ARVIND FASHIONS LIMITED
A MEMBER OF THE LALBHAI GROUP
Corporate Office: Du Parc Trinity, 8th Floor, 17, M.G. Road, Bengaluru - 560 001
Tel : 91-80-4155 0601, Fax : 91-80-4155 0651
Website : http://www.arvindfashions.com

July 12, 2019

BSE Limited
Listing Dept. / Dept. of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Security Code : 542484
Security ID : ARVINDFASN

National Stock Exchange of India Ltd.
Listing Dept., Exchange Plaza, 5th Floor
Plot No. C/1, G. Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Symbol : ARVINDFASN

Dear Sir/Madam,

Sub : Annual Report 2018-19

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the financial year 2018-19 along with the notice convening the Annual General Meeting to be held on Friday, August 09, 2019 at 10:00 a.m. at H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

The above is also available on the website of the Company at www.arvindfashions.com

This is for your information and records.

Thanking you,

Yours faithfully,
For Arvind Fashions Limited

ARVIND FASHIONS LIMITED

Vijay Kumar B S
Company Secretary

Encl : As above.

Fashioning Possibilities

Annual Report 2019

Arvind Fashions Limited
CIN : L52399GJ2016PLC085595

CONTENTS

Board of Directors

Mr. Sanjaybhai Shrenikbhai Lalbhai	-	Chairman & Non-Executive Director
Mr. Suresh Jayaraman	-	Managing Director & CEO
Mr. Kulin Sanjay Lalbhai	-	Non-Executive Director
Mr. Punit Sanjay Lalbhai	-	Non-Executive Director
Mr. Jayesh Kantilal Shah	-	Non Executive Director
Ms. Nithya Easwaran	-	Non-Executive Director
Mr. Nilesh Dhirajlal Shah	-	Non-Executive Independent Director
Ms. Abanti Sankaranarayanan	-	Non-Executive Independent Director
Mr. Nagesh Dinkar Pinge	-	Non-Executive Independent Director
Mr. Achal Anil Bakeri	-	Non-Executive Independent Director
Mr. Vallabh Roopchand Bhanshali	-	Non-Executive Independent Director
Ms. Vani Kola	-	Non-Executive Independent Director

Audit Committee

Mr. Nagesh Dinkar Pinge - Chairman
Mr. Nilesh Dhirajlal Shah - Member
Ms. Abanti Sankaranarayanan - Member
Ms. Nithya Easwaran - Member

Nomination and Remuneration Committee

Mr. Nilesh Dhirajlal Shah - Chairman
Mr. Jayesh Kantilal Shah - Member
Ms. Nithya Easwaran - Member
Mr. Achal Anil Bakeri - Member

Corporate Social Responsibility Committee

Mr. Jayesh Kantilal Shah - Chairman
Mr. Nilesh Dhirajlal Shah - Member
Mr. Kulin Sanjay Lalbhai - Member

Stakeholders Relationship Committee

Mr. Jayesh Kantilal Shah - Chairman
Mr. Nilesh Dhirajlal Shah - Member
Ms. Nithya Easwaran - Member

Risk Management Committee

Mr. Jayesh Kantilal Shah - Chairman
Mr. Nagesh Dinkar Pinge - Member
Mr. Nilesh Dhirajlal Shah - Member
Ms. Abanti Sankaranarayanan - Member
Ms. Nithya Easwaran - Member

Committee of Directors

Mr. Sanjay S Lalbhai - Member
Mr. Kulin Lalbhai - Member
Mr. Jayesh K Shah - Member

Chief Financial Officer

Mr. Pramod Kumar Gupta

Company Secretary

Mr. Vijay Kumar B S

Auditors

M/s. Sorab S. Engineer & Co.
902, Raheja Centre, Free Press Journal Marg,
Nariman Point Mumbai 400-021
Phone: 022-22824811, 22040861
E-mail: sbchokshi@sseco.in

Bankers to our Company

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

Registered Office

Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad – 380025 Gujarat, India.
Website: www.arvindfashions.com

Registrar And Transfer Agent

Link Intime India Pvt. Ltd
506 – 508, Fifth Floor, Opp. Municipal Market
Amarnath Business Centre – 1 (ABC-1),
Beside Gala Business Centre,
Near St. Xaviers College Corner,
Off. C. G. Road, Navrangpura,
Ahmedabad -380009.
Phone & Fax No : 079-26465179
Email :ahmedabad@linkintime.co.in
Website: www.linkintime.co.in

Message from the Chairman

FY19 marks a landmark year for all of us, as your trusted company Arvind Fashions Limited (AFL) was listed on NSE & BSE in early March 2019 after the demerger from the parent – Arvind Limited during the year. My heartfelt gratitude to our employees and business partners who made this possible! Having built an unparalleled portfolio of credible and loved lifestyle brands over the years, we are very excited about the medium to long term prospects of your company.

The Indian fashion industry remains one of the biggest and the most promising consumer segments with a market size of $50 billion. As a nation we are at the cusp of crossing a per capita income of $2000 and as seen in other emerging economies such as China and Brazil, this is likely to be an inflection point for the already promising and expansive fashion market.

As the market is set to grow rapidly, there are some significant trends driving the market growth, such as a shift towards casualization, a move from unbranded to branded clothing in categories like womenswear or kidswear which have primarily remained unbranded so far, and e-commerce emerging as a significant growth vehicle for fashion brands.

Your company spotted these trends early on and pioneered the casualization revolution with a portfolio of top-of-mind casual denim brands. Our portfolio includes U.S. Polo Assn. – the market leader among casual brands with a turnover of more than Rs 1000 crore, Tommy Hilfiger – the leading premium casual wear brand, Flying Machine – amongst the top three denim brands in the country, Calvin Klein – the leading premium denim brand, and GAP – the American standard for casual clothing.

AFL with its powerful portfolio of brands, strong capability platforms, distribution expansion opportunities in smaller cities and strong omni-channel capabilities is well positioned to sustain the growth momentum in the coming years and emerge as a lifestyle powerhouse.

This unmatched portfolio has delivered a growth upwards of 25% CAGR for the past many years and has helped establish your company as a leader in the fashion industry. We have a clear strategy to leverage this powerful portfolio, and continue our journey of rapid growth in the coming years.

Having identified a big opportunity in kidswear & innerwear, your company has built a strong position in both these categories through category extension of our power brands. Our kidswear portfolio which comprises of U.S Polo Assn. Kids, Tommy Hilfiger Kids along with Gap Kids & The Children's Place is unmatched in the industry and has enabled your company to emerge as a market leader in premium kidswear.

Spotting the opportunity for branded innerwear, your company entered the innerwear market through Hanes in 2014. Over time, your company has built a strong portfolio of innerwear brands like Hanes, U.S. Polo Assn., Tommy Hilfiger and Calvin Klein. We are extremely glad to report that in FY19, U.S. Polo Assn. innerwear business crossed the three figure mark in revenue in it's third year of operations, with distribution reaching 8000+ innerwear specialty stores. We are very excited with immense growth opportunity innerwear presents in future.

Online channels have redefined the reach of fashion brands, and your company recognized this opportunity quite early. Through a combination of investment in technology and building strategic alliances with third party e-commerce players, your company has built a strong position in online sales. In FY19, online sales grew close to 50%, with a low teen contribution to total revenue.

Your company is equally excited with opportunities that Sephora presents in Prestige Beauty. Since taking over Sephora India distribution, we have grown by ~10x in 3 years through store expansion and e-commerce, and clearly established Sephora as a leader in Prestige Beauty. Sephora presents huge opportunity for growth in coming years.

For the financial year ending March 2019, Arvind Fashions posted 10% y-o-y increase in revenue (underlying growth of 15%), accompanied with 80 BPS increase in EBITDA to reach 6.2% and 170 BPS improvement in Return On Capital Employed (ROCE) to reach 6.7%. Our power brands (U.S. Polo Assn., Arrow, Flying Machine and Tommy Hilfiger) grew at 9% (underlying 16%) with a healthy improvement in profitability.

AFL with its powerful portfolio of brands, strong capability platforms, distribution expansion opportunities in smaller cities and strong omni-channel capabilities is well positioned to sustain the growth momentum in the coming years and emerge as a lifestyle powerhouse.

I am filled with optimism and incredibly excited about what lies ahead for us. I am happy that we have put Arvind Fashions on the growth track and in the hands of a driven management team which will take the business to greater heights.

