>
<b>Total other comprehensive income for the year, net of tax (VIII)</b>		<b>88,71,34,211</b>	<b>(43,90,081)</b>
<b>Total comprehensive income for the year, net of tax (VII+VIII)</b>		<b>1,01,63,22,556</b>	<b>14,55,82,314</b>
<b>Profit / (Loss) for the year attributable to :</b>			
Equity holders of the parent		14,46,51,100	14,99,72,395
Non-controlling interest		(1,54,62,755)	-
		<b>12,91,88,345</b>	<b>14,99,72,395</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Equity holders of the parent		88,82,80,091	(43,90,081)
Non-controlling interest		(11,45,880)	-
		<b>88,71,34,211</b>	<b>(43,90,081)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		1,03,29,31,191	14,55,82,314
Non-controlling interest		(1,66,08,635)	-
		<b>1,01,63,22,556</b>	<b>14,55,82,314</b>
Earning per equity share [nominal value per share Rs.2/- (March 31, 2017: Rs.2/-)]			
Basic	32	1.27	2.98
Diluted	32	1.24	2.82
See accompanying notes forming part of the financial statements.			

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

**C.A. Chokshi Shreyas B.**  
Partner  
Membership no. 100892

**Place:** Bangalore  
**Date:** May 3, 2018

**For and on behalf of the board of directors of  
Arvind Fashions Limited**

**Kulin S. Lalbhai**  
Director  
DIN: 05206878

**Kannan S**  
Chief Financial Officer

**Place:** Bangalore  
**Date:** May 3, 2018

**Jayesh K. Shah**  
Director  
DIN: 00008349

**B.S. Vijay Kumar**  
Company Secretary

# Consolidated Statement of cash flows for the year ended March 31, 2018

Amount in ₹

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>A Operating activities</b>		
<b>Profit Before taxation</b>	<b>11,56,55,190</b>	<b>1,93,97,750</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Amortization	1,38,94,46,488	42,95,84,741
Interest Income	(3,33,52,928)	(57,83,792)
Interest and Other Borrowing Cost	91,33,51,624	32,59,01,831
Allowance for doubtful advances	51,12,740	25,60,000
Allowance of doubtful debts	2,03,45,987	-
Provision for Litigation/Disputes	10,47,02,733	-
Sundry Credit Balances Appropriated	(5,59,10,229)	-
Property, Plant & Equipment written off	7,62,16,205	30,75,735
(Profit)/Loss on Sale of Property, Plant & Equipment/Intangible assets	(24,35,030)	(46,308)
Share based payment expense	69,33,672	33,32,431
	<b>2,42,44,11,262</b>	<b>75,86,24,638</b>
<b>Operating Profit before Working Capital Changes</b>	<b>2,54,00,66,452</b>	<b>77,80,22,388</b>
Working Capital Changes:		
Changes in inventories	35,51,23,334	(49,19,55,853)
Changes in trade payables	2,23,48,70,868	(2,05,66,37,705)
Changes in other current liabilities	(53,85,95,563)	62,27,86,443
Changes in other financial liabilities	19,19,83,722	(1,66,82,23,602)
Changes in provisions	3,50,55,654	2,27,77,510
Changes in trade receivables	(4,28,25,92,901)	1,17,16,33,083
Changes in other current assets	(75,45,79,004)	25,57,97,812
Changes in other financial assets	(28,75,30,221)	11,69,92,784
Changes in other bank balances	63,84,897	(16,76,83,599)
<b>Net Changes in Working Capital</b>	<b>(3,03,98,79,214)</b>	<b>(2,19,45,13,127)</b>
<b>Cash Generated from Operations</b>	<b>(49,98,12,762)</b>	<b>1,41,64,90,739</b>
Direct Taxes paid (Net of Income Tax refund)	(25,43,00,874)	(3,98,60,544)
<b>Net Cash from Operating Activities</b>	<b>(75,41,13,636)</b>	<b>(1,45,63,51,283)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment/Intangible assets (Net)	(1,70,07,17,140)	(54,81,96,832)
Changes in Capital Advances	(3,76,74,871)	(5,57,15,315)
Change in Long Term Investments	-	(85,22,03,799)
Acquisition of Control due to Business Combination	-	(5,62,74,22,034)
Changes in Loans given	(3,25,58,841)	(1,80,25,195)
Changes in Non Controlling Interest	25,04,14,671	-
Interest Income	3,07,01,993	40,56,136
<b>Net cash flow from Investing Activities</b>	<b>(1,48,98,34,188)</b>	<b>(7,09,75,07,039)</b>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Share Capital	1,42,86,508	21,73,16,400
Securities Premium received	2,98,57,13,550	8,58,57,26,532
Changes in long term Borrowings	(25,90,23,693)	13,18,15,881
Changes in short term borrowings	39,67,16,554	(19,24,66,870)
Interest and Other Borrowing Cost Paid	(87,55,80,912)	(19,44,81,328)
<b>Net Cash flow from Financing Activities</b>	<b>2,26,21,12,007</b>	<b>8,54,79,10,615</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>1,81,64,183</b>	<b>(59,47,707)</b>
Cash & Cash equivalent at the beginning of the year	6,35,81,648	1,24,412
Add: Adjustment due to Business Combination	4,12,32,325	6,94,04,943
	10,48,13,973	6,95,29,355
Cash & Cash equivalent at the end of the year	12,29,78,156	6,35,81,648

# Consolidated Statement of cash flows for the year ended March 31, 2018 (Contd.)

Amount in ₹

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash and cash equivalents comprise of: (Note 7 (d))</b>		
Cash on Hand	7,72,086	4,46,415
Balances with Banks	12,22,06,070	6,31,35,233
<b>Cash and cash equivalents</b>	<b>12,29,78,156</b>	<b>6,35,81,648</b>

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

**Notes:**

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

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

**C.A. Chokshi Shreyas B.**  
 Partner  
 Membership no. 100892

**Place:** Bangalore  
**Date:** May 3, 2018

**For and on behalf of the board of directors of  
 Arvind Fashions Limited**

**Kulin S. Lalbhai**  
 Director  
 DIN: 05206878

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

**Jayesh K. Shah**  
 Director  
 DIN: 00008349

**B.S. Vijay Kumar**  
 Company Secretary

## Consolidated Statement of Changes in Equity

### A. Equity share capital

Amount in ₹

	Amount Note 11
<b>Balance</b>	
<b>As at April 01, 2016</b>	<b>1,00,000</b>
Issue of Equity Share capital	21,73,16,400
<b>As at March 31, 2017</b>	<b>21,74,16,400</b>
Issue of Equity Share capital	1,42,86,508
<b>As at March 31, 2018</b>	<b>23,17,02,908</b>

### B. Other equity

Amount in ₹

Particulars	Attributable to the equity holders						Total	Non-controlling interest	Total equity
	Reserves and Surplus			Other Reserves					
	Securities premium	Share Based Payment Reserve	Retained Earnings	Capital Reserve on Consolidation	Net gain / (loss) on FVOCI equity instruments				
Note 12	Note 12	Note 12	Note 12	Note 12	Note 12				
<b>Balance as at April 1, 2016</b>	-	-	(11,649)	-	4,932	(6,717)	-	(6,717)	
Profit for the year	-	-	14,99,72,395	-	-	14,99,72,395	-	14,99,72,395	
Other comprehensive income for the year	-	-	(44,77,751)	-	87,670	(43,90,081)	-	(43,90,081)	
Total Comprehensive income for the year	-	-	14,54,82,995	-	92,602	14,55,75,597	-	14,55,75,597	
Addition during the year	8,58,57,26,532	67,22,779	-	-	-	8,59,24,49,311	-	8,59,24,49,311	
Adjustment on Consolidation	-	-	-	(2,37,16,34,453)	-	(2,37,16,34,453)	-	(2,37,16,34,453)	
Share Based Payments for	-	-	-	-	-	-	-	-	
Employee Stock Option to Holding Co.	-	-	(33,90,347)	-	-	(33,90,347)	-	(33,90,347)	
Transfer from Other Comprehensive Income	-	-	92,767	-	-	92,767	-	92,767	
Transfer to Retained Earnings	-	-	-	-	(92,767)	(92,767)	-	(92,767)	
<b>Balance as at March 31, 2017</b>	<b>8,58,57,26,532</b>	<b>67,22,779</b>	<b>14,21,85,415</b>	<b>(2,37,16,34,453)</b>	<b>(165)</b>	<b>6,36,39,00,108</b>	<b>-</b>	<b>6,36,39,00,108</b>	
<b>Balance as at April 1, 2017</b>	<b>8,58,57,26,532</b>	<b>67,22,779</b>	<b>14,21,85,415</b>	<b>(2,37,16,34,453)</b>	<b>(165)</b>	<b>6,36,39,00,108</b>	<b>-</b>	<b>6,36,39,00,108</b>	
Profit for the year	-	-	14,46,51,100	-	-	14,46,51,100	(1,54,62,755)	12,91,88,345	
Other comprehensive income for the year	-	-	(1,33,21,309)	-	90,16,01,400	88,82,80,091	(11,45,880)	88,71,34,211	
Total Comprehensive income for the year	8,58,57,26,532	67,22,779	27,35,15,206	(2,37,16,34,453)	90,16,01,235	7,39,59,31,299	(1,66,08,635)	7,37,93,22,664	
Addition during the year	2,99,09,22,902	1,40,72,866	-	-	-	3,00,49,95,768	88,96,80,092	3,89,46,75,860	
Adjustment on Consolidation	-	-	(2,33,32,642)	-	8,27,299	(2,25,05,343)	-	(2,25,05,343)	
Utilized during the year for bonus shares	(52,09,352)	-	-	-	-	(52,09,352)	-	(52,09,352)	
Share Based Payments for	-	-	-	-	-	-	-	-	
Employee Stock Option to Holding Co.	-	-	(71,39,194)	-	-	(71,39,194)	-	(71,39,194)	
<b>Balance as at March 31, 2018</b>	<b>11,57,14,40,082</b>	<b>2,07,95,645</b>	<b>24,30,43,370</b>	<b>(2,37,08,07,154)</b>	<b>90,16,01,235</b>	<b>10,36,60,73,178</b>	<b>87,30,71,457</b>	<b>11,23,91,44,635</b>	

See accompanying notes forming part of the financial statements

As per our report of even date

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

Chartered Accountants

Firm's Registration No. 110417W

**C.A. Chokshi Shreyas B.**

Partner

Membership no. 100892

**Place:** Bangalore

**Date:** May 3, 2018

**For and on behalf of the board of directors of  
Arvind Fashions Limited**

**Kulin S. Lalbhai**

Director

DIN: 05206878

**Place:** Bangalore

**Date:** May 3, 2018

**Jayesh K. Shah**

Director

DIN: 00008349

**Kannan S**

Chief Financial Officer

**B.S. Vijay Kumar**

Company Secretary



# Notes to the Consolidated Financial Statements For The Year Ended March 31, 2018

## 1. Corporate Information

Arvind Fashions Limited (“the Group” or “the Company” or “the Parent Company”) is engaged in the business of distribution and Retailing of Readymade Garment Apparels and Accessories. The brands portfolio of the Group includes Domestic and International brands like US Polo, Arrow, Flying Machine, Nautica, GANT, GAP, Cherokee, Tommy Hilfiger, Calvin Klein, Sephora etc. It also operates apparel value retail stores UNLIMITED. Both Brands and Unlimited retail presence touches 1,300 stores and 21.5 Lacs Sq. Ft. retail space.

The Group is a subsidiary of Arvind Limited and is incorporated under the provisions of the Companies Act, 2013 applicable in India. The registered office of the Group is located at Naroda Road, Ahmedabad - 380025.

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

## 2. Statement of Compliance and Basis of Preparation

### 2.1 Compliance with Ind AS

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

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

### 2.2 Historical Cost Convention

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

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

### 2.3 Principles of Consolidation and equity accounting

#### (i) Subsidiaries

The Group consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses including unrealized gain /loss and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

**(ii) Joint Ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint ventures is accounted for using the equity method for the year ending.

**(iii) Equity Method**

Under the equity method, the investment in joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**3. Summary of Significant Accounting Policies**

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

**3.1. Current versus non-current classification**

The Group 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 Group 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 Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Group'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 Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group 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 Group 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 Group 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 Combination under Common Control**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's consolidated financial statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Group's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves. The Group's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group 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 Group'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 Group 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 Group's financial statements are presented in INR, which is also the Group's functional and presentation currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group'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 Group 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 Group.