With warm regards,

Sanjay Lalbhai,

Chairman

FY19 Performance Highlights

REVENUE

Rs. Crores | Growth%

4,644 | 10%*

*Underlying growth 15%

EBITDA

Rs. Crores | %Revenue | Growth%

288 | 6.2% | 26%

+ 80 BPS

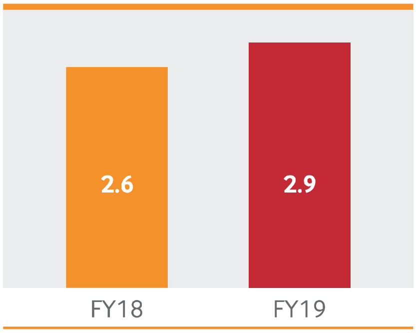
ROCE

6.7%

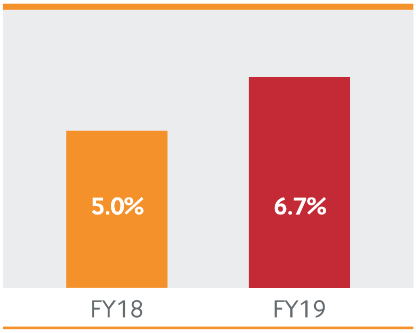
+ 170 BPS

Key Indicators

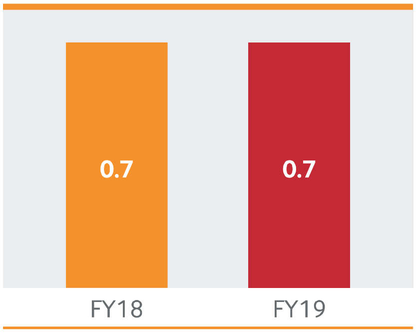
EPS



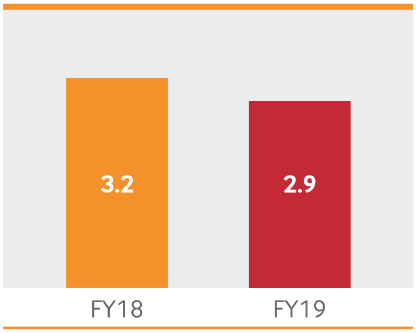
ROCE



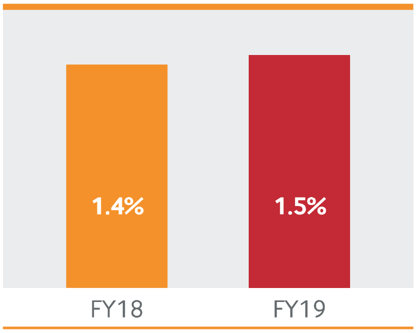
DEBT/EQUITY



DEBT/EBITDA



ROE



About Arvind Fashions

We aspire to be India's most valuable lifestyle powerhouse defining India's fashion quotient. With a dynamic portfolio of leading global brands - we have something for everyone. From CEOs to millennials to value conscious families, and from the experimental to the conventional dressers, our brands are for the India of the present and the future.

Fueling India's booming fashion aspiration, we launched the first denim brand – Flying Machine, in India as early as 1980. With Arrow, India's first premium international menswear brand, we raised the bar of excellence. Today Arrow is the go to work wear of choice for everyone from the corporate honchos to the bold and young professionals. We also brought India's first designer brand – Tommy Hilfiger. Another of our power brand, U.S. Polo Assn., has defined casual dressing in India and is the fastest growing apparel brand reaching the revenue of Rs 1000 crore mark within 10 years of its launch.

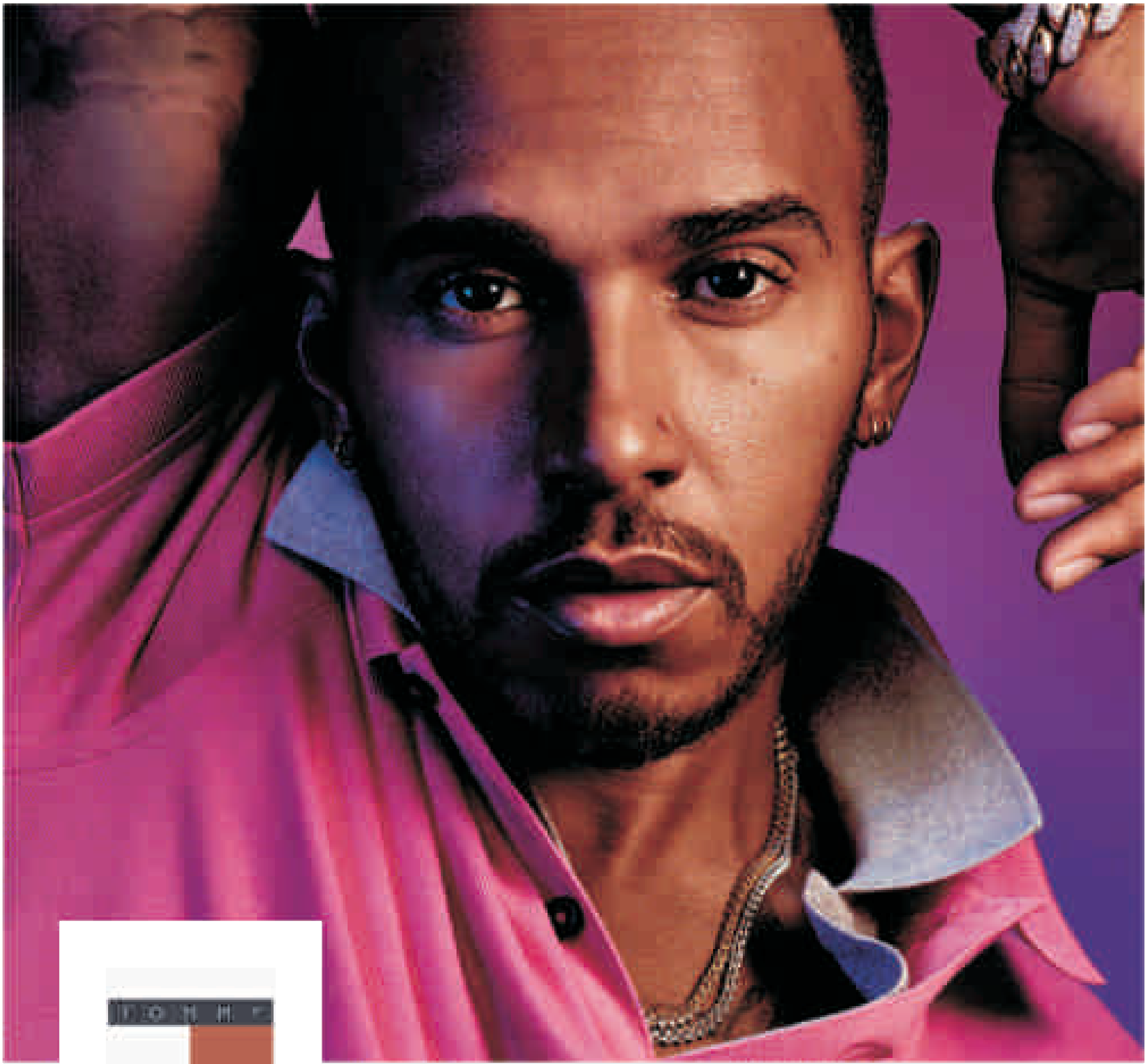
At Arvind Fashions, we are about the people. Our 'Will Do' culture and cutting-edge HR practices attracts and retains the top talent in the country. This also makes it one of the reasons why we have been honored with 'Best Company to Work in Retail' by 'Business Today' and 'Great Place to Work' by 'Great Place To Work' institute. Customers & consumers first is our philosophy and that is the reason why we are India's first choice in fashion since our inception.

U.S. POLO ASSN.
SINCE 1890

Cities: 155

Stores: 368

U.S. Polo Assn., the sport inspired lifestyle brand is the authentic and official brand of the United States Polo Association, the governing body for the sport of polo in the United States since 1890. The brand captures the authenticity of the sport, while embracing the genuine spirit known throughout the world as Classic American Style promoting its core value as "Live Authentically". U.S. Polo Assn. offers apparel for the whole family as well as bags, accessories and footwear.



Cities: 35

Stores: 97

Tommy Hilfiger is one of the world's leading designer lifestyle brands and is internationally recognized for celebrating the essence of classic American cool style, featuring preppy with a twist designs. Founded in 1985, Tommy Hilfiger delivers premium styling, quality and value to consumers with a breadth of collections including men's, women's and children's sportswear, denim, accessories and footwear. The brand has had its presence in India since 2004.

ARROW
USA•1851

Cities: 108

Stores: 290

Arrow, India's first international premium menswear brand arrived in 1993 and since has delighted men to the world of fine craftsmanship, elegant dressing and fine grooming. With classy and sophisticated designs with a timeless appeal, Arrow understands the modern day professional's constant search for wardrobe excellence. Over the years, Arrow has been known as the expert shirt maker, pioneering some of the greatest innovations such as Autopress shirt, Autoflex trousers, Superluxe the Stitchless Shirt, Smart Shirt, 4-in-1 Shirt, Anti-UV Shirt to the newest Cool Pro shirt. Arrow offers formals, semi formals, modern workwear, accessories and footwear across Arrow, New York and Sports.

FLYING MACHINE
Your cool half.

Cities: 134

Stores: 263

Catering to the coolest millennials in the country, Flying Machine is Arvind's home-grown and India's first denim brand now one of the coolest youth apparel brands in the country. Driven to innovate, Flying Machine has gained popularity with its attitude of pushing boundaries and innovating much like today's millennials. The brand is a trendsetter rather than a fad-follower and this attitude is reflected in each one of its products. Incredible prices, strong market presence across India and with stores in all major cities, Flying Machine is a star brand in the Arvind Fashions portfolio.

SEPHORA

Cities: 9

Stores: 19

Where your beauty beats! Arvind debuted its beauty portfolio in India with the launch of the world's largest beauty e-tailer from France – Sephora, owned by LVMH. With a varied and delicious selection of brands and across categories, today Sephora is a much-loved beauty chain, garnering a cult following in India and globally. Offering amazing beauty selection and the freedom to experience different products and try out new techniques, Sephora is a fun place to learn and indulge. Growing from strength to strength, Sephora stands tall at 19 stores in India with more than 70 global brands within each store.

Cities: 10

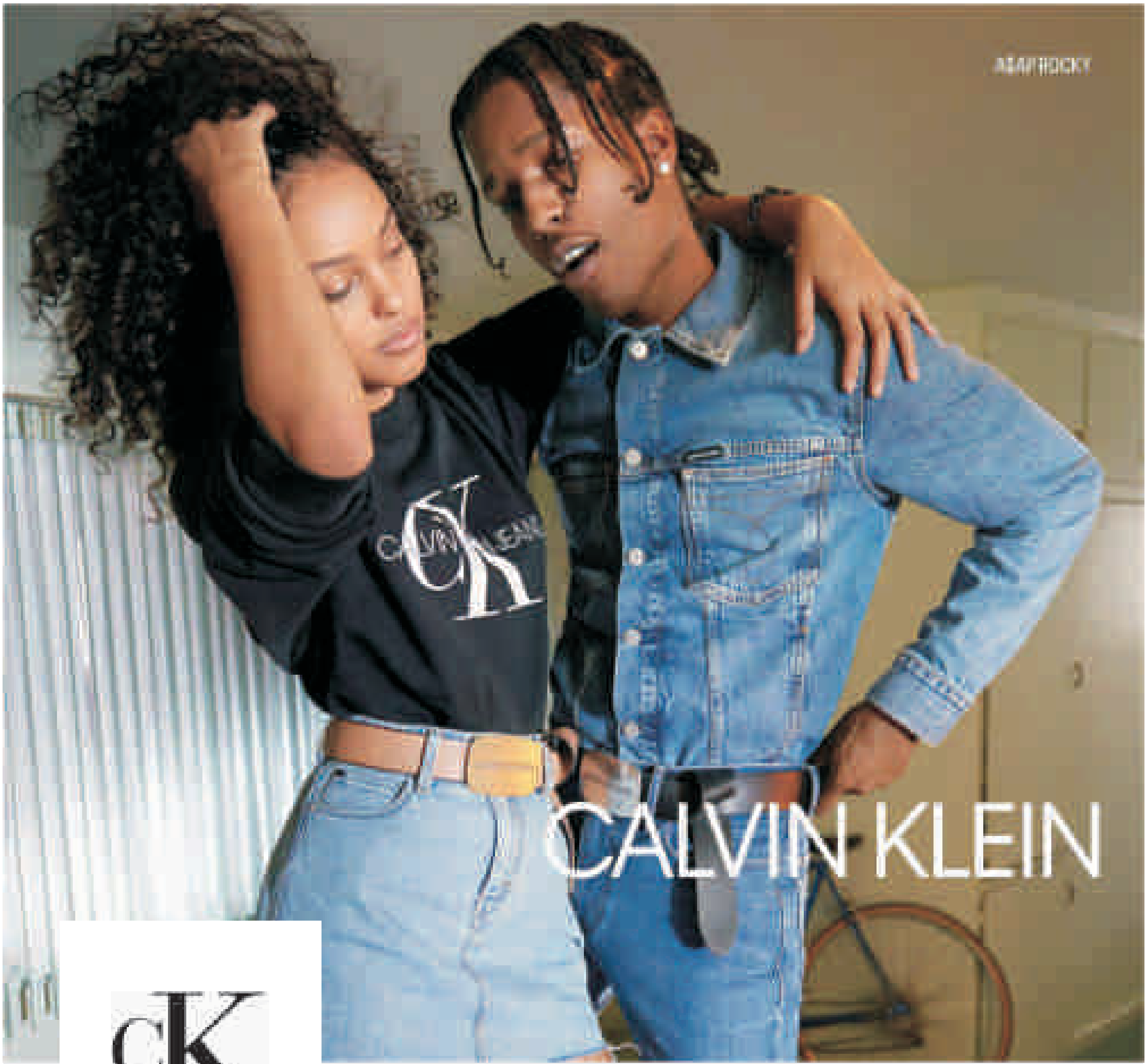
Stores: 16

Showcasing American optimism as attitude and casual style as their aesthetic, GAP embraces a youthful, infectious spirit and the freedom to express individual style. India's first GAP store was launched in New Delhi in 2015 and it received a booming response. A trailblazer in its field, GAP focuses on providing apparel that is a perfect blend of comfort and style. Effortless flair for accessible clothing that is both classic as well as modern is what sets GAP apart from the rest. The brand addresses sustainability, equality, and inclusiveness proactively with a smart denim wash program called Washwell.

Cities: 54

Stores: 107

At UNLIMITED, fashion is unlimited! With no compromise on value, variety, quality and style we offer endless choices to pick from. As Arvind's home brand and a key driver for future value creation, Unlimited addresses the value fashion, offering a plethora of globally inspired quality products to millions of customers across over 100 power format stores with fresh and exciting fashion. The brand has a vast, exclusive and selective adaptation of international as well as Indian brands to suit the customer sensibilities. Apparels and accessories of highest quality from the trusted house of Arvind makes it a one-stop shopping destination enhancing the lifestyle of value conscious family by offering them their favourite styles at best prices.