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 Group 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 Group 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 Group'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 Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group'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 Group'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 Group'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 Group 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 Group 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 (at 15 years in Tommy Hilfiger Arvind Fashion Private Limited), Leasehold Improvements at 6 years (at 5 years in Calvin Klein Arvind Fashions Private Limited, and at 5-8 years, being the period of lease in Tommy Hilfiger Arvind Fashion Private Limited) and Furniture & Fixtures at 6 years (at 8 years, being the useful lives estimated by the management in Tommy Hilfiger Arvind Fashion Private Limited) and Vehicles at 4 years.

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

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

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

### 3.7. Leases

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

#### Group 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 Group 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 Group'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 Group 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.

#### Group as a lessor

Leases in which the Group 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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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 Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 3.9. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

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

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

#### Amortisation

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/License fees acquired under demerger scheme has been amortized on Straight Line basis over the period of ten years (in Calvin Klein Arvind Fashions Private Limited – the value of License Brands/License Fees has been

amortised over the remaining term of license period or 15 years whichever is less).

Software is depreciated over management estimate of its useful life of 3 years (over a term of 3-5 years in Tommy Hilfiger Arvind Fashion Private Limited).

### 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 Group 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 Group 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 Group. 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 Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group'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 Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

### 3.12. Revenue Recognition

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

### **Sales Return**

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

### **Rendering of services**

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

### **Gift Vouchers**

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

### **Interest income**

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

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

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

### **Insurance claims**

Claims receivable on account of Insurance are accounted for to the extent the Group 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 Group 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 Group. 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 Group 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 Group 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 Group 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.

- **Equity instruments**

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

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

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

- (iii) **Derecognition of financial assets**

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- or
- The Group 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 Group has transferred substantially all the risks and

rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

- (iv) **Reclassification of financial assets**

The Group 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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 Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

In accordance with Ind-AS 109, the Group 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 Group 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 Group 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 Group 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 Group 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 Group in accordance with the contract and all the cash flows that the Group 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 Group 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 Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group 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 Group 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 Group'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 Group 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 recognised in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group 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 Group 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 Group. 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 Group 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 Group formally

designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group'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 Group 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 Group's cash management.

### **3.15. Export incentives**

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

### **3.16. Taxes**

Tax expense comprises of current income tax and deferred tax.

#### **Current income tax**

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

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

#### **Deferred tax**

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- 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 Group recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Group 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 Group recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Group reviews such tax credit asset at each reporting date and writes down the asset to the extent the Group 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.

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

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

The Group's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Group 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 Group'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 Group'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 Group 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 Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

#### **General**

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

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

Contingent assets are not recognised but disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

### **3.21. Segment Reporting**

Operating segments are reported in a manner consistent with the

internal reporting provided to the chief operating decision maker.

### **4. Significant Judgements and Critical accounting estimates & assumptions**

The preparation of the Group'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 Group's accounting policies**

In the process of applying the Group'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 Group 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 Group has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Group 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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

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

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

The parameter most subject to change is the discount rate. In

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

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

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

### **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 36 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. 15,47,88,077/- (March 31, 2017: Rs.7,49,99,378/-).

### **Share-based payments**

The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The expenses recognised for share-based payment transactions are disclosed in Note 33.

### **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 Group has Rs. 9,83,18,163/- (March 31, 2017: Rs. 9,83,18,163/-) of tax credits carried forward. The Group also has Rs. 114,77,99,165/- (March 31, 2017: Rs. 130,68,74,311/-) of unused losses available for offsetting against future taxable income. The Group 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 Group 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 Group estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2018, the estimated liability towards unredeemed points amounted to approximately Rs.7,38,57,159/- (March 31, 2017: Rs. 2,81,24,899/-).

### **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 Group 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.

# Notes to the Consolidated Financial Statements

Amount in ₹

## Note 5 : Property, plant and equipment

Fixed Assets	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office Equipment	Computers, Servers and Network	Total	CWIP
<b>Gross Carrying Value</b>								
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-	-
Additions	13,51,44,173	35,12,74,925	1,97,99,999	55,79,32,455	6,37,13,113	5,11,48,815	1,17,90,13,480	-
Adjustment due to Business Combination	44,58,09,730	1,01,31,47,382	5,03,48,643	1,33,17,11,748	12,85,11,409	15,81,37,132	3,12,76,66,044	99,63,527
Deductions	1,12,10,966	2,61,41,257	97,17,587	4,22,21,345	19,06,910	9,58,168	9,21,56,233	99,16,427
<b>As at April 1, 2017</b>	<b>56,97,42,937</b>	<b>1,33,82,81,050</b>	<b>6,04,31,055</b>	<b>1,84,74,22,858</b>	<b>19,03,17,612</b>	<b>20,83,27,779</b>	<b>4,21,45,23,291</b>	<b>47,100</b>
Additions	25,04,83,785	43,65,40,528	1,90,16,773	68,88,62,849	8,18,03,117	10,13,14,954	1,57,80,22,006	50,92,099
Adjustment due to Business Combination (Refer Note 41)	1,52,52,968	8,61,56,325	76,20,184	29,46,38,257	1,14,51,940	2,11,77,385	43,62,97,059	12,90,905
Deductions	3,16,33,395	4,67,90,841	2,26,37,273	8,86,01,716	86,47,636	37,77,691	20,20,88,552	-
<b>As at Mar 31, 2018</b>	<b>80,38,46,295</b>	<b>1,81,41,87,062</b>	<b>6,44,30,739</b>	<b>2,74,23,22,248</b>	<b>27,49,25,033</b>	<b>32,70,42,427</b>	<b>6,02,67,53,804</b>	<b>64,30,104</b>
<b>Depreciation and Impairment</b>								
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-	-
Depreciation for the year	5,16,55,174	9,83,03,142	68,09,717	15,43,35,423	1,65,17,489	2,21,96,276	34,98,17,221	-
Adjustment due to Business Combination	15,10,32,745	30,13,25,215	1,55,07,143	45,57,43,623	4,82,31,615	6,97,83,218	1,04,16,23,559	-
Deductions	87,60,671	64,16,385	61,05,544	1,84,23,732	16,93,572	7,10,953	4,21,10,857	-
<b>As at April 1, 2017</b>	<b>19,39,27,248</b>	<b>39,32,11,972</b>	<b>1,62,11,316</b>	<b>59,16,55,314</b>	<b>6,30,55,532</b>	<b>9,12,68,541</b>	<b>1,34,93,29,923</b>	<b>-</b>
Depreciation for the year	17,35,20,877	28,01,91,900	2,04,64,145	50,95,18,087	6,58,55,143	7,61,35,218	1,12,56,85,370	-
Adjustment due to Business Combination (Refer Note 41)	86,22,227	3,24,88,651	43,93,000	6,25,91,033	56,68,480	1,04,83,388	12,42,46,779	-
Deductions	2,04,86,729	2,05,58,118	1,49,26,852	5,03,50,537	46,66,300	29,61,675	11,39,50,211	-
<b>As at Mar 31, 2018</b>	<b>35,55,83,623</b>	<b>68,53,34,405</b>	<b>2,61,41,609</b>	<b>1,11,34,13,897</b>	<b>12,99,12,855</b>	<b>17,49,25,472</b>	<b>2,48,53,11,861</b>	<b>-</b>
<b>Net Carrying Value</b>								
<b>As at Mar 31, 2018</b>	<b>44,82,62,672</b>	<b>1,12,88,52,657</b>	<b>3,82,89,130</b>	<b>1,62,89,08,351</b>	<b>14,50,12,178</b>	<b>15,21,16,955</b>	<b>3,54,14,41,943</b>	<b>64,30,104</b>
<b>As at March 31, 2017</b>	<b>37,58,15,689</b>	<b>94,50,69,078</b>	<b>4,42,19,739</b>	<b>1,25,57,67,544</b>	<b>12,72,62,080</b>	<b>11,70,59,238</b>	<b>2,86,51,93,368</b>	<b>47,100</b>

Notes:

1. Refer Note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
2. For Properties pledged as security refer note 13



## Notes to the Consolidated Financial Statements

Amount in ₹

## Note 6: Intangible assets

Fixed Assets	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development (Refer Note a)	Trademark License Fee	Total Intangible Assets	Goodwill on Consolidation
<b>Gross Carrying Value</b>							
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-
Additions	2,46,26,840	-	-	24,73,36,286	-	27,19,63,126	-
Adjustment due to Business Combination	10,78,42,500	42,01,62,226	2,08,54,119	-	-	54,88,58,845.00	-
Deductions	1,87,100	-	-	-	-	1,87,100	-
<b>As at April 1, 2017</b>	<b>13,22,82,240</b>	<b>42,01,62,226</b>	<b>2,08,54,119</b>	<b>24,73,36,286</b>	<b>-</b>	<b>82,06,34,871</b>	<b>-</b>
Additions	6,06,00,787	-	-	-	7,14,23,000	13,20,23,787	1,11,23,15,108
Adjustment due to Business Combination	2,43,47,677	-	-	-	29,75,38,591	32,18,86,268	-
Deductions	1,25,633	-	-	-	-	1,25,633	-
<b>As at Mar 31, 2018</b>	<b>21,71,05,071</b>	<b>42,01,62,226</b>	<b>2,08,54,119</b>	<b>24,73,36,286</b>	<b>36,89,61,591</b>	<b>1,27,44,19,293</b>	<b>1,11,23,15,108</b>
<b>Amortisation and Impairment</b>							
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-
Amortisation for the Year	90,33,619	5,94,44,795	-	1,12,89,106	-	7,97,67,520	-
Adjustment due to Business Combination	6,63,33,215	8,05,90,311	1,65,75,430	3,81,78,151	-	20,16,77,107	-
Deductions	1,15,489	-	-	-	-	1,15,489	-
<b>As at April 1, 2017</b>	<b>7,52,51,345</b>	<b>14,00,35,106</b>	<b>1,65,75,430</b>	<b>4,94,67,257</b>	<b>-</b>	<b>28,13,29,138</b>	<b>-</b>
Amortisation for the Year	5,29,74,583	13,10,15,747	42,78,689	4,94,67,257	2,60,24,842	26,37,61,118	-
Adjustment due to Business Combination	1,13,34,058	-	-	-	5,21,20,767	6,34,54,825	-
Deductions	58,292	-	-	-	-	58,292	-
<b>As at Mar 31, 2018</b>	<b>13,95,01,694</b>	<b>27,10,50,853</b>	<b>2,08,54,119</b>	<b>9,89,34,514</b>	<b>7,81,45,609</b>	<b>60,84,86,789</b>	<b>-</b>
<b>Net Carrying Value</b>							
<b>As at Mar 31, 2018</b>	<b>7,76,03,377</b>	<b>14,91,11,373</b>	<b>-</b>	<b>14,84,01,772</b>	<b>29,08,15,982</b>	<b>66,59,32,504</b>	<b>1,11,23,15,108</b>
<b>As at March 31, 2017</b>	<b>5,70,30,895</b>	<b>28,01,27,120</b>	<b>42,78,689</b>	<b>19,78,69,029</b>	<b>-</b>	<b>53,93,05,733</b>	<b>-</b>

Note a.

On March 23, 2018, the Group has entered into an addendum to the license agreements dated December 1, 2015 and March 19, 2014 with Calvin Klein Inc., to add certain product categories to licensed products for a consideration of Rs. 714,23,000 (equivalent to USD 1.1 Million), which has been capitalised as an intangible asset, in accordance with IndAS 38, "Intangible Assets."

The initial term of license shall end on December 31, 2023. However, the same can be renewed for a further period of 10 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Group would renew the license agreement for a further period of 10 years. Accordingly, the Group is amortising the trademark license fee over remaining term of license agreement (including renewal period) till December 31, 2033.