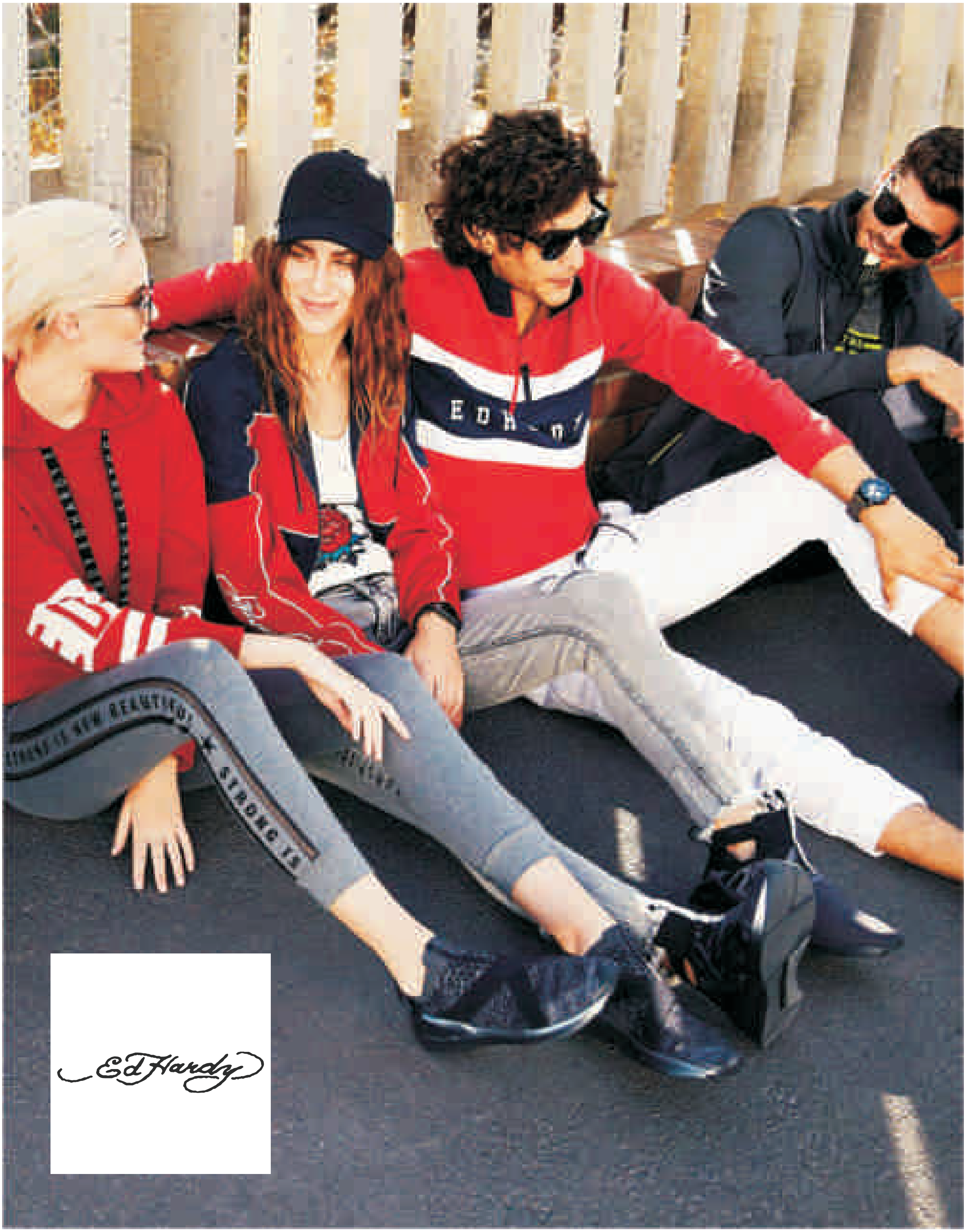


Cities: 29

Stores: 67

Calvin Klein is a global lifestyle brand that exemplifies bold, progressive ideals and a seductive and often minimal aesthetic. Founded in 1968 by Calvin Klein and his business partner Barry Schwartz and launched in India by Arvind, the brand is a leader in American fashion and seeks to thrill and inspire its audience while using provocative imagery and striking designs to ignite the senses.

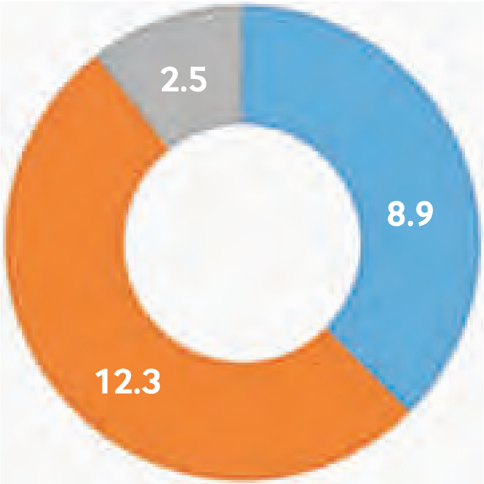

AÉROPOSTALE


Ed Hardy


THE CHILDREN'S
PLACE
AMERICA'S #1 PLACE FOR KIDS' FASHION

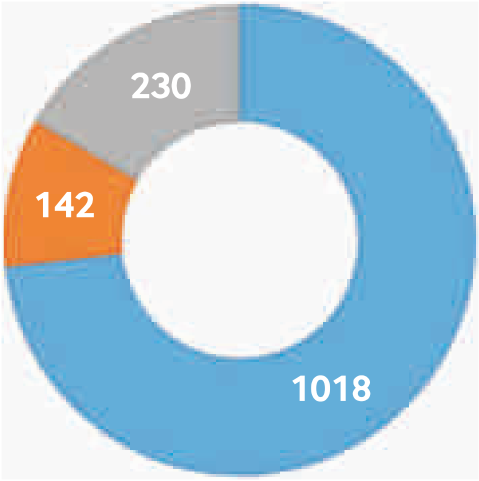
Geographical Footprint

Gross Area (in lakh sq ft)



Power Brands Specialty Retail Emerging Brands

Store Count



Power Brands Specialty Retail Emerging Brands

Notice

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of Arvind Fashions Limited will be held on Friday, August 09, 2019 at 10.00 a.m. at H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements [including consolidated financial statements] of the Company for the financial year ended March 31, 2019 and the reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Sanjaybhai Shrenikbhai Lalbhai (holding DIN 00008329), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. To regularize appointment of Ms. Nithya Easwaran (DIN: 03605392) as a Director of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Nithya Easwaran (DIN: 03605392), who was appointed as an Additional Director by the Board of Directors of the Company with effect from October 10, 2018 and who holds office as such up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013, signifying its intention to propose Ms. Nithya Easwaran (DIN: 03605392), as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company and that her office as a Director shall be subject to retirement by rotation."

4. To regularize appointment of Mr. Punit Sanjay Lalbhai (DIN: 05125502) as a Director of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Punit Sanjay Lalbhai (DIN: 05125502), who was appointed as an Additional Director by the Board of Directors of the Company with effect from April 02, 2019 and who holds office as such up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member in terms of Section 160 of the Companies Act, 2013, signifying its intention to propose Punit Sanjay Lalbhai (DIN: 05125502), as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company and that his office as a Director shall be subject to retirement by rotation."

5. To Appoint Ms. Abanti Sankaranarayanan (DIN: 01788443) as an Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Abanti Sankaranarayanan (DIN: 01788443), in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto October 09, 2023 and that her office as an Independent Director shall not be subject to retirement by rotation."

6. To Appoint Mr. Achal Anil Bakeri (DIN: 00397573) as an Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Achal Anil Bakeri (DIN: 00397573), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto October 09, 2023 and that his office as an Independent Director shall not be subject to retirement by rotation."

7. To Appoint Mr. Nagesh Dinkar Pinge (DIN: 00062900) as an Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nagesh Dinkar Pinge (DIN: 00062900), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto October 09, 2023 and that his office as an Independent Director shall not be subject to retirement by rotation.”

8. To Appoint Mr. Vallabh Roopchand Bhanshali (DIN: 00184775) as an Independent Director of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vallabh Roopchand Bhanshali (DIN: 00184775), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto October 09, 2023 and that his office as an Independent Director shall not be subject to retirement by rotation.”

9. To Appoint Ms. Vani Kola (DIN: 01827653) as an Independent Director of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Vani Kola (DIN: 01827653), in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto April 01, 2024 and that her office as Independent Director shall not be subject to retirement by rotation.”

10. To ratify the Arvind Fashions Limited - Employee Stock Option Scheme – 2016 (“ESOS – 2016” or “The Scheme”).

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

“**RESOLVED THAT** pursuant to the provisions of Section 42 and 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 entered into with the Stock Exchanges where the securities of the Company are 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”), members do hereby ratify the Arvind Fashions Limited - Employee Stock Option Scheme 2016 (“ESOS - 2016” or “the Scheme”).

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 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 this Resolution.”

By Order of the Board

Sd/-

Vijay Kumar B S

Company Secretary

Date: May 16, 2019

Place: Ahmedabad

Registered Office:

Arvind Limited Premises,

Naroda Road,

Ahmedabad-380025.

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Item No. 10 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director under Item Nos. 3, 4, 5, 6, 7, 8 and 9 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

   The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of AGM. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

   A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 03, 2019 to Friday, August 09, 2019 (both days inclusive) for the purpose of AGM.
4. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID/Folio No.
5. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, Link Intime India Pvt. Ltd. in case the shares are held by them in physical form.

   SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Pvt. Ltd.
6. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Pvt. Ltd. for assistance in this regard.
7. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime India Pvt. Ltd., the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
8. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the AGM.
10. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2018-19 will also be available on the Company's website viz. www.arvindfashions.com
11. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / Link Intime India Pvt. Ltd.
12. All documents referred to in the accompanying Notice of the AGM and explanatory statement shall be open for inspection without any fee at the registered office of the Company during normal business hours on any working day upto and including the date of the AGM of the Company.
13. The route map showing directions to reach the venue of the 4th AGM is annexed.
14. Instructions for e-voting

    A separate sheet containing the complete details of the instructions for e-voting is being sent to all the shareholders along with the Annual Report for the year 2018-19, to enable them to cast their votes through e-voting.

By Order of the Board
Sd/-
Vijay Kumar B S
Company Secretary

Date: May 16, 2019
Place: Ahmedabad

Registered Office:
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380025.

ANNEXURE TO NOTICE

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

Item No. 3 -

The Board of Directors ('Board'), has appointed Ms. Nithya Easwaran (DIN: 03605392) as an Additional Director (Non-Executive) of the Company with effect from October 10, 2018. Pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article of Association of the Company, Ms. Nithya Easwaran, will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. In terms of section 160 of the Companies Act, 2013, the Company has received a notice in writing, from a member, proposing the candidature of Ms. Nithya Easwaran for the office of Director. Ms. Nithya Easwaran once appointed will be liable to retire by rotation.

The Company has received from Ms. Nithya Easwaran (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Ms. Nithya Easwaran, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 3 of the Notice.

The Board recommends the resolution set forth in Item No. 3 for the approval of the Members.

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('Board'), appointed Mr. Punit Sanjay Lalbhai (DIN: 05125502), as an Additional Director (Non-Executive) of the Company with effect from April 02, 2019. Pursuant to the provisions of Section 161 of the Companies Act, 2013 and of the Articles of Association of the Company, Mr. Punit Sanjay Lalbhai, will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. In terms of section 160 of the Companies Act, 2013, the Company has received a notice in writing, from a member, proposing the candidature of Mr. Punit Sanjay Lalbhai for the office of Director. Mr. Punit Sanjay Lalbhai once appointed will be liable to retire by rotation.

The Company has received from Mr. Punit Sanjay Lalbhai (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Punit Sanjay Lalbhai, to whom the resolution relates and Mr. Sanjay Lalbhai and Mr. Kulin Sanjay Lalbhai are Relatives of Mr. Punit Sanjay Lalbhai, hence they are concerned or interested in the Resolution mentioned in Item No. 4 of the Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

Item No. 5

The Board of Directors ('Board'), has appointed Ms. Abanti Sankaranarayanan (DIN: 01788443) as a Non-Executive Independent Director of the Company with effect from October 10, 2018 for a term of 5 consecutive years upto October 09, 2023, subject to the approval of Members in the ensuing General Meeting. In terms of section 160 of the Companies Act, 2013,("Act") the Company has received notices in writing from a member proposing the candidature of Ms. Abanti Sankaranarayanan, for appointment as an Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

Ms. Abanti Sankaranarayanan, has given declarations to the Board of Directors of the Company that she met the criteria of Independence, as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Ms. Abanti Sankaranarayanan, fulfills the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and she is independent of the management. Given Ms. Abanti's expertise, your Board is of the view that Ms. Abanti's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of the Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Ms. Abanti Sankaranarayanan, as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Ms. Abanti Sankaranarayanan, shall be open for inspection by the members at the Registered Office during normal business hours (from 10:00 a.m. till 5:00 p.m.) on any working day (except Saturday) from the date of this Notice till the date of the AGM.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Ms. Abanti Sankaranarayanan, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

Item No. 6

The Board of Directors ('Board'), has appointed Mr. Achal Anil Bakeri (DIN: 00397573), as a Non-Executive Independent Director of the Company with effect from October 10, 2018 for a term of 5 consecutive years upto October 09, 2023, subject to the approval of Members in the ensuing General Meeting. In terms of section 160 of the Companies Act, 2013,("Act") the Company has received notices in writing from a member proposing the candidature of Mr. Achal Anil Bakeri, for appointment as an Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

Mr. Achal Anil Bakeri, has given declarations to the Board of Directors of the Company that he met the criteria of Independence, as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Achal Anil Bakeri, fulfills the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and he is independent of the management. Given Mr. Achal's expertise, your Board is of the view that Mr. Achal's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of the Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the

Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Mr. Achal Anil Bakeri, as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Mr. Achal Anil Bakeri, shall be open for inspection by the members at the Registered Office during normal business hours (from 10:00 a.m. till 5:00 p.m.) on any working day (except Saturday) from the date of this Notice till the date of the AGM.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Achal Anil Bakeri, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 6 of the Notice.

The Board recommends the resolution set forth in Item No. 6 for the approval of the Members.

Item. 7

The Board of Directors ('Board'), has appointed Mr. Nagesh Dinkar Pinge (DIN: 00062900), as a Non-Executive Independent Director of the Company with effect from October 10, 2018 for a term of 5 consecutive years upto October 09, 2023, subject to the approval of Members in the ensuing General Meeting. In terms of section 160 of the Companies Act, 2013,("Act") the Company has received notices in writing from a member proposing the candidature of Mr. Nagesh Dinkar Pinge, for appointment as an Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

Mr. Nagesh Dinkar Pinge, has given declarations to the Board of Directors of the Company that he met the criteria of Independence, as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Nagesh Dinkar Pinge, fulfills the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and he is independent of the management. Given Mr. Nagesh's expertise, your Board is of the view that Mr. Nagesh's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of the Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Mr. Nagesh Dinkar Pinge, as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Mr. Nagesh Dinkar Pinge, shall be open for inspection by the members at the Registered Office during normal business hours (from 10:00 a.m. till 5:00 p.m.) on any working day (except Saturday) from the date of this Notice till the date of the AGM.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Nagesh Dinkar Pinge, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 7 of the Notice.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

Item. 8

The Board of Directors ('Board'), has appointed Mr. Vallabh Roopchand Bhanshali (DIN: 00184775), as a Non-Executive Independent Director of the Company with effect from October 10, 2018 for a term of 5 consecutive years upto October 09, 2023, subject to the approval of Members in the ensuing General Meeting. In terms of section 160 of the Companies Act, 2013,("Act") the Company has received notices in writing from a member proposing the candidature of Mr. Vallabh Roopchand Bhanshali, for appointment as an Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

Mr. Vallabh Roopchand Bhanshali, has given declarations to the Board of Directors of the Company that he met the criteria of Independence, as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Vallabh Roopchand Bhanshali, fulfills the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and he is independent of the management. Given Mr. Vallabh Bhanshali's expertise, your Board is of the view that Mr. Vallabh Bhanshali's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of the Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Mr. Vallabh Roopchand Bhanshali, as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Mr. Vallabh Roopchand Bhanshali, shall be open for inspection by the members at the Registered Office during normal business hours (from 10:00 a.m. till 5:00 p.m.) on any working day (except Saturday) from the date of this Notice till the date of the AGM.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Vallabh Roopchand Bhanshali, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 8 of the Notice.

The Board recommends the resolution set forth in Item No. 8 for the approval of the Members.

Item. 9

The Board of Directors ('Board'), has appointed Ms. Vani Kola (DIN: 01827653), as a Non-Executive Independent Director of the Company with effect from April 02, 2019 for a term of 5 consecutive years upto April 01, 2024, subject to the approval of Members in the ensuing General Meeting. In terms of section 160 of the Companies Act, 2013,("Act") the Company has received notices in writing from a member proposing the candidature of Ms. Vani Kola, for appointment as an Independent Director as per the provisions of sections 149 and 152 of the Companies Act, 2013.

Ms. Vani Kola, has given declarations to the Board of Directors of the Company that she met the criteria of Independence, as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Ms. Vani Kola, fulfills the conditions specified in the Companies Act, 2013 and the Listing Regulations for appointment as Independent Director and she is independent of the management. Given Ms. Vani's expertise, your Board is of the view that Ms. Vani's appointment as an Independent Director would be of immense value to the Company.

As per the provisions of the Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and is not liable to retire by rotation. In compliance with the provisions of Section 149 of the Act read with Schedule IV of the Act, the appointment of Ms. Vani Kola, as an Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Ms. Vani Kola, shall be open for inspection by the members at the Registered Office during normal business hours (from 10:00 a.m. till 5:00 p.m.) on any working day (except Saturday) from the date of this Notice till the date of the AGM.

Disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India are appended to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Ms. Vani Kola, to whom the resolution relates, is concerned or interested in the Resolution mentioned in Item No. 9 of the Notice.

The Board recommends the resolution set forth in Item No. 9 for the approval of the Members.

Item. 10

Arvind Fashions Limited (hereinafter referred as "**the Company**") has introduced the AFL - Employee Stock Option Scheme 2016 (hereinafter referred as "**ESOS – 2016**" or "**the Scheme**"), with effect from 15th October 2016. The Scheme was amended by the shareholders vide their resolution dated 16th July 2018. 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 is 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, its Holding Company and Subsidiary Companies.

Further, as per the SEBI (Share Based Employee Benefits) Regulations, 2014 ("**the regulations**"), no Company shall make any fresh grant which involves allotment and transfer of shares to its employees under any schemes formulated prior to the listing of its equity shares ('pre-IPO scheme') unless (i) Such pre-IPO scheme is in conformity with these regulations; and (ii) Such pre-IPO scheme is ratified by its shareholders subsequent to the listing.

AFL - ESOS 2016, as it stands today, is consistent with and conforms to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The salient features of the AFL - ESOS 2016 are as under:

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, its holding and subsidiaries under the ESOS - 2016. The purpose of ESOS - 2016 is:

- 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 up to 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).

<u>Corporate Actions since 15th October 2016:</u>

1. 4th September 2017 - The Company issued 2.3 Bonus Shares for every 100 Shares.

   <u>Adjusted Scheme Size</u> - 76,72,500 equity shares of ₹ 2/- each.

2. 30th November 2018 - The Composite Scheme of Arrangement under Sections 230 to 232 read with Section 66 and other applicable provisions of The Companies Act, 2013 amongst Arvind Limited and Arvind Fashions Limited and The Anup Engineering Limited (Formerly Known as Anveshan Heavy Engineering Limited) and The Anup Engineering Limited and their respective shareholders and creditors became effective pursuant to order of The Hon'ble National Company Law Tribunal, Ahmedabad Bench at Ahmedabad dated 26th October 2018. As per Clause 31 of the Composite Scheme, 2 (two) equity shares of INR 2 each of the Company have been consolidated into 1 (one) fully paid up equity share of INR 4 each.

   <u>Adjusted Scheme Size</u> - 38,36,250 equity shares of ₹ 4/- each.

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 38,36,250 (Thirty-Eight Lakhs Thirty-Six Thousand Two hundred and Fifty) 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 subsidiaries 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 are 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) Employees can exercise the vested options in one or multiple tranches.
(c) 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) The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.

Since the Scheme is not implemented through trust route, the said clause is not applicable.

n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s)

Since the Scheme is not implemented through trust route, the said clause is not applicable.

o) 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.

p) 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.

q) 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 has been implemented in accordance with the prescribed regulations and in accordance with the resolution of the company in the general meeting.

r) 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 per the regulations, in order to make fresh grant which involves allotment and transfer of Shares to the employees, the pre-IPO ESOS Scheme needs to be ratified by the members subsequent to the listing of shares of the Company. Hence, the above resolution is proposed for approval of the members.

Post ratification by the members, the Company shall obtain all necessary approvals, as required, in relation to the Scheme.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of the stock options that may be granted to them, if any, under ESOS plan.

The Board recommends the resolution set forth in Item No. 10 for the approval of the Members.

By Order of the Board
Sd/-
Vijay Kumar B S
Company Secretary

Date: May 16, 2019
Place: Ahmedabad

Registered Office:
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380025.

Details of Directors seeking Appointment / Re-appointment at the Fourth Annual General Meeting
[Pursuant to Regulations 26 and 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015] and SS-2 – Secretarial Standards on General Meetings

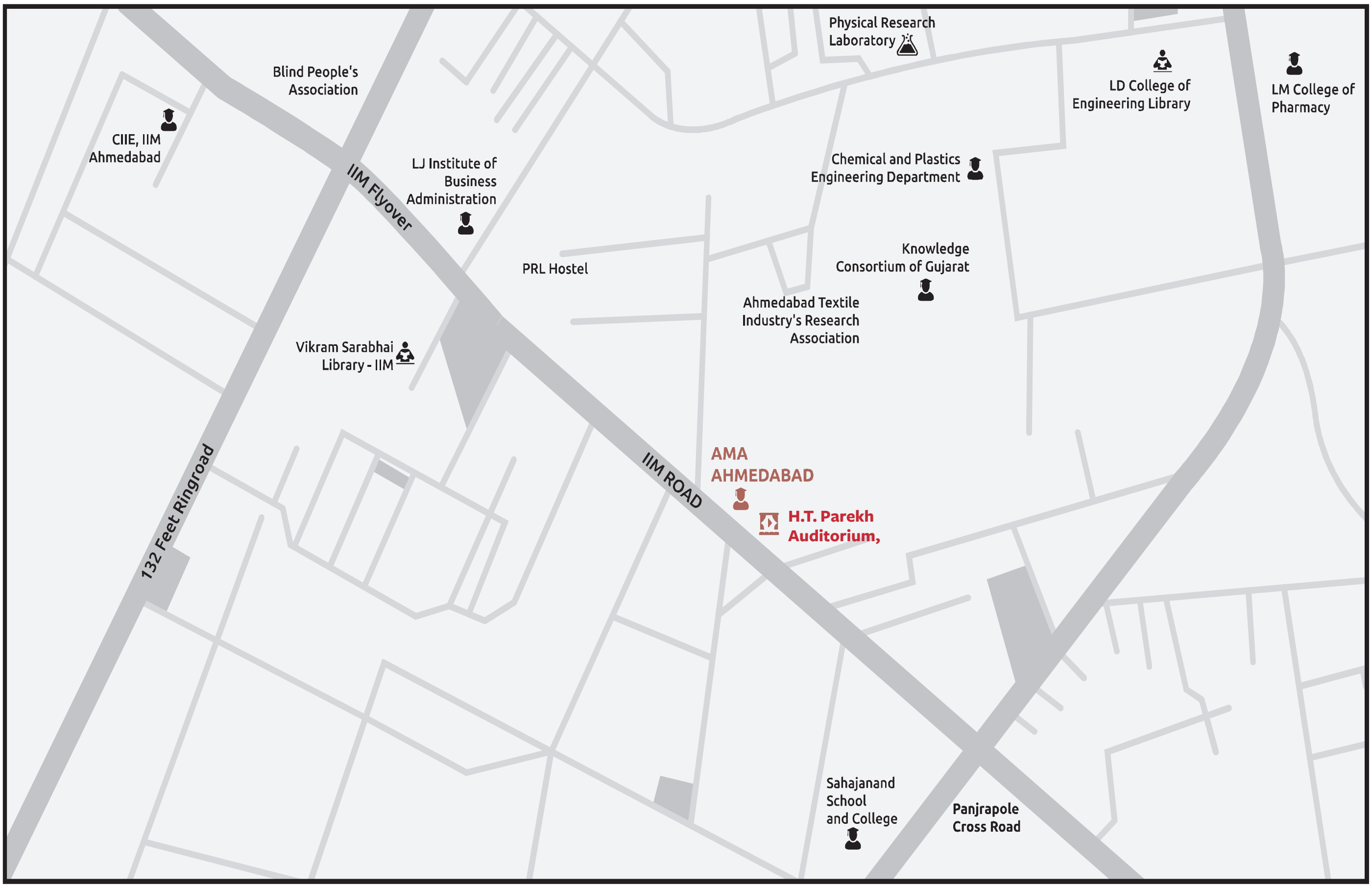
Name of the Director	Mr. Sanjaybhai Shrenikbhai Lalbhai	Ms. Nithya Easwaran	Mr. Punit Sanjay Lalbhai	Ms. Abanti Sankaranarayanan
Director Identification Number (DIN)	00008329	03605392	05125502	01788443
Brief Profile	**Mr. Sanjay Lalbhai** is the Chairman and Managing Director of Arvind Ltd., a 1.3 Billion Dollar Indian conglomerate. Over last four decades he has led the transformation of Arvind from a traditional textile mill into one of the world's leading manufacturers of denims, fine woven fabrics, and apparel solutions. He laid the foundations for the branded apparel business by bringing India's initial brands – Flying Machine and Arrow, and opening Exclusive Brand Outlets. Sanjay Lalbhai serves on the Board of Adani Ports & Special Economic Zone Ltd. He is the president of Ahmedabad Education Society, Ahmedabad University and CEPT University, and the Chairman of Council of Administration of Ahmedabad Textile Industry Research Association (ATIRA). Mr. Lalbhai believes that addressing societal concerns and creating long lasting benefit to society is integral to the business strategy and a duty of every business leader. He provides strategic leadership SHARDA Trust, the CSR arm of Arvind. Mr. Lalbhai is an MBA from Jamnalal Bajaj Institute.	**Ms. Nithya Easwaran** has over 20 years of rich experience in financial services. She is Managing Director of Multiples Alternate Asset Management, a private equity platform with over US$1 billion of assets under management. Prior to joining Multiples Alternate Asset Management, she headed the Structured Finance Team of Citibank in India and before that she was a part of the structured finance business of ICICI Ltd.	**Mr. Punit Lalbhai** is Executive Director of Arvind Limited and leads Arvind's Advanced Materials, Engineering, and Agribusinesses. He also spearheads initiatives in sustainability, CSR, and Innovation at Arvind. He has an MBA from INSEAD and a Masters of Environmental Science from Yale University.	**Ms. Abanti Sankaranarayanan** leads the Strategy and Corporate Affairs functions at Diageo India. She is an accomplished business leader with over two decades experience across general management, marketing, public policy, corporate reputation and sustainability in the consumer products and luxury industry. A considerable part of her career was spent with the Tata Group, as part of the elite Tata Administrative Services (TAS). In June 2010, since joining Diageo India Private Ltd, she went on to take the mantle of Managing Director responsible for its business, brands and people in India. She also serves on the CII National Committee on FMCG, Vice Chairperson of ASCI and member of the board of ISWAI (industry body for domestic alcohol beverage producers in India) and the Chairman of Four Seasons Wines Ltd. Her contribution to the business has been recognized by Fortune India, India Today and Fast Company, New York. Abanti is an Economics Graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management (IIM), Ahmedabad.
Age	65 Years	45 Years	37 Years	49 Years
Date of first appointment on the Board	February 07, 2017	February 07, 2017	April 02, 2019	October 10, 2018
Date of Birth	April 10, 1954	August 19, 1973	March 13, 1982	August 14, 1969