# Notes to the Consolidated Financial Statements

Amount in ₹

**Note 7 : Financial assets**
**7 (a) Investments**

Particulars	Face Vale	As at March 31, 2018	As at March 31, 2017
<b>Non-current investment</b>			
<b>Investment in government securities</b>			
<b>-measured at amortised cost</b>			
National Saving Certificates		1,50,000	1,50,000
Lodged with Sales tax and Government Authorities			
<b>Investments in equity shares of joint ventures</b>			
<b>- measured using equity method (Unquoted)</b>			
<b>(Refer Note 41)</b>			
Calvin Klein Arvind Fashion Private Limited (31st March 2017: 457,671)	10	-	13,93,96,783
Tommy Hilfiger Arvind Fashion Private Limited (31st March 2017: 11,461,839)	10	-	68,18,70,870
<b>Investment in equity shares of others</b>			
<b>- fair valued through other comprehensive income (Quoted)</b>			
Arvind Smartspaces Limited (31st March 2018: 100, 31st March 2017: 100)	10	18,375	8,655
<b>Total Investments</b>		<b>1,68,375</b>	<b>82,14,26,308</b>
<b>Total non-current investments</b>		<b>1,68,375</b>	<b>82,14,26,308</b>
<b>Total current investments</b>		<b>-</b>	<b>-</b>

**7 (b) Trade receivables**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Unsecured, considered good	7,84,48,36,922	2,50,05,02,361
Doubtful	15,47,88,077	7,49,99,378
Less: Allowance for doubtful debts	(15,47,88,077)	(7,49,99,378)
<b>Total Trade receivables</b>	<b>7,84,48,36,922</b>	<b>2,50,05,02,361</b>

Allowance for doubtful debts

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

Movement in allowance for doubtful debt:

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balance at the beginning of the year</b>	<b>7,49,99,378</b>	<b>-</b>
Add: Adjustment on Consolidation	5,94,42,712	7,49,99,378
Add: Allowance for the year	2,03,45,987	-
Less: Write off of bad debts (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>15,47,88,077</b>	<b>7,49,99,378</b>

## Notes to the Consolidated Financial Statements

Amount in ₹

## 7 (c) Loans

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless otherwise stated		
<b>Non-current</b>		
Loans to employees (Long term)	70,13,892	30,74,668
	<b>70,13,892</b>	<b>30,74,668</b>
<b>Current</b>		
Loans to related parties (Refer note 31)	-	77,58,513
Loans to employees (Short term)	4,35,70,144	71,92,014
	<b>4,35,70,144</b>	<b>1,49,50,527</b>
<b>Total Loans</b>	<b>5,05,84,036</b>	<b>1,80,25,195</b>
Loans to Directors or to firm/Private Company where Director is interested	-	-

## 7 (d) Cash and cash equivalent

Particulars	As at March 31, 2018	As at March 31, 2017
Balance with Bank		
Current accounts and debit balance in cash credit accounts	10,19,46,070	6,18,85,233
In Deposit Account	2,02,60,000	12,50,000
Cash on hand	7,72,086	4,46,415
<b>Total cash and cash equivalents</b>	<b>12,29,78,156</b>	<b>6,35,81,648</b>

## 7 (e) Other bank balance

Particulars	As at March 31, 2018	As at March 31, 2017
Deposits with original maturity of more than three months but less than 12 months	-	50,00,000
Held as Margin Money*	16,10,88,908	15,92,09,804
Lodged with Sales Tax Department	2,09,794	34,73,795
<b>Total other bank balances</b>	<b>16,12,98,702</b>	<b>16,76,83,599</b>
<b>Total cash and bank balances</b>	<b>28,42,76,858</b>	<b>23,12,65,247</b>

\* Under lien with bank as Security for Guarantee Facility

# Notes to the Consolidated Financial Statements

Amount in ₹

## 7 (f) Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good unless otherwise stated		
<b>Non-current</b>		
Security deposits	2,18,36,02,158	1,85,77,43,068
Bank deposits with maturity of more than 12 months	2,99,06,928	11,16,875
	<b>2,21,35,09,086</b>	<b>1,85,88,59,943</b>
<b>Current</b>		
Security deposits- Current	2,83,16,583	3,18,16,583
Doubtful	2,35,00,000	2,00,00,000
Less Allowance for Doubtful Deposits- Current	(2,35,00,000)	(2,00,00,000)
	<u>2,83,16,583</u>	<u>3,18,16,583</u>
Income receivable	1,04,14,269	1,00,00,001
Accrued Interest	43,78,591	17,27,656
Mark to market of derivative financial instruments	14,25,750	-
Insurance claim receivable	1,21,27,719	2,00,62,489
Other Receivables	17,99,03,008	12,83,25,302
	<b>23,65,65,920</b>	<b>19,19,32,031</b>
<b>Total other financial assets</b>	<b>2,45,00,75,006</b>	<b>2,05,07,91,974</b>
<b>Non-current</b>	<b>2,21,35,09,086</b>	<b>1,85,88,59,943</b>
<b>Current</b>	<b>23,65,65,920</b>	<b>19,19,32,031</b>

### Allowance for doubtful advances

The group has provided allowance for doubtful advances based on the lifetime expected credit loss model using provision matrix

Movement in allowance for doubtful advances :

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balance at the beginning of the year</b>	2,00,00,000	-
Add : Adjustment on Consolidation	-	2,00,00,000
Add : Allowance for the year	51,12,740	-
Less : Write off of bad debts (Net of recovery)	16,12,740	-
<b>Balance at the end of the year</b>	<b>2,35,00,000</b>	<b>2,00,00,000</b>

## Notes to the Consolidated Financial Statements

## 7 (g) Financial assets by category

Amount in ₹

Particulars	Equity Method	FVTPL	FVOCI	Amortised cost
<b>March 31, 2018</b>				
Investments				
- Equity Shares	-	-	18,375	-
- Government Securities	-	-	-	1,50,000
Trade Receivables	-	-	-	7,84,48,36,922
Loans	-	-	-	5,05,84,036
Cash & Bank balance	-	-	-	28,42,76,858
Other financial assets	-	-	-	2,45,00,75,006
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>18,375</b>	<b>10,62,99,22,822</b>
<b>March 31, 2017</b>				
Investments				
- Equity Shares	82,12,67,653	-	8,655	-
- Government Securities	-	-	-	1,50,000
Trade Receivables	-	-	-	2,50,05,02,361
Loans	-	-	-	1,80,25,195
Cash & Bank balance	-	-	-	23,12,65,247
Other financial assets	-	-	-	2,05,07,91,974
<b>Total Financial Assets</b>	<b>82,12,67,653</b>	<b>-</b>	<b>8,655</b>	<b>4,80,07,34,777</b>

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosure for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures are in Note 37

**Note 8 : Other current / non-current assets**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advances	9,33,90,186	5,57,15,315
Prepaid expenses-non current	1,64,58,085	-
	<b>10,98,48,271</b>	<b>5,57,15,315</b>
<b>Current</b>		
Advance to suppliers	36,39,28,554	81,61,08,576
Doubtful - Advance to suppliers	9,64,13,706	8,55,59,602
Less : Allowance for doubtful advances	(9,64,13,706)	(8,55,59,602)
	36,39,28,554	81,61,08,576
Balance with Government Authorities (Refer Note a)	1,79,73,57,149	42,33,10,925
Export incentive receivable	80,99,391	1,04,30,997
Prepaid expenses	8,01,07,436	8,73,01,790
	<b>2,24,94,92,530</b>	<b>1,33,71,52,288</b>
<b>Total</b>	<b>2,35,93,40,801</b>	<b>1,39,28,67,603</b>

Note a: Balance with Government Authorities mainly consists of Input Credit availed.

**Allowance for Doubtful Advances**

The group has provided allowance for doubtful advances based on the lifetime expected credit loss model using provision matrix

Movement in allowance for doubtful advances :

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balance at the beginning of the year</b>	8,55,59,602	-
Add : Adjustment due to Consolidation	1,08,54,104	8,55,59,602
Add : Provision made during the year	-	-
Less : Write off of doubtful advances	-	-
<b>Balance at the end of the year</b>	<b>9,64,13,706</b>	<b>8,55,59,602</b>

# Notes to the Consolidated Financial Statements

Amount in ₹

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

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials		
Raw materials and components	6,08,44,481	6,19,25,747
Raw materials in transit	64,40,555	-
Stock-in-trade	10,75,29,47,658	9,27,58,89,547
Stock-in-trade in transit	4,81,62,546	3,96,23,891
Packing materials	6,48,98,206	5,83,67,265
<b>Total</b>	<b>10,93,32,93,446</b>	<b>9,43,58,06,450</b>

**Note 10 : Current Tax Assets/Liabilities (Net)**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(a) Current Tax Assets (Net)</b>		
Tax Paid in Advance (Net of Provision)	14,99,93,930	11,42,94,987
<b>Total</b>	<b>14,99,93,930</b>	<b>11,42,94,987</b>
<b>(b) Current Tax Liabilities (Net)</b>		
Provision for taxation (Net of Advance Tax)	48,85,974	-
<b>Total</b>	<b>48,85,974</b>	<b>-</b>

**Note 11 : Equity share capital:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
<b>Authorised share capital</b>				
Authorised share capital				
Equity shares of ₹ 2 each	12,50,00,000	25,00,00,000	12,50,00,000	25,00,00,000
<b>Issued and subscribed share capital</b>				
Equity shares of ₹ 2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
<b>Subscribed and fully paid up</b>				
Equity shares of ₹ 2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
<b>Total</b>	<b>11,58,51,454</b>	<b>23,17,02,908</b>	<b>10,87,08,200</b>	<b>21,74,16,400</b>

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
At the beginning of the period	10,87,08,200	21,74,16,400	50,000	1,00,000
Add:				
Shares issued during the year	71,43,254	1,42,86,508	10,86,58,200	21,73,16,400
Outstanding at the end of the period	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400

**11.2. Terms/Rights attached to the equity shares**

The Group has one class of shares referred to as equity shares having a par value of Rs.2 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.

## Notes to the Consolidated Financial Statements

Amount in ₹

**11.3. Shares Held by Holding Company**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	in ₹	No. of shares	in ₹
Arvind Limited - (along with nominees)	10,39,06,759	20,78,13,518	9,75,00,000	19,50,00,000

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited (along with nominees)	10,39,06,759	89.69%	9,75,00,000	89.69%
Plenty Private Equity Fund I Limited	78,70,916	6.79%	73,85,605	6.79%

**11.5. Subdivision of Shares**

With effect from 26th September 2016 the nominal face value of equity shares of the Company was sub-divided from Rs. 10 per share to Rs 2 per share.

**11.6. Bonus Shares Issued**

26,04,676 Equity Shares are allotted as bonus shares by capitalization of Securities premium during the year

**11.7. Shares reserved for issue under options**

Refer Note 33 for details of shares to be issued under options

**11.8 Objective, policy and procedure of capital management, refer Note 39**

# Notes to the Consolidated Financial Statements

Amount in ₹

**Note 12 : Other Equity**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Securities premium account</b>		
Balance as per last financial statements	8,58,57,26,532	-
Add: Addition during the year	2,99,09,22,902	8,58,57,26,532
Add: Utilized for bonus shares issued during the year	(52,09,352)	-
Balance at the end of the year	<b>11,57,14,40,082</b>	<b>8,58,57,26,532</b>
<b>Capital Reserve on Consolidation</b>		
Balance as per last financial statements	<b>(2,37,16,34,453)</b>	-
Add: Adjustment on Consolidation	8,27,299	(2,37,16,34,453)
Balance at the end of the year	<b>(2,37,08,07,154)</b>	<b>(2,37,16,34,453)</b>
<b>Share based payment reserve (Refer Note 33)</b>		
Balance as per last financial statements	67,22,779	-
Add: Additions during the year	1,40,72,866	67,22,779
Balance at the end of the year	<b>2,07,95,645</b>	<b>67,22,779</b>
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	14,21,85,415	(11,649)
Add: Profit for the year	14,46,51,100	14,99,72,395
Add: Transferred from Other Comprehensive Income	-	92,767
Add: Adjustment on Consolidation	(2,33,32,642)	-
Add: Other comprehensive income/(loss) arising from remeasurement of defined benefit obligation (net of tax)	(1,33,21,309)	(44,77,751)
	<b>25,01,82,564</b>	<b>14,55,75,762</b>
Less: Appropriation		
Share Based Payments for Employee Stock Option to Holding Co.	71,39,194	33,90,347
Balance at the end of the year	<b>24,30,43,370</b>	<b>14,21,85,415</b>
<b>Total Reserves &amp; Surplus</b>	<b>9,46,44,71,943</b>	<b>6,36,30,00,273</b>
<b>Note 12.2 Other comprehensive income</b>		
<b>Equity Instruments through OCI (net of tax)</b>		
Balance as per last financial statements	(165)	4,932
Add: Additions during the year	90,16,01,400	87,670
Less: Transfer to Retained Earnings	-	(92,767)
Balance at the end of the year	<b>90,16,01,235</b>	<b>(165)</b>
<b>Total Other comprehensive income</b>	<b>90,16,01,235</b>	<b>(165)</b>
<b>Total Other equity</b>	<b>10,36,60,73,178</b>	<b>6,36,30,00,108</b>

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

**a Securities premium account**

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

**b Capital reserve on consolidation**

Gain on purchase, i.e. excess of fair value of net assets acquired over the fair value of consideration in a business combination or on acquisition of interest in subsidiary is recognised as capital reserve on Consolidation.

**c Share based payment reserve**

This reserve relates to share options granted by the Group to its and Holding Company's employee share option plan. Further information about share-based payments to employees is set out in Note 33.

**d Equity Instruments through OCI**

The Group has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.



## Notes to the Consolidated Financial Statements

Amount in ₹

**Note 13 : Financial liabilities****13 (a) Long-term Borrowings**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-term Borrowings</b>		
<b>Non-current portion</b>		
<b>Secured (refer note 1(a) &amp; 1(b) below)</b>		
Term loan from Banks-Non Current	30,63,80,987	77,98,07,455
<b>Unsecured (refer Note 2(a) below)</b>		
Non Convertible Debentures	49,98,82,426	74,95,03,037
	<b>80,62,63,413</b>	<b>1,52,93,10,492</b>
<b>Current maturities</b>		
<b>Secured</b>		
Term loan from Banks-Current	48,84,28,064	27,31,57,627
Term loan from Financial Institutions and others-Current	-	10,81,451
<b>Unsecured</b>		
Non Convertible Debentures-current	24,98,34,400	-
	<b>73,82,62,464</b>	<b>27,42,39,078</b>
<b>Total long-term borrowings</b>	<b>1,54,45,25,877</b>	<b>1,80,35,49,570</b>
<b>Short-term Borrowings</b>		
<b>Secured (refer note 1(a) &amp; 1(b) below)</b>		
Working Capital Loans repayable on demand from Banks (including channel financing)	3,85,21,54,300	2,35,18,17,308
<b>Unsecured (refer note 2(b) below)</b>		
Under Buyer's Credit Arrangement	45,27,89,783	44,80,94,606
Intercompany Deposits		
From Related Parties	54,66,05,719	1,43,82,76,628
From Others	6,50,959	-
Commercial Paper	50,00,00,000	-
Working Capital Loans repayable on demand from Banks	55,00,00,000	-
<b>Total short-term borrowings</b>	<b>5,90,22,00,761</b>	<b>4,23,81,88,542</b>
<b>Total borrowings</b>	<b>7,44,67,26,638</b>	<b>6,04,17,38,112</b>

**1. Secured Borrowings****(a) Long term**

Particulars	Rupees	Rate of interest	Security	Terms of repayment
Rupee Loans	74,73,59,764	8.3% to 8.65%	1. Secured against first charge over the entire fixed assets of the group both present and future, and second charge is created over the entire stock, receivables and other current assets of the company excluding stocks of Nautica Brand.2. Secured Loans of Rs. 74,73,59,764 are guaranteed by Arvind Limited being the Ultimate holding Company and Secured Loans of Rs. 32,58,14,562 are additionally guaranteed by Arvind Fashions Limited being the Holding Company.	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Hire Purchase loans	4,74,49,287	8.50% to 9%	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

# Notes to the Consolidated Financial Statements

Amount in ₹

**(b) Short term**

Particulars	Rupees	Rate of interest	Security
Working Capital loans	2,43,05,91,531	0.5% to 1.5% above base rate	(i.) 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 (ii.) Working Capital Loan of Rs 243,05,91,531 is secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company and Working Capital Loans of Rs 227,83,82,790 are additionally secured by Guarantee of Arvind Fashions Limited, the holding Company.
Working Capital loans	88,00,00,000	7.9% to 8.50%	The loans are secured by hypothecation of Group's entire stocks and receivables.
Cash Credits	11,60,03,414	8.5% to 9.05%	
Working Capital loans	32,00,00,000	8.81%	Secured by (i) first exclusive charge over current assets both present & future; (ii) Corporate Guarantee from PVH Corp., USA for 50% of the Rs. 42,55,59,355/-
Working Capital loans	10,55,59,355	Bank MCLR	(iii) letter of comfort from PVH Corp., USA.

**2. Unsecured Borrowings**
**(a) Long Term**

Particulars	Rupees	Rate of interest	Terms of repayment
Non-convertible Debentures	74,97,16,826	10.35%	3 equal annual instalments starting from 27 July, 2018

**(b) Short Term**

Particulars	Rupees	Rate of interest	Additional Information
Buyers' Credit	45,27,89,783	2.17% to 5.04%	-
Inter - Corporate loans	54,72,56,678	8.00%	-
Commercial papers	50,00,00,000	7.95%	-
Working Capital loan (payable on demand)	55,00,00,000	6.76% to 9.9%	Guaranteed by Arvind Limited, the holding company.

**13 (b) Trade payable**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Acceptances	2,51,70,34,998	1,88,98,24,976
Other trade payable (Refer note below)	8,16,28,65,077	5,58,82,34,734
<b>Total</b>	<b>10,67,99,00,075</b>	<b>7,47,80,59,710</b>

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

## Notes to the Consolidated Financial Statements

Amount in ₹

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year	33,61,28,738	44,20,72,247
(b) Interest paid during the year	2,28,71,235	1,65,72,726
(c) Amount of payment made to the supplier beyond the appointed day during the accounting year	2,72,47,53,315	2,01,96,86,151
(d) Interest due and payable for the period of delay in making payment	6,40,10,857	3,65,30,820
(e) Interest accrued and unpaid at the end of the accounting year	6,40,10,857	3,65,30,820
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest due above is actually paid to the small enterprise	5,63,33,634	3,15,79,878

**13 (c) Other financial liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Security Deposit	56,82,86,401	44,96,90,068
	<b>56,82,86,401</b>	<b>44,96,90,068</b>
<b>Current</b>		
Current maturity of long term borrowings [refer note 13(a)]	73,82,62,464	27,42,39,078
Interest accrued and due	6,40,10,857	3,65,30,820
Interest accrued but not due	10,51,80,358	9,48,89,683
Payable to employees	32,65,84,473	21,61,04,523
Deposits from customers and others	29,40,600	-
Book overdraft	2,38,13,502	3,06,32,963
Payable in respect of capital goods	25,27,74,484	10,07,35,858
Other financial liabilities	6,40,17,276	54,10,074
MTM forward cover	-	92,29,827
	<b>1,57,75,84,014</b>	<b>76,77,72,826</b>
<b>Total</b>	<b>2,14,58,70,415</b>	<b>1,21,74,62,894</b>

**13 (d) Financial liabilities by category**

Particulars	FVOCI	Amortised cost
<b>March 31, 2018</b>		
Borrowings	-	6,70,84,64,174
Current maturity of long term borrowings	-	73,82,62,464
Trade payables	-	10,67,99,00,075
Security Deposits	-	56,82,86,401
Deposits from customers and others	-	29,40,600
Payable to employees	-	32,65,84,473
Interest accrued but not due	-	10,51,80,358
Interest accrued and due	-	6,40,10,857
Payable in respect of Capital goods	-	25,27,74,484
Book overdraft	-	2,38,13,502
Other financial liabilities	-	6,40,17,276
<b>Total Financial liabilities</b>	<b>-</b>	<b>19,53,42,34,664</b>

# Notes to the Consolidated Financial Statements

Amount in ₹

Particulars	FVOCI	Amortised cost
<b>March 31, 2017</b>		
Borrowings	-	5,76,74,99,034
Current maturity of long term borrowings	-	27,42,39,078
Trade payables	-	7,47,80,59,710
Security Deposits	-	44,96,90,068
Deposits from customers and others	-	-
Payable to employees	-	21,61,04,523
Interest accrued but not due	-	9,48,89,683
Interest accrued and due	-	3,65,30,820
Payable in respect of Capital goods	-	10,07,35,858
Book overdraft	-	3,06,32,963
Other financial liabilities	-	54,10,074
MTM forward cover	92,29,827	-
<b>Total Financial liabilities</b>	<b>92,29,827</b>	<b>14,45,37,91,811</b>

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosure for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures are in Note 37

## Note 14: Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Long-term</b>		
<b>Provision for employee benefits (refer Note 30)</b>		
Provision for leave encashment-Long term	9,26,68,936	7,44,50,492
Provision for Gratuity-Long term	9,32,30,142	4,62,94,609
	<b>18,58,99,078</b>	<b>12,07,45,101</b>
<b>Short-term</b>		
<b>Provision for employee benefits (refer Note 30)</b>		
Provision for leave encashment-Short term	2,81,41,245	1,39,74,604
Provision for Gratuity-Short term	32,34,467	21,78,254
<b>Others</b>		
Provision for Wealth tax	1,46,070	1,46,070
Short term provision for litigation/disputed matters-Refer Note (a) below	13,47,02,733	3,00,00,000
	<b>16,62,24,515</b>	<b>4,62,98,928</b>
<b>Total</b>	<b>35,21,23,593</b>	<b>16,70,44,029</b>

### (a) Provision for litigation/disputes

The Group has made provisions for pending disputed matters in respect of Indirect taxes like Sales tax, Excise duty and Customs 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	As at March 31, 2018	As at March 31, 2017
<b>Balance as per last financial statements</b>	<b>3,00,00,000</b>	-
Adjustment on consolidation	-	3,00,00,000
Net Addition during the year	10,47,02,733	-
<b>Balance as at the end of the year</b>	<b>13,47,02,733</b>	<b>3,00,00,000</b>

## Notes to the Consolidated Financial Statements

Amount in ₹

**Note 15 : Other current liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Advance from customers	5,88,90,852	52,41,12,350
Statutory dues including provident fund and tax deducted at source	25,99,18,409	30,98,31,438
Fair valuation of security deposits from customers	59,38,068	-
Deferred income of loyalty program reward points-Refer note (a) below	7,38,57,159	2,81,24,899
Other liabilities	-	1,15,17,737
<b>Total</b>	<b>39,86,04,488</b>	<b>87,35,86,424</b>

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

The Group 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, 2018	As at March 31, 2017
Balance as per last financial statements	2,81,24,899	-
Add : Adjustment on consolidation	80,00,000	2,81,24,899
Add : Deferment during the year (Net)	3,77,32,260	-
<b>Balance at the end of the year</b>	<b>7,38,57,159</b>	<b>2,81,24,899</b>

**Note 16 : Revenue from operations**

Particulars	2017-18	2016-17
Sale of products	37,61,37,91,839	12,86,08,45,996
Sale of services	30,69,36,065	5,09,88,240
Operating income		
Export incentives	1,02,76,851	73,27,995
Miscellaneous receipts	47,81,013	27,45,639
	1,50,57,864	1,00,73,634
<b>Total</b>	<b>37,93,57,85,768</b>	<b>12,92,19,07,870</b>

**Note 17 : Other income**

Particulars	2017-18	2016-17
Interest income	3,33,52,928	57,83,792
Profit on sale of Property, Plant and Equipments (Net)	24,35,030	46,308
Sundry credit balances appropriated	5,59,10,229	-
Exchange Difference on Borrowings and Others	1,05,38,337	-
Miscellaneous income	5,01,79,534	1,77,77,125
<b>Total</b>	<b>15,24,16,058</b>	<b>2,36,07,225</b>

**Note 18 : Cost of raw materials and components consumed**

Particulars	2017-18	2016-17
Stock at the beginning of the year	6,19,25,747	6,08,39,686
Add: Purchases	2,81,32,706	1,63,32,688
	9,00,58,453	7,71,72,374
Less: Inventory at the end of the year	6,08,44,481	6,19,25,747
Raw materials and components consumed	2,92,13,972	1,52,46,627
<b>Total</b>	<b>2,92,13,972</b>	<b>1,52,46,627</b>

# Notes to the Consolidated Financial Statements

Amount in ₹

**Note 19 : Purchases of stock-in-trade**

Particulars	2017-18	2016-17
Garments	18,54,09,38,575	8,89,74,69,312
Cosmetics & Accessories	84,33,84,974	52,16,86,480
<b>Total</b>	<b>19,38,43,23,549</b>	<b>9,41,91,55,792</b>

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

Particulars	2017-18	2016-17
<b>Stock at the end of the year</b>		
Stock-in-trade	10,75,29,47,658	9,27,58,89,547
<b>Stock at the beginning of the year</b>		
Stock-in-trade	9,27,58,89,547	-
<b>(Increase) / Decrease in stocks</b>	<b>(1,47,70,58,111)</b>	<b>(9,27,58,89,547)</b>
Adjustment on consolidation	1,85,26,10,330	6,80,00,30,814
<b>Total</b>	<b>37,55,52,219</b>	<b>(2,47,58,58,733)</b>

**Note 21 : Employee benefits expense**

Particulars	2017-18	2016-17
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	3,14,96,87,677	99,13,30,884
Contribution to provident and other funds	25,68,81,870	7,17,88,196
Welfare and training expenses	25,53,03,926	4,91,24,405
Share based payment to employees (Refer Note 33)	69,33,672	33,32,431
<b>Total</b>	<b>3,66,88,07,145</b>	<b>1,11,55,75,916</b>