Name of the Director	Mr. Sanjaybhai Shrenikbhai Lalbhai	Ms. Nithya Easwaran	Mr. Punit Sanjay Lalbhai	Ms. Abanti Sankaranarayanan
Qualifications	B.Sc., MMS	MBA from IIM Lucknow.	MBA from INSEAD and a Masters of Environmental Science from Yale University.	MBA from IIM, Ahmedabad.
Expertise in specific functional area	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Board Service & Governance	Financial Services, Asset Management, Capital Markets, Wealth Management, Private Equity.	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Sustainability Expert	General management, marketing, public policy, corporate reputation and sustainability.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Arvind Limited 2. Arvind SmartSpaces Limited 3. Adani Ports and Special Economic Zone Limited. 4. The Anup Engineering Limited	1. Axis Securities Limited	1. Arvind Limited 2. Arvind Smart Textiles Limited 3. Arvind Envisol Limited 4. The Anup Engineering Limited	Nil
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholder Relationship Committee)	**Stakeholder Relationship Committee** 1. Arvind Limited -Member 2. Arvind SmartSpaces Limited - Chairman	Nil	**Stakeholder Relationship Committee** 1. The Anup Engineering Limited - Member	Nil
Inter-se relationship with other Directors and Key Managerial Personnel	Mr. Sanjay Lalbhai is the father of Mr. Punit Sanjay Lalbhai and Mr. Kulin Sanjay Lalbhai, Directors of the Company.	Nil	Mr. Punit Lalbhai is son of Mr. Sanjay Lalbhai, Chairman & Director and elder brother of Mr. Kulin Sanjay Lalbhai, Director of the Company	Nil
Number of shares held in the Company	311	3450	742	Nil
The number of Meetings of the Board attended during the year	2	4	NA	2

Name of the Director	Mr. Achal Anil Bakeri	Mr. Nagesh Dinkar Pinge	Mr. Vallabh Roopchand Bhanshali	Ms. Vani Kola
Director Identification Number (DIN)	00397573	00062900	00184775	01827653
Brief Profile	**Mr. Achal Bakeri** is the Chairman and Managing Director of Symphony Limited. He leads the management of critical organizational functions such as corporate strategy, international growth opportunities and people development. He is an Architect and has studied Master of Business Administration from University of Southern California. Mr. Bakeri has 32 years of experience in varied fields, including construction, exports, manufacturing and design development. Under his guidance and leadership, Symphony has established its position as the largest manufacturer of air coolers in the world.	**Mr. Nagesh Pinge** is an Expert in Ethics, Corporate Governance, Risk Management and Internal Audit. He is a Chartered Accountant and Law Graduate from India. He has also completed Executive Education Program from The Stephen M Ross School of Business of the University of Michigan, USA. In a career spanning 35 year, he has worked with many organizations of repute like Tata Motors as "Chief-Internal Audit, Risk Management and Ethics". Prior to that he has also served Reliance Retail Ltd, JSW Steel Ltd. and ICICI Bank and its Group Companies. He is an Independent Director in many reputed Companies. He is a past President of the Institute of Internal Auditors, India	**Mr. Vallabh Bhanshali** is a well-known thought leader and investment banker. He is the Co-founder of ENAM group, a reputed home-grown investment banking and long-term investor groups of the country. He has keen interest in several subjects outside his core activity such as behavioral science, economic and national development and scientific spirituality. He is widely recognized across business, media, social and spiritual circles for his work, talks, interviews and innovative ideas. Amongst his many honors, he is a doctorate from Teerthankar Mahavir University. He is a Chartered Accountant and has a degree in law. He has recently accepted the position of President at FJEI (Federation of Jain Educational Institutes). He is a trustee and former chairman of the Global Vipassana Foundation. He was a Trustee of the Bombay Stock Exchange. He is the founder and chief mentor of Desh Apnayen Sahayog Foundation and the founder Director of FLAME University - India's innovative Liberal Arts University.	**Ms. Vani** is an idea lover and a trend spotter. After being a successful serial entrepreneur in the Silicon Valley, she moved back to India to get involved in the start-up ecosystem, when the entrepreneurial landscape was still in its infancy. Vani is also on the Board of several companies and has nurtured successful startups like Dream11, Snapdeal and Urban Ladder which are redefining the landscape of Indian business. Vani received the 2015 Economic Times Midas Touch award for her record in spotting entrepreneurs and disruptive ideas that scale to become large and successful businesses.
Age	59 Years	60 Years	68 Years	55 Years
Date of first appointment on the Board	October 10, 2018	October 10, 2018	October 10, 2018	April 02, 2019
Date of Birth	January 09, 1960	October 01, 1958	March 04, 1951	January 23, 1964
Qualifications	MBA from University of Southern California	Chartered Accountant and Law Graduate	Chartered Accountant and Law Graduate	B.Tech from Osmania University

Name of the Director	Mr. Achal Anil Bakeri	Mr. Nagesh Dinkar Pinge	Mr. Vallabh Roopchand Bhanshali	Ms. Vani Kola
Expertise in specific functional area	Industrialist, Entrepreneur, corporate strategy, and people development	Ethics, Corporate Governance, Risk Management, Internal Audit, Finance, Accounts and corporate laws.	Finance, Investment Banker, Asset Management, Capital Markets, Wealth Management	Asset Management, Capital Markets, Wealth Management overall Business management.
Directorships held in other public companies (excluding foreign companies and Section 8 companies)	1. Symphony Limited	1. Inventia Healthcare Limited 2. Multi Commodity Exchange Clearing corporation Limited 3. Arvind Lifestyle Brands Limited 4. Goa Carbon Limited	1. Arvind Limited	Nil
Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholder Relationship Committee)	Nil	Audit Committee 1. Inventia Healthcare Limited-Member 2. Multi Commodity Exchange Clearing corporation Limited-Chairman 3. Goa Carbon Limited-Member	Nil	Nil
Inter-se relationship with other Directors and Key Managerial Personnel	Nil	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil	40
The number of Meetings of the Board attended during the year	2	2	2	NA

Route Map for the venue of the meeting H.T. Parekh Auditorium, Ahmedabad Management Association (AMA), Ahmedabad



DIRECTORS' REPORT

To, the Members, Arvind Fashions Limited

Your Directors are pleased to present the Directors Report of the Company together with the audited accounts for the financial year ended March 31, 2019.