**Note 22 : Finance costs**

Particulars	2017-18	2016-17
Interest expense - Loans	20,24,59,049	6,02,22,975
Interest expense - others	50,83,01,592	18,36,00,668
Other finance cost	20,25,90,983	8,20,78,188
<b>Total</b>	<b>91,33,51,624</b>	<b>32,59,01,831</b>

**Note 23 : Depreciation and amortization expense**

Particulars	2017-18	2016-17
Depreciation on Tangible assets (Refer Note 5)	1,12,56,85,370	34,98,17,221
Amortization on Intangible assets (Refer Note 6)	26,37,61,118	7,97,67,520
<b>Total</b>	<b>1,38,94,46,488</b>	<b>42,95,84,741</b>

## Notes to the Consolidated Financial Statements

Amount in ₹

**Note 24 : Other expenses**

<b>Particulars</b>	<b>2017-18</b>	2016-17
Power and fuel	35,94,97,155	12,05,39,002
Shared services	1,35,32,827	95,83,330
Insurance	4,66,94,962	1,32,25,262
Processing charges	3,63,50,769	1,12,52,739
Printing, stationery & communication	15,49,86,540	4,49,21,501
Rent Expenses	2,94,00,58,028	1,12,51,98,234
Commission & Brokerage	1,16,41,44,950	49,10,32,211
Rates and taxes	8,44,13,473	6,58,39,950
Repairs :		
To Building	1,48,38,729	46,20,138
To others	63,53,03,817	20,55,21,130
Royalty on Sales	1,53,10,45,425	53,22,09,236
Freight, insurance & clearing charge	44,34,99,620	13,50,60,717
Octroi	3,34,84,438	4,42,41,790
Legal & Professional charges	23,41,84,363	5,86,63,723
Housekeeping Charges	14,00,03,215	3,99,31,816
Security Charges	14,52,99,592	4,41,45,920
Computer Expenses	11,09,73,335	2,98,11,483
Conveyance & Travelling expense	28,63,75,300	8,82,43,382
Advertisement and publicity	1,42,47,09,509	35,64,89,573
Charges for Credit Card Transactions	15,06,44,216	5,66,50,124
Packing Materials Expenses	17,95,45,611	6,53,52,709
Contract Labour Charges	1,18,90,07,767	32,51,84,941
Allowance for doubtful debts and advances (net) - Refer Note 7(f)	51,12,740	25,60,000
Allowance for doubtful debts - Refer note 7 (b)	2,03,45,987	-
Provision for Litigation/Disputes - Refer note 15	10,47,02,733	-
Sampling and Testing Expenses	19,81,42,365	6,00,50,949
Director's sitting fees	8,57,000	2,20,000
Auditor's remuneration	2,09,70,442	64,39,165
Business Conducting Fees	3,13,39,000	7,58,576
Bank charges	4,72,18,716	1,43,74,525
Warehouse Charges	18,81,25,697	5,90,37,054
Spend on CSR activities - Refer note 35	23,89,250	-
HVAC Charges	7,41,27,354	2,34,16,811
Exchange Difference Loss (Net)	1,16,38,806	29,36,742
Loss on assets sold, demolished, discarded and scrapped	7,62,16,205	30,75,735
Miscellaneous expenses	11,20,71,703	5,59,22,703
<b>Total</b>	<b>12,21,18,51,639</b>	<b>4,09,65,11,171</b>

**Payments to Auditors (Net of taxes)**

<b>Particulars</b>	<b>2017-18</b>	2016-17
<b>Payments to Auditors as :</b>		
Auditors	1,47,50,000	47,28,333
For tax audit	24,45,000	6,50,000
For other certification work	29,55,794	5,28,465
For reimbursement of expenses	8,19,648	5,32,367
<b>Total</b>	<b>2,09,70,442</b>	<b>64,39,165</b>

# Notes to the Consolidated Financial Statements

Amount in ₹

**Note 25 : Income Tax**

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

Particulars	2017-18	2016-17
<b>Statement of Profit &amp; Loss</b>		
<b>Current Tax</b>		
Current income tax	25,72,99,741	-
Short provision related to earlier years	-	28,20,720
<b>Deferred Tax</b>		
Deferred tax expense/(Credit)	(27,08,32,896)	(16,51,77,103)
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>(1,35,33,155)</b>	<b>(16,23,56,383)</b>
<b>Statement to Other comprehensive income (OCI)</b>		
Deferred tax expense/(Credit)	(70,86,410)	(27,59,836)
<b>Deferred tax charged to OCI</b>	<b>(70,86,410)</b>	<b>(27,59,836)</b>

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

**A) Current tax**

Particulars	2017-18	2016-17
<b>Accounting profit before tax</b>	11,56,55,190	(1,23,83,988)
Tax at 28.84% (March 31, 2017 30.9%)	3,33,54,957	(38,26,652)
<b>Adjustments</b>		
Expenses allowable over period	(41,80,590)	(44,79,203)
Difference in Tax Rates for certain entities of the Group	(8,08,20,887)	2,57,63,031
Expenditure not deductible for Tax	1,95,79,622	1,07,81,929
Recognition of deferred tax assets not recognised as realisation is not probable.	-	(19,05,97,012)
Non-recognition of deferred tax assets due to absence of probable certainty of reversal in future	1,82,06,339	-
Others	3,27,404	1,524
<b>At the effective income tax rate of -11.70% (March 31, 2017 : 1311.02%)</b>	<b>(1,35,33,155)</b>	<b>(16,23,56,383)</b>

**B) Deferred tax**

Particulars	Balance Sheet		Adjustment on Consolidation		Statement of Profit & Loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	2017-18	2016-17
Accelerated depreciation for tax purposes	72,08,31,922	48,02,39,429	(4,01,50,525)	44,72,66,805	28,07,43,018	3,29,72,624
Expenditure allowable on payment basis(43 B/40a)	9,29,41,788	5,98,88,503	79,74,085	5,32,91,353	2,50,79,200	65,97,150
Expenditure allowable over the period (Section 35D/35DD)	2,50,616	(40,32,432)	-	-	42,83,048	(40,32,432)
Expenses on Employee Stock Option	8,51,358	-	-	-	8,51,358	-
Unused losses available for offsetting against future taxable income	1,14,77,99,165	1,30,68,74,311	-	10,43,97,547	(15,90,75,146)	1,20,24,76,764
Allowance for Doubtful Receivables/Advances	17,30,400	5,60,61,531	17,30,400	4,15,29,385	(5,60,61,531)	1,45,32,146
Impact of deferment of revenue, net of related cost	-	-	-	1,08,05,98,771	-	(1,08,05,98,771)
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	9,83,18,163	9,83,18,163	-	9,54,97,443	-	28,20,720
Deferred Tax on unrealised profit	27,25,57,103	11,47,68,434	-	-	15,77,88,669	11,47,68,434
Others	2,67,26,714	24,24,334	(8,310)	12,40,24,030	2,43,10,690	(12,15,99,696)
<b>Deferred tax expense/(income)</b>					<b>27,79,19,306</b>	<b>16,79,36,939</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>2,36,20,07,229</b>	<b>2,11,45,42,273</b>	<b>(3,04,54,350)</b>	<b>1,94,66,05,334</b>		



## Notes to the Consolidated Financial Statements

Amount in ₹

## Reconciliation of Deferred Tax Assets/(Liabilities), Net

Particulars	2017-18	2016-17
<b>Opening balance as at April 1</b>	2,11,45,42,273	-
Adjustment on Consolidation	(3,04,54,350)	1,94,66,05,334
Tax income/(expense) during the period recognised in profit or loss	27,08,32,896	16,51,77,103
Tax income/(expense) during the period recognised in OCI	70,86,410	27,59,836
<b>Closing balance as at March 31</b>	<b>2,36,20,07,229</b>	<b>2,11,45,42,273</b>

**Note 26 : Contingent liabilities/Assets**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Contingent liabilities not provided for</b>		
a. Bills discounted	15,73,26,707	3,77,34,896
b. Claims against the Group not acknowledged as debts	6,66,41,931	2,79,02,209
c. Disputed demands in respect of		
Excise/Customs duty	14,55,22,152	18,61,064
Sales tax	2,09,63,94,751	1,56,36,18,913
Income tax	4,03,68,901	2,90,31,509
Textile Committee Cess	10,94,000	10,94,000
Provident Fund	75,60,000	75,60,000
d. Guarantee given by bank on behalf of the group	15,15,07,945	-

**Notes :**

- (a) It is not practical for the group to estimate the timing of cash outflows, if any, respect of the (c.) above pending resolution of the respective proceedings
- (b) The group does not expect any reimbursements in respect of the above Contingent liabilities
- (c) The Group believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations
- (d) Refer Note 42 for Contingent liabilities of Joint Ventures

**Note 27 : Capital commitment and other commitments**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Capital commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	22,66,29,384	20,49,83,736
<b>Other commitments</b>	-	-

**Note 28 : Foreign Exchange Derivatives and Exposures not hedged****A. Foreign Exchange Derivatives**

Nature of instrument	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rupees	In FC	In Rupees
Forward contracts					
Purchase	USD	42,75,503	27,84,99,125	38,79,818	25,16,06,197

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

# Notes to the Consolidated Financial Statements

Amount in ₹

## B. Exposure Not Hedged

Nature of exposure	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rupees	In FC	In Rupees
Receivables	USD	12,30,594	8,02,03,954	12,39,152	8,03,59,011
Payable towards borrowings	USD	54,30,553	35,39,36,277	30,51,539	19,78,92,321
Payable to creditors	USD	37,49,410	24,43,67,786	17,57,913	11,40,00,631
	EURO	2,56,463	2,07,24,116	91,559	63,44,354
	SEK	94,786	7,45,494	1,35,059	9,81,542

### Note 29 : Segment Reporting

Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating

Decision Maker (“CODM”) of the Group.

The Group’s business activity falls within a single operating business segment of Branded Appeals (Garments and Accessories) through Retail and Departmental Store facilities.

### Geographical segment

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

Particulars	2017-18	2016-17
<b>Segment Revenue*</b>		
a) In India	37,64,93,11,694	12,65,19,18,008
b) Rest of the world	28,64,74,074	26,99,89,862
<b>Total Sales</b>	<b>37,93,57,85,768</b>	<b>12,92,19,07,870</b>
<b>Carrying Cost of Segment Assets**</b>		
a) In India	31,69,47,18,003	22,00,26,98,854
b) Rest of the world	8,02,03,954	8,13,69,745
<b>Total</b>	<b>31,77,49,21,957</b>	<b>22,08,40,68,599</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>		
a) In India	5,43,59,67,930	3,46,02,61,516
b) Rest of the world	-	-
<b>Total</b>	<b>5,43,59,67,930</b>	<b>3,46,02,61,516</b>

\* Based on location of Customers

\*\* Based on location of Assets

@ Excluding Financial Assets and Deferred Tax assets.

### Note:

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

## Notes to the Consolidated Financial Statements

Amount in ₹

**Note 30 : Disclosure pursuant to Employee benefits****A Defined Contribution Plans**

An amount of Rs. 17,83,37,035 (Mar 31, 2017 - Rs. 12,22,88,254) is recognised as expense and included in the note 21 “Employee benefit expenses”

Particulars	As at	
	March 31, 2018	As at March 31, 2017
Provident Fund	10,13,18,787	6,18,22,362
Contributory Pension Scheme	7,50,96,144	5,88,73,145
Superannuation Fund	19,22,104	15,92,747
	<b>17,83,37,035</b>	<b>12,22,88,254</b>

**B Defined Benefit Plans**

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

**Gratuity**

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied with the number of years of service.

**March 31, 2018: Changes in defined benefit obligation and plan assets**

2017-18	April 1, 2017	Adjustment consolidation	Gratuity cost charged to statement of profit and loss	Benefit paid	Remeasurement gains/(losses) in other comprehensive income				Increase (decrease) due to effect of business combination	As at March 31, 2018
					Service cost	Net interest expense	Sub-total included in statement of profit and loss	Return on plan assets (excluding amounts included in net interest expense)		
Defined benefit obligation	8,48,19,258	1,66,88,371	4,54,31,888	65,93,725	5,20,25,613	(1,71,25,710)	-	81,31,302	-	14,45,38,834
Fair value of plan assets	(3,63,46,395)	(40,53,021)	-	(24,94,133)	(24,94,133)	1,65,01,249	(1,52,53,992)	(1,51,84,597)	-	(64,97,328)
<b>Total benefit liability</b>	<b>4,84,72,863</b>	<b>1,26,35,350</b>	<b>4,54,31,888</b>	<b>40,99,592</b>	<b>4,95,31,480</b>	<b>(6,24,461)</b>	<b>(1,52,53,992)</b>	<b>(70,53,295)</b>	<b>-</b>	<b>(64,97,328)</b>
										<b>9,64,64,609</b>

# Notes to the Consolidated Financial Statements

Amount in ₹

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

2016-17	April 1, 2016	Adjustment on consolidation	Service cost	Gratuity cost charged to statement of profit and loss	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in demographic assumptions	Remeasurement gains/(losses) in other comprehensive income	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination	Contributions by employer	As at March 31, 2017
Defined benefit obligation	-	6,02,38,946	2,49,52,358	40,37,097	2,89,89,455	(68,38,239)		-	-	25,92,599	19,63,515	(21,27,018)	24,29,096	-	-	8,48,19,258
Fair value of plan assets	-	(2,64,02,544)	-	(26,74,822)	(26,74,822)	68,38,239		53,85,982	-	-	-	-	53,85,982	-	(1,94,93,250)	(3,63,46,395)
<b>Total benefit liability</b>	-	<b>3,38,36,402</b>	<b>2,49,52,358</b>	<b>13,62,275</b>	<b>2,63,14,633</b>	-		<b>53,85,982</b>	<b>25,92,599</b>	<b>19,63,515</b>	<b>(21,27,018)</b>	<b>79,15,078</b>	<b>(1,94,93,250)</b>	<b>4,84,72,863</b>		

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

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

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.31% to 7.60%	6.90% to 7.40%
Future salary increase	5% to 12%	5.00%
Expected rate of return on plan assets	7.31% to 7.60%	6.90% to 7.40%
Attrition rate	7% to 20%	7% to 18%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

## Notes to the Consolidated Financial Statements

Amount in ₹

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

Particulars	Sensitivity level	increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	50 basis points increase	(1,10,71,664)	(28,80,582)
	50 basis points decrease	6,11,592	30,73,505
Salary increase	50 basis points increase	61,09,669	21,51,233
	50 basis points decrease	(57,12,690)	(20,72,602)
Attrition rate	50 basis points increase	4,43,436	3,24,154
	50 basis points decrease	(5,28,417)	(4,38,475)

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Within the next 12 months (next annual reporting period)	1,02,19,230	62,77,817
Between 2 and 5 years	8,10,88,337	6,13,99,771
Beyond 5 years	22,05,19,361	13,81,28,121
	<b>31,18,26,928</b>	<b>20,58,05,709</b>

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	5.29 years to 11 years	7 years to 11 years

**C Leave encashment**

Salaries, Wages and Bonus include Rs. 5,12,87,356 (Previous Year Rs. 4,16,93,616) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

# Notes to the Consolidated Financial Statements

**Note 31 : Disclosure pursuant to 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 :**

Sr. No.	(A) Holding Company	Fellow Subsidiary Companies		Key Management Personnel		Joint Venture Partners		Owned/ controlled by the joint ventures partners directly/ Indirectly		Company under the control of Key Managerial Personnel of Ultimate Holding Company		Company under the control of Non Executive Director	
		Sr. No.	(B)	Sr. No.	(C)	Sr. No.	(D)	Sr. No.	(E)	Sr. No.	(F)	Sr. No.	(G)
1	Arvind Limited	1	Arvind Envisol Limited	1	Shri Sanjay S. Lalbhai - Director	1	PVH Singapore Private Limited	1	PVH Corp.	1	Aura Securities Private Limited	1	Multiples Private Equity Fund II LLP
		2	Arvind Goodhill Suit Manufacturing Private Limited	2	Shri Jayesh K. Shah - Director	2	Tommy Hilfiger Europe BV.	2	Tommy Hilfiger (HK) Limited				
		3	Arvind Internet Ltd.	3	Shri Kulin S. Lalbhai - Director			3	Tommy Hilfiger Licensing LLC				
		4	Arvind True Blue Limited	4	Shri Kannan S. - Chief Financial Officer			4	PVH Hongkong Services Limited				
		5	Arvind Ruf & Tuf Pvt. Limited					5	PVH Asia Limited				
								6	PVH Far East Limited				
								7	PVH Europe, Inc				
								8	PVH Neckwear Inc.				
								9	Calvin Klein Inc.				
								10	Calvin Klein Europe BV				

## Notes to the Consolidated Financial Statements

Amount in ₹

**b. Disclosure in respect of related party transactions**

Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
<b>Purchase of Goods and Materials</b>		
Arvind Limited	25,09,70,083	20,78,64,630
Arvind Goodhill Suit Manufacturing Private Limited	10,35,00,020	6,05,72,322
Tommy Hilfiger Europe B.V.	46,46,547	-
Aura Securities Private Limited	5,24,283	-
PVH Asia Limited	39,07,81,918	-
PVH Far East Limited	1,45,66,844	-
Calvin Klein Europe BV	2,80,013	-
PVH Neckwear Inc.	38,267	-
<b>Sales of Goods and Materials</b>		
Arvind Limited	12,98,76,998	41,56,55,536
Arvind Goodhill Suit Manufacturing Private Limited	1,14,338	-
Arvind Internet Limited	(49,72,080)	-
Aura Securities Private Limited	(6,97,075)	-
<b>Remuneration and Sitting Fees</b>		
Mr. Kannan Soundarajan	1,50,17,871	24,54,709
Shri Sanjay S. Lalbhai	50,000	20,000
Shri Jayesh K. Shah	1,30,000	30,000
Shri Kulin S. Lalbhai	80,000	20,000
<b>Receiving of Services</b>		
Arvind Limited	6,77,68,054	4,24,92,899
Tommy Hilfiger Europe B.V.	24,57,50,269	-
Aura Securities Private Limited	90,81,472	-
Calvin Klein Inc.	12,56,86,074	-
<b>Rendering of Services</b>		
Arvind Limited	8,63,50,534	3,79,32,381
Arvind True Blue Limited	58,92,570	-
Arvind Ruf & Tuf Pvt.Limited	3,94,121	-
<b>Other Expenses</b>		
Tommy Hilfiger Europe B.V.	56,66,600	-
Tommy Hilfiger Licensing LLC	2,61,600	-
PVH Corp	7,87,045	-
<b>Purchase of Property, Plant &amp; Equipment</b>		
Arvind Limited	16,98,589	20,91,800
Calvin Klein Inc.	7,14,23,000	-
<b>Interest Expense</b>		
Arvind Limited	7,34,13,022	25,34,13,560
Arvind Envisol Limited	15,98,140	-
<b>Interest Income</b>		
Arvind Limited	-	35,09,460
Arvind Envisol Limited	5,11,207	-
<b>Others - Shared Services</b>		
Arvind Limited	30,23,413	81,23,964
Arvind True Blue Limited	24,86,951	-

# Notes to the Consolidated Financial Statements

Amount in ₹

Nature of Transactions	Year ended March 31, 2018	Year ended March 31, 2017
<b>Buying office commission</b>		
Tommy Hilfiger (HK) Limited	4,39,72,401	-
Tommy Hilfiger Europe B.V.	2,08,08,045	-
Tommy Hilfiger Licensing LLC	2,60,153	-
PVH Corp	21,74,862	-
PVH Hongkong Services Limited	68,56,443	-
PVH Asia Limited	30,17,311	-
PVH Far East Limited	2,50,391	-
PVH Europe, Inc	45,703	-
<b>Receivable in respect of Current Assets</b>		
Arvind Limited	12,45,31,229	10,39,54,830
Mr. Kannan Soundarajan	1,00,00,000	-
Arvind True Blue Limited	9,66,479	-
<b>Payable in respect of Loan</b>		
Arvind Limited	1,01,76,979	1,44,36,13,079
Arvind Envisol Limited	53,68,88,826	-
<b>Loan Given/(Repaid) (Net)</b>		
Arvind Limited	1,35,19,26,213	46,92,34,163
<b>Issue of Equity Shares</b>		
Arvind Limited	2,69,06,89,074	77,99,99,850
Multiples Private Equity Fund II LLP	2,16,44,445	51,78,02,122
<b>Payable in respect of Current Liabilities</b>		
Arvind Limited	40,83,75,256	30,26,34,672
Arvind Goodhill Suit Manufacturing Private Limited	2,97,56,279	-
Arvind Ruf and Tuf Pvt Limited	8,09,520	-
Tommy Hilfiger Europe B.V.	6,98,20,793	-
Tommy Hilfiger (HK) Limited	50,28,863	-
Tommy Hilfiger Licensing LLC	2,87,995	-
PVH Hongkong Services Limited	68,56,443	-
Aura Securities Private Limited	21,14,184	-
PVH Asia Limited	10,31,80,454	-
Calvin Klein Inc.	3,16,06,203	-
PVH Far East Limited	61,38,443	-
Calvin Klein Europe BV	2,80,013	-
PVH Europe, Inc	55,394	-
<b>Payments made on behalf of the Company by related parties</b>		
PVH Far East Limited	58,964	-
<b>Liability no longer required, written back</b>		
PVH Asia Limited	5,28,96,292	-
Calvin Klein Inc.	30,13,937	-



## Notes to the Consolidated Financial Statements

Amount in ₹

## c Transactions and Balances :

Particulars	Holding Company		Fellow Subsidiary		Key Managerial Personnel		Joint Venture Partners		Company owned/ Controlled by the joint venture partners directly/ indirectly		Company under the control of Key Managerial Personal and Non Executive Director	
	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017
<b>Transactions</b>												
Purchase of Goods and Materials	25,09,70,083	20,78,64,630	10,35,00,020	6,05,72,322	-	-	46,46,547	-	40,56,67,042	-	5,24,283	-
Purchase of Property, Plant & Equipment	16,98,589	20,91,800	-	-	-	-	-	-	714,23,000	-	-	-
Sales of Goods and Materials	12,98,76,998	41,56,55,536	(48,57,742)	-	-	-	-	-	-	-	-69,70,75	-
Receiving of Services	6,77,68,054	4,24,92,899	-	-	-	-	24,57,50,269	-	12,56,86,074	-	90,81,472	-
Rendering of Services	8,63,50,534	3,79,32,381	62,86,691	-	-	-	-	-	-	-	-	-
Interest Expense	734,13,022	25,34,13,560	15,98,140	-	-	-	-	-	-	-	-	-
Remuneration and Sitting Fees	-	-	-	-	1,52,77,871	25,24,709	-	-	-	-	-	-
Buying office commission and Other Expenses	-	-	-	-	-	-	2,64,74,645	-	5,76,25,909	-	-	-
Interest Income	-	35,09,460	5,11,207	-	-	-	-	-	-	-	-	-
Others - Shared Services	30,23,413	81,23,964	24,86,951	-	-	-	-	-	-	-	-	-
Loan Given/(Repaid) (Net)	1,35,19,26,213	4,69,234,163	-	-	-	-	-	-	-	-	-	-
Issue of Equity Shares	2,69,06,89,074	77,99,99,850	-	-	-	-	-	-	-	-	2,16,44,445	51,78,02,122
Liability no longer required, written back	-	-	-	-	-	-	-	-	5,59,10,229	-	-	-
Payments made on behalf of related parties	-	-	-	-	-	-	-	-	58,964	-	-	-

Particulars	Holding Company		Fellow Subsidiary		Key Managerial Personnel		Joint Venture Partners		Company owned/ Controlled by the joint venture partners directly/ indirectly		Company under the control of Key Managerial Personal and Non Executive Director	
	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017	Year ended March-31, 2018	Year ended March-31, 2017
<b>Balances as at year end</b>												
Receivable in respect of Current Assets	12,45,31,229	10,39,54,830	9,66,479	-	1,00,00,000	-	-	-	-	-	-	-
Receivable/(Payable) in respect of Loans	(1,01,76,979)	(1,44,36,13,079)	(53,68,88,826)	-	-	-	-	-	-	-	-	-
Payable in respect of Current Liabilities	40,83,75,256	30,26,34,672	3,05,65,799	-	-	6,98,20,793	-	15,34,33,808	-	-	21,41,84,00	-

## d Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.

## e Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2018 (March 31, 2017: Rs. Nil)

# Notes to the Consolidated Financial Statements

Amount in ₹

**f Transactions with key management personnel**

Compensation of key management personnel of the Company

Particulars	2017-18	2016-17
Short-term employee benefits	1,42,49,112	22,49,607
Termination benefits	3,84,456	96,114
Share based payments	3,84,303	1,08,988
<b>Total compensation paid to key management personnel</b>	<b>1,50,17,871</b>	<b>24,54,709</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

**Note 32 : Earning per share**

Particulars	2017-18	2016-17
<b>Earning per share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	14,46,51,100	14,99,72,395
Total no. of equity shares at the end of the year	11,58,51,454	10,87,08,200
<b>Weighted average number of equity shares</b>		
For basic EPS	11,36,38,120	5,03,18,854
For diluted EPS	11,66,05,967	5,32,64,867
Nominal value of equity shares	2	2
Basic earning per share	1.27	2.98
Diluted earning per share	1.24	2.82
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	11,36,38,120	5,03,18,854
Effect of dilution: Share options	29,67,847	29,46,013
Weighted average number of equity shares adjusted for the effect of dilution	11,66,05,967	5,32,64,867

**Note 33 : Share based payments**

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016"). Under ESOP 2016 the Company, at its discretion, may grant share option to the senior employees of the Company and its Subsidiary and Holding Company. As on March 31, 2018, the Company has granted 34,72,179 options convertible into equal number of Equity Shares of face value of 2 each. (including bonus options). 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	14,50,954, 1,73,752 and 18,47,473
Exercise price per option	Rs. 52.79, Rs. 88.95 and Rs. 94.82
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 Over a period of 5 years for Grant III
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	2017-18	2016-17
<b>Options</b>		
Outstanding at the beginning of the period	33,94,114	-
Issued as adjustment during the year	78,065	-
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	33,94,114
Outstanding at the end of the period	34,72,179	33,94,114
Exercisable at the end of the period	16,24,706	-
<b>Weighted average exercise price per option (Rs.)</b>	<b>76.96</b>	<b>78.73</b>

# Notes to the Consolidated Financial Statements

(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 :)

Amount in ₹				
Grant date	Exercise Date	Exercise price Share options	March 31, 2018 Share options	March 31, 2018
25-Oct-16	@	52.79 to 94.82	34,72,179	33,94,114
<b>Weighted average remaining contractual life (Years)</b>			4.5	5.5

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

The Company has issued 78,065 options during the year ended on March 31, 2018 (March 31, 2017 : 33,94,114). 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.

<b>Particulars</b>	
Share Price at Measurement Date	Rs. 84.94
Expected Volatility	18.34%
Expected option life (years)	4
Dividend Yield	0%
Risk-Free Rate of Interest	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:**

Amount in ₹		
Particulars	2017-18	2016-17
Employee option plan	69,33,672	33,32,431
<b>Total employee share based payment expense</b>	<b>69,33,672</b>	<b>33,32,431</b>

## Note 34 : Lease Rent

### Operating Lease

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

Amount in ₹		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	63,53,88,494	82,88,65,482
Later than one year and not later than five years	75,89,41,579	45,03,40,396
Later than five years	6,44,59,814	-
Lease Payment recognised in Statement of Profit and Loss	2,87,70,55,818	1,09,83,94,412

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

Amount in ₹		
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	6,24,88,474	6,23,02,392
Later than one year and not later than five years	15,55,29,317	21,72,73,465
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	6,30,02,210	2,68,03,822

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

## Notes to the Consolidated Financial Statements

### Note 35 : Corporate Social Responsibility (CSR) Activities

(a) The Group is required to spend Rs. 23,89,250 (March 31, 2017 - Rs Nil) on CSR Activities under section 135 of the Act

(b) Amount spent during the year on :

Amount in ₹

	Year ended March 31, 2018			Year ended March 31, 2017		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	23,89,250	-	23,89,250	-	-	-

### Note 36 : 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 Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying amount		Fair value	
	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
<b>Financial assets</b>				
Investments measured at fair value through OCI	18,375	8,655	18,375	8,655
Investments measured at amortised cost	1,50,000	1,50,000	1,50,000	1,50,000
<b>Total</b>	<b>1,68,375</b>	<b>1,58,655</b>	<b>1,68,375</b>	<b>1,58,655</b>
<b>Financial liabilities</b>				
Borrowings	6,02,51,63,869	6,04,17,38,114	6,03,03,18,123	6,05,73,94,814
<b>Total</b>	<b>6,02,51,63,869</b>	<b>6,04,17,38,114</b>	<b>6,03,03,18,123</b>	<b>6,05,73,94,814</b>

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

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

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

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

# Notes to the Consolidated Financial Statements

## Note 37 : Fair value hierarchy

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

Amount in ₹

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>As at March 31, 2018</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	March 31, 2018	18,375	18,375	-	-
Foreign exchange forward contracts (Cash flow hedge)	March 31, 2017	14,25,750	-	14,25,750	-
<b>As at March 31, 2017</b>					
<b>Assets measured at fair value</b>					
<b>Fair value through Other Comprehensive Income</b>					
Investment in Equity shares, quoted	March 31, 2017	8,655	8,655	-	-

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

Amount in ₹

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>As at March 31, 2018</b>					
<b>Liabilities disclosed at fair value</b>					
		-	-	-	-
<b>As at March 31, 2017</b>					
<b>Liabilities disclosed at fair value</b>					
Other financial liabilities	March 31, 2017	92,29,827	-	92,29,827	-

### Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

# Notes to the Consolidated Financial Statements

## Note 38: Financial instruments risk management objectives and policies

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

The Group'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 Group, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading/speculative instruments.

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

### (a) Market risk

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

Within the various methodologies to analyse and manage risk, Group 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%
- 10% increase/decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

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

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

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

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

### Interest rate risk

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

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

As at March 31, 2018, approximately 33% of the Group's Borrowings are at fixed rate of interest (March 31, 2017: 45%)

### 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 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Amount in ₹

Effect on profit before tax	March 31, 2018	March 31, 2017
Increase in 50 basis points	(2,50,91,852)	(1,67,58,415)
Decrease in 50 basis points	2,50,91,852	1,67,58,415

# Notes to the Consolidated Financial Statements

## Exclusion from this analysis are as follows:

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

## 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 Group transacts business in local currency and in foreign currency, primarily in USD. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Group 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 Group.

The Group 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 Group given in Note no.28

## Foreign currency sensitivity

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

Particulars	Change in USD rate	March 31, 2018	March 31, 2017
Effect on profit before tax	+2%	(1,61,36,286)	(46,30,679)
	-2%	1,61,36,286	46,30,679

Particulars	Change in EUR rate	March 31, 2018	March 31, 2017
Effect on profit before tax	+2%	(48,02,964)	(18,75,072)
	-2%	48,02,964	18,75,072

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.

## Equity price risk

The Group's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Group and are not hedged.

As at March 31, 2018, the exposure to listed equity securities at fair value was Rs. 18,375 A decrease of 10% on the BSE market index could have an impact of approximately Rs. 1,838 on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

## (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 Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

## Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group 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 Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and

## Notes to the Consolidated Financial Statements

industries and operate in largely independent markets.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group'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 Group 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 Group's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2018 and March 31, 2017 is the carrying amount as disclosed in Note 36.

### (c) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group 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 Group's financial liabilities based on contractual undiscounted payments:

Particulars	Amount in ₹	
	Less than 1 year	1 year or more
<b>Year ended March 31, 2018</b>		
Interest bearing borrowings*	6,64,04,62,871	80,62,63,412
Trade payables	10,83,90,24,276	-
Security deposits from customers	29,40,600	13,03,39,000
Other financial liabilities#	83,70,12,516	43,80,32,400
	<b>18,31,94,40,263</b>	<b>1,37,46,34,812</b>
<b>Year ended March 31, 2017</b>		
Interest bearing borrowings*	4,74,86,54,346	1,52,90,92,156
Trade payables	8,23,70,98,490	-
Security deposits from customers	-	-
Other financial liabilities#	53,43,65,491	44,96,90,068
	<b>13,52,01,18,327</b>	<b>1,97,87,82,224</b>

\* 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. 10,18,24,920 (March 31, 2017 : Rs. 9,48,89,683)

### Note 39 : Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group'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 Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest-bearing loans and borrowings (Note 13)	7,44,67,26,638	6,04,17,38,112
Less: cash and cash equivalent (including other bank balance) (Note 7)	(28,42,76,858)	(23,12,65,247)
<b>Net debt</b>	<b>7,16,24,49,780</b>	<b>5,81,04,72,865</b>
Equity share capital (Note 11)	23,17,02,908	21,74,16,400
Other equity (Note 12)	10,36,60,73,178	6,36,30,00,108
Total capital	<b>10,59,77,76,086</b>	<b>6,58,04,16,508</b>
<b>Capital and net debt</b>	<b>17,76,02,25,866</b>	<b>12,39,08,89,373</b>
Gearing ratio	40%	47%



# Notes to the Consolidated Financial Statements

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

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

## Loan covenants

Under the terms of the major borrowing facilities, the Group has complied with the required financial covenants throughout the reporting periods.

### Note 40: Standards issued but not yet effective

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

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

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

#### 2 Ind AS 115 Revenue from contracts with customers

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

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

The standard permits two possible methods of transition:

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

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

#### 3 Ind AS 112 Disclosure of Interests in Other Entities

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal Company that is classified) as held for sale.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 112 is expected to be insignificant.

#### 4 Ind AS 12 Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 12 is expected to be insignificant.

# Notes to the Consolidated Financial Statements

## 5 Ind AS 40 Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 40 is expected to be insignificant.

## 6 Ind AS 28 Investment in Associates and Joint Ventures

The amendments clarify that a venture capital organisation or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture. Further, Ind AS 28 permits an entity that is not an investment entity to retain the fair value measurement applied by its associates and joint venture (that are investment entities) when applying the equity method. Therefore, this choice is available, at initial recognition, for each investment entity associate or joint venture.

The amendment will come into force from April 1, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 28 is expected to be insignificant.

### Note 41 : Business Combination

(I) Following investments were made by the Group during the year 2016-17 to acquire control over below investee entity:

Name of Investee	Arvind Lifestyle Brands Limited	Arvind Beauty Brands Retail Private Limited
Date of Acquisition	Oct 22, 2016	Nov 3, 2016
Voting Rights acquired	100%	100%
Consideration Paid (Rs.)	4,72,23,22,050	90,50,99,860

On account of above, previous period numbers are not comparable with the current period.

### (II) Summary of acquisition during the year ended March 31, 2018

#### (a) Acquiring controlling interest in Tommy Hilfiger Arvind Fashion Private Limited

The Group has acquired the control in Tommy Hilfiger Arvind Fashion Private Limited (hereinafter referred as "Tommy") through amendment in the contract w.e.f April 1, 2017 without consideration. Investment in the acquiree was previously accounted as equity method in accordance with Ind AS 28 which is discontinued on obtaining of control.

Tommy has the license to use Tommy Hilfiger trademarks in connection with the manufacture, import, distribution, promotion, advertising and sale of products in India. Tommy is engaged in marketing and wholesale trading activity of Tommy Hilfiger brand apparels, accessories and other products in India. Further the Tommy has also sublicensed its right to third parties for sale of other Tommy Hilfiger licensed products.

On account of certain amendment in the Shareholders Agreement between the Group and PVH BV and Tommy Hilfiger Europe B.V., the Group has obtained control over the operations.

On acquisition of control, the Group has measured the all identifiable assets and liabilities acquired through Business Combination in accordance with Ind AS 103. The Group has not incurred any transaction cost for acquiring control.

#### (b) Acquiring controlling interest in Calvin Klein Arvind Fashion Private Limited

The Group has acquired the control in Calvin Klein Arvind Fashion Private Limited (hereinafter referred as "CK") through amendment in the contract w.e.f April 1, 2017 without consideration. Investment in the acquiree was previously accounted as equity method in accordance with Ind AS 28 which is discontinued on obtaining of control.

CK is in the business of Cash and carry whole sale trading of fashion apparels and accessories in India.

On account of certain amendment in the Shareholders Agreement between the Group and PVH Singapore PTE Limited, the Group has obtained control over the operations.

On acquisition of control, the Group has measured the all identifiable assets and liabilities acquired through Business Combination in accordance with Ind AS 103. The Group has not incurred any transaction cost for acquiring control.

Prior to obtaining control, the acquiree was being accounted using equity method in the consolidated financial statements which is discontinued on obtaining of control.

# Notes to the Consolidated Financial Statements

## (c) Net Identifiable Assets acquired on acquisition date:

The assets and liabilities recognised as a result of the acquisition are as follows:

	Amount in ₹		
Particulars	Tommy	CK	Total
<b>Acquisition Date : April 1, 2017</b>			
<b>ASSETS</b>			
Property, plant and equipment	21,71,28,705	9,64,45,806	31,35,74,511
Capital work-in-progress	12,90,905	-	12,90,905
Intangible assets	24,92,02,063	77,01,394	25,69,03,457
Inventories	98,48,28,748	86,77,81,582	1,85,26,10,330
Trade receivables	85,93,19,291	22,27,68,356	1,08,20,87,647
Deposits	8,21,89,179	99,24,172	9,21,13,351
Current Tax Asset	3,61,17,699	1,94,016	3,63,11,715
Cash and bank balances	33,62,644	3,78,69,681	4,12,32,325
Others financial assets (current and non-current)	2,11,62,164	9,39,101	2,21,01,265
Other assets (current and non-current)	11,95,18,480	5,47,00,843	17,42,19,323
<b>Total Assets acquired (A)</b>	<b>2,57,41,19,878</b>	<b>1,29,83,24,951</b>	<b>3,87,24,44,829</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	77,11,76,514	49,61,19,151	1,26,72,95,665
Trade payables	62,65,31,175	39,63,48,551	1,02,28,79,726
Other financial liabilities (current and non-current)	9,51,43,667	13,94,86,034	23,46,29,701
Provisions (current and non-current)	1,05,01,436	1,32,66,142	2,37,67,578
Current tax liabilities (net)	24,99,879	-	24,99,879
Deferred tax liabilities (net)	3,04,46,044	-	3,04,46,044
Other current liabilities	3,89,86,572	2,46,27,055	6,36,13,627
<b>Total Liabilities assumed (B)</b>	<b>1,57,52,85,287</b>	<b>1,06,98,46,933</b>	<b>2,64,51,32,220</b>
<b>Net assets acquired (A) - (B)</b>	<b>99,88,34,591</b>	<b>22,84,78,018</b>	<b>1,22,73,12,609</b>

## (d) Calculation of goodwill / Capital Reserve

	Amount in ₹		
Particulars	Tommy	CK	Total
Purchase consideration paid in cash	-	-	-
Non-controlling interest in the acquired entity	49,94,17,295	11,65,23,789	61,59,41,084
Group's previously held interest in the acquiree	49,85,89,997	1,22,42,69,337	1,72,28,59,334
	<b>99,80,07,292</b>	<b>1,34,07,93,126</b>	<b>2,33,88,00,418</b>
Less: Net identifiable assets acquired as stated above	(99,88,34,591)	(22,84,78,018)	(1,22,73,12,609)
<b>Total Goodwill/(Capital Reserve) on acquisition of controlling interest</b>	<b>(8,27,299)</b>	<b>1,11,23,15,108</b>	<b>1,11,14,87,809</b>

(e) The Group recognises non-controlling interests in an acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The decision is made on acquisition by acquisition basis. The Group has recognised gain on acquisition of controlling interest including gain till the acquisition of control in accordance with the requirement of Ind AS.

# Notes to the Consolidated Financial Statements

## (f) Revenue and Profit contribution

Amount in ₹

Particulars	Tommy	CK	Total
Revenue	3,48,91,45,593	1,42,13,88,864	<b>4,91,05,34,457</b>
Profit before tax	5,21,14,342	-6,31,28,776	<b>-11,014,434</b>

On account of above, the previous period numbers are not comparable with the current period.

- (g) During the year ended on March 31, 2018, Group acquired 9714 equity shares of Calvin Klein Arvind Fashions Private Limited of Rs. 10 each at a premium of Rs. 2,624.68, thus increasing the controlling interest in such subsidiary to 50% from 49%. On the date of purchase of equity shares, the carrying amount of controlling and non-controlling interest have been adjusted to reflect the changes in their relative interest in Calvin Klein Arvind Fashions Private Limited and consequently, the change of Rs. 2,33,32,642/- is recognised directly in equity as attributable to the equity shareholders of the Group.
- (III) In the board meeting held on November 8, 2017, the Board of Directors of the Holding Company has approved a scheme of arrangement between the Company and its holding company whereby it is proposed to demerge Branded Apparel Undertaking of the Holding Company to the Company. Subsequently, as part of the Scheme the Company would be demerged from the Holding Company Group. The Scheme is subject to approval of relevant regulatory authorities. Pending such approvals, the Group has not given effect of the scheme in the financial statements for the year ended March 31, 2018.

## Note 42 : Interest in Other Entities

### (1)

Sl. No.	Name of Entities	Country of Incorporation	Activities	Proportion of ownership of interest	
				As at March 31, 2018	As at March 31, 2017
<b>Subsidiaries</b>					
1	Arvind Lifestyle Brands Limited	India	Branded Garments	100%	100%
2	Arvind Beauty Brands Retail Private Limited	India	Beauty Products	100%	100%
3	Calvin Klein Arvind Fashion Private Limited	India	Branded Garments	50%	NA
4	Tommy Hilfiger Arvind Fashion Private Limited	India	Branded Garments	50%	NA
<b>Joint Ventures (Refer Note 4 below)</b>					
1	Calvin Klein Arvind Fashion Private Limited	India	Branded Garments	NA	49%
2	Tommy Hilfiger Arvind Fashion Private Limited	India	Branded Garments	NA	50%

### (2) Material - party owned subsidiaries

IND AS 112.12 requires the disclosure of financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e. the Group). A subsidiary may have significant non-controlling interest per se but disclosure is not required if that interest is not material at the Group level. Similarly, these disclosures do not apply to the non-controlling interests that are material in aggregate but not individually.

The Group does not have any subsidiaries that have non-controlling interests that are material to the Group.

### (3) Group's share in Contingent Liability of Joint Ventures (Refer note 4 below)

Particulars	As at 31 March, 2018	As at 31 March, 2017
1 Contingent liability in respect of guarantee given by bank	-	1,50,000
2 Disputed demand in respect of: Income Tax	-	8,07,644
3 Capital commitments Estimated amount of contracts remaining to be executed on capital account	-	74,61,204

- (4) Tommy Hilfiger Arvind Fashion Private Limited and Calvin Klein Arvind Fashion Private Limited converted from Joint Venture to Subsidiary w.e.f April 1, 2017.

## Notes to the Consolidated Financial Statements

## Note 43 : Disclosures Mandated by Schedule III of Companies Act 2013

Name of Entities	2017-18							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹
<b>Parent :</b>								
Arvind Fashions Limited	107%	12,31,04,68,434	413%	53,39,87,211	(0%)	(6,34,546)	52%	53,33,52,665
<b>Subsidiaries :</b>								
Arvind Beauty Brands Retail Pvt Limited	6%	73,55,70,724	(29%)	(3,73,08,983)	0%	71,505	(4%)	(3,72,37,478)
Arvind Lifestyle Brands Limited	65%	7,48,83,08,991	(32%)	(4,09,09,181)	(1%)	(1,16,02,668)	(5%)	(5,25,11,849)
Calvin Klein	3%	36,40,63,315	(49%)	(6,31,29,283)	(0%)	(12,84,182)	(6%)	(6,44,13,465)
Tommy Hilfiger	12%	1,38,20,78,362	27%	3,42,51,443	(0%)	(10,07,578)	3%	3,32,43,865
<b>Sub Total</b>		<b>22,28,04,89,826</b>		<b>42,68,91,207</b>		<b>(1,44,57,469)</b>		<b>41,24,33,738</b>
Inter Company Eliminations and Consolidations Adjustment	(102%)	(11,68,27,13,740)	(218%)	(28,22,40,107)	102%	90,27,37,560	61%	62,04,97,453
<b>Total</b>	<b>92%</b>	<b>10,59,77,76,086</b>	<b>112%</b>	<b>14,46,51,100</b>	<b>100%</b>	<b>88,82,80,091</b>	<b>102%</b>	<b>1,03,29,31,191</b>
Non Controlling Interest in Subsidiaries	8%	87,30,71,457	(12%)	(1,54,62,755)	(0%)	(11,45,880)	(2%)	(1,66,08,635)
<b>Grand Total</b>	<b>100%</b>	<b>11,47,08,47,543</b>	<b>100%</b>	<b>12,91,88,345</b>	<b>100%</b>	<b>88,71,34,211</b>	<b>100%</b>	<b>1,01,63,22,556</b>

Name of Entities	2016-17							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹	As a % of consolidation net assets	Amount in ₹
<b>Parent :</b>								
Arvind Fashions Limited	133%	8,77,01,82,040	(24%)	(3,53,94,709)	20%	(8,91,898)	(25%)	(3,62,86,607)
<b>Subsidiaries :</b>								
Arvind Beauty Brands Retail Pvt Limited	10%	65,23,38,404	(67%)	(10,02,13,616)	(23%)	10,28,556	(68%)	(9,91,85,060)
Arvind Lifestyle Brands Limited	77%	5,03,59,95,486	175%	26,24,29,811	116%	(51,04,230)	177%	25,73,25,581
<b>Sub Total</b>		<b>14,45,85,15,930</b>		<b>12,68,21,486</b>		<b>(49,67,572)</b>		<b>12,18,53,914</b>
Inter Company Eliminations and Consolidations	(132%)	(8,69,93,67,075)	37%	5,49,32,647	0%	-	38%	5,49,32,647
<b>Total</b>	<b>88%</b>	<b>5,75,91,48,855</b>	<b>121%</b>	<b>18,17,54,133</b>	<b>113%</b>	<b>(49,67,572)</b>	<b>121%</b>	<b>17,67,86,561</b>
<b>Joint Ventures (Investment at Equity Method)</b>								
Calvin Klein	2%	13,93,96,783	(17%)	(2,55,59,128)	(4%)	1,94,351	(17%)	(2,53,64,777)
Tommy Hilfiger	10%	68,18,70,870	(4%)	(62,22,610)	(9%)	3,83,140	(4%)	(58,39,470)
<b>Grand Total</b>	<b>100%</b>	<b>6,58,04,16,508</b>	<b>100%</b>	<b>14,99,72,395</b>	<b>100%</b>	<b>(43,90,081)</b>	<b>100%</b>	<b>14,55,82,314</b>

## Note 44 : Regrouped, Recast, Reclassified

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

**Arvind Fashions Limited**

(Formerly known as Arvind J&M Limited)

CIN: U52399GJ2016PLCo85595

Registered Office: Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.

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**ATTENDANCE SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE MEETING VENUE.

LEDGER FOLIO or DP/CLIENT ID no.\*- \_\_\_\_\_

NUMBER OF SHARES HELD - \_\_\_\_\_

NAME OF THE MEMBER/PROXY (IN BLOCK LETTERS) - \_\_\_\_\_

ADDRESS OF THE MEMBER/PROXY (IN BLOCK LETTERS) - \_\_\_\_\_

I certify that I am a Member/Proxy/Representative for the member, of the Company.

I hereby record my presence at the 3rd Annual General Meeting of the Company held on Monday, July 16, 2018 at 11.00 a.m at Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.

\* Strike out whichever is not applicable.

\_\_\_\_\_  
Signature of Shareholder / Proxyholder

## Arvind Fashions Limited

(Formerly known as Arvind J&M Limited)

CIN: U52399GJ2016PLCO85595

Registered Office: Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.

### Form No. MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : **Arvind Fashions Limited (Formerly known as Arvind J&M Limited)**  
CIN : U52399GJ2016PLCO85595  
Registered Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.  
Name of the Member :  
Registered Address :  
E-mail ID :  
Ledger Folio or DP/Client ID No. :

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

Name:

E-mail ID:

Address:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 3rd Annual General Meeting of the Company, to be held on Monday, July 16, 2018 at 11:00 a.m. at the registered office of the Company and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No.	Resolution	Optional *	
		For	Against
<b>Ordinary Business</b>			
1	Ordinary Resolution for adoption of Audited Financial Statements for the financial year ending March 31, 2018.		
2	Ordinary Resolution for appointment of a Director in place of Mr. Jayesh Shah (DIN: 00008349), who retires by rotation and being eligible, offers himself for reappointment.		
<b>Special Business</b>			
3	Special Resolution for adoption of new set of Articles of Association.		
4	Special Resolution for appointment of Mr. Suresh Jayaraman, as Managing Director of the Company.		
5	Ordinary Resolution for Payment of Commission to Non-Executive Directors and Independent Directors.		
6	Special Resolution for enhancement of the aggregate limit for foreign portfolio investors to 30% of paid up capital.		
7	Special Resolution for approval of the amended AFL - Employees Stock Option Scheme 2016.		
8	Special Resolution for approval of availing of the Financial Assistance having an option available to the Lenders for conversion of such Financial Assistance into Equity Shares of the Company upon occurrence of certain events.		
9	Special Resolution for increasing Borrowing Limits up to Rs. 2000 crores.		
10	Special Resolution for authorising the Board to mortgage and/or create charge on the assets of the Company.		
11	Special Resolution for increasing the limits of Investments, Loans, Guarantees and Securities under section 186 of the Companies Act, 2013.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Signature of Shareholder \_\_\_\_\_

Signature of Proxyholder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 3rd Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



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Possibilities

**ARVIND** fASHIONS

If undelivered, please return to :  
**Arvind Fashions Limited**  
Main Building, Arvind Limited Premises,  
Naroda Road, Ahmedabad – 380 025