1. Financial Highlights

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

[₹in Crores]

Particulars	Standalone		Consolidated	
	2018-19	2017-18*	**2018-19**	2017-18*
Revenue from operations (Net)	**1,009.90**	1,000.94	**4,643.86**	4,218.90
Profit/(Loss) Before Interest, Depreciation, Tax & Exceptional Items	**95.51**	95.27	**292.25**	241.86
Less: Finance Cost	**17.98**	9.78	**126.21**	91.34
Profit/(Loss) Before Depreciation, Tax & Exceptional Items	**77.53**	85.49	**166.04**	150.52
Less: Depreciation/Amortization	**15.30**	11.49	**153.16**	138.95
Profit/(Loss) before exceptional items & tax	**62.23**	74.00	**12.88**	11.57
Less: Exceptional items	**-**	-	**-**	-
Profit/(Loss) before tax	**62.23**	74.00	**12.88**	11.57
Less: Current tax/Deferred tax	**0.72**	20.61	**(8.60)**	(1.35)
Profit/(Loss) after Tax	**61.51**	**53.39**	**21.48**	**12.92**
Add: Other Comprehensive Income	**(1.42)**	(0.07)	**(6.68)**	88.71
Profit/(Loss) after Tax and OCI	**60.09**	**53.32**	**14.80**	**101.63**
Profit /(Loss) after tax carried over to Balance Sheet	**60.09**	53.32	**14.80**	101.63
Proposed Dividend	**-**	-	**-**	-
Transfer to General Reserve	**-**	-	**-**	-

* W.e.f April 1, 2018, the Company has adopted Ind AS 115 – "Revenue from contracts with customers" under the full retrospective approach. Accordingly, the comparatives have been adjusted to give the effect of Ind AS 115. The effect on adoption of Ind AS 115 was insignificant on the financial results.

2. Review of Business Operations

Your Company has posted Revenue from operations (Net) for the current year Consolidated at ₹ 4,643.86 crores which was at ₹ 4218.90 crores during the previous year. The Profit before interest, depreciation, tax and exceptional items for the current year Consolidated stands at ₹ 292.25 crores which was at ₹ 241.86 crores 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. Scheme of Arrangement and Listing of Shares

The Composite Scheme of Arrangement amongst Arvind Limited ("Arvind") and Arvind Fashions Limited ("Arvind Fashions") and Anveshan Heavy Engineering Limited ("Anveshan") and The Anup Engineering Limited ("Anup") and their respective shareholders and creditors under Sections 230 - 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 has been sanctioned by the National Company Law Tribunal, Bench at Ahmedabad (NCLT) vide its order dated 26th October 2018. Branded Apparel Undertaking from Arvind Limited to Arvind Fashions was demerged with effect from November 30, 2018 (i.e Appointed Date). Subsequent to the Demerger the Company got listed its equity shares with BSE Limited and National Stock Exchange of India Limited on March 08, 2019.

4. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2019 is enclosed as an Annexure-A to this Report.

5. Board Meetings held during the year

The Company had held four Board meetings during the financial year under review, on 03/05/2018, 26/07/2018, 29/10/2018 and 12/02/2019.

6. Directors' Responsibility Statement

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

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) 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.

c) 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) They have laid down internal financial controls, which are adequate and are operating effectively.

f) 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.

7. 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 Statutory Auditors or by the Practicing Company Secretary in their respective reports.

8. 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 the Notes to the financial statements.

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

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on Related Party Transactions as approved by the Board is available on Company's website at

https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-RPT-Policy.pdf

10. Dividend

The profits for the year has been retained to invest in expanding Business of the Company, hence your directors did not declare any dividend for the year ended March 31, 2019.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Dividend Distribution Policy and the same is available on the Company's Website at

https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Dividend-Distribution-Policy.pdf

11. Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2019 and May 16, 2019 (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, 2019) and the date of the Report (May 16, 2019).

12. Information Conservation of Energy, Absorption of technology and Foreign Exchange Earnings and Outgo.

i) Conservation of Energy

Company has shifted ~80% of electricity consumption in the corporate office to solar power. Company has entered into an open access agreement with a third party to supply 14 lakh kWh of solar power per annum. This initiative will help us reduce ~1300 tons of carbon dioxide emissions per annum from our operations. Company is also exploring the potential to shift to solar energy for all its warehouses and stores.

ii) Absorption of technology

The Company has not absorbed any technology.

iii) Foreign Exchange Earnings and Outgo

Amount in ₹

Particulars	**2018-2019**	2017-2018
Earning in Foreign Currency	14,74,54,798	20,37,51,561
Expenditure in Foreign Currency	31,66,53,274	31,66,81,181

13. Nomination & Remuneration Policy of the Company

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is explained in the Corporate Governance Report forming part of this Report and is also available on the Company's website at

https://www.arvindfashions.com/wp-content/uploads/2019/05/Nomination-and-Remuneration-Policy.pdf

14. Statement concerning development and implementation of Risk Management policy of the company

The Board has, framed a policy 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. The Risk Management Policy is available on the Company's website at

https://www.arvindfashions.com/wp-content/uploads/2019/03/Risk-Management-Policy.pdf

15. Corporate Social Responsibility (CSR)

The Annual Report on CSR Activities in prescribed format including details of Corporate Social Responsibility Initiatives is enclosed as an Annexure-B.

16. 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 manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

17. Change In the nature of the Business

There was no change in the nature of the business during the year under review

18. Directors & Key Managerial Personnel

As per the provisions of Section 152 (6) of the Companies Act, 2013, Mr. Sanjaybhai Shrenikbhai Lalbhai (DIN 00008329), will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as the Director of the Company.

During the year under review, Mr. Nagesh Dinkar Pinge (DIN: 00062900), Mr. Vallabh Roopchand Bhanshali (DIN: 00184775), Mr. Achal Anil Bakeri (DIN: 00397573) and Ms. Abanti Sankaranarayanan (DIN: 01788443) were appointed as an Independent Director of the Company w.e.f. from October 10, 2018 for a term of five years, subject to the approval of shareholders in the ensuing annual general meeting.

During the year under review, Ms. Nithya Easwaran (DIN: 03605392), was appointed as an Additional Director of the Company w.e.f. October 10, 2018, and she holds office until the ensuing Annual General Meeting of the Company.

During the year under review, Ms. Renuka Ramanath (DIN: 00147182) and Ms. Nithya Easwaran (DIN: 03605392) have resigned as the Nominee Director of the Company w.e.f. October 10, 2019 and Mr. Kamal Shamlal Singal has resigned as an Independent Director of the Company w.e.f. October 10, 2019.

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 Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

As per the provisions of Section 203 of the Companies Act, 2013, Mr. Suresh Jayaraman- Managing Director & CEO, Mr. Pramod Kumar Gupta, Chief Financial Officer and Mr. Vijay Kumar B S, Company Secretary are the key managerial personnel of the Company.

19. Statutory Auditors

At the Annual General Meeting ("AGM") held on August 04, 2017, M/s. Sorab S. Engineer & Co, Chartered Accountants (ICAI Firm Registration No. 110417W) 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.

20. 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, 2019. The Secretarial Audit Report (in Form MR-3) of the Company and its material Subsidiary Company is enclosed as an Annexure-C to this Report.

21. Subsidiaries /Joint Ventures / Associates

As on March 31, 2019, 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. The separate audited financial statements in respect of each of the subsidiary are also available on the website of the Company at www.arvindfashions.com

The Company has framed a policy for determining material subsidiaries, which has been uploaded on company's website at

https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Policy-on-Material-Subsidiaries.pdf

22. Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and form part of this Annual Report.

23. 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.

24. 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

25. Internal financial Controls

The 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 the Company, its compliance with operating systems, accounting procedures and policies of the 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 the 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.

26. Disclosure of composition of Audit Committee

The Board has re-constituted the Audit Committee during the year under review and consists of the following Members

i) Mr. Nilesh Shah –Independent Director

ii) Mr. Nagesh Pinge –Independent Director

iii) Ms. Abanti Sankaranarayanan –Independent Director

iv) Mr. Jayesh Shah –Non-Executive Director

v) Ms. Nithya Easwaran –Non-Executive Director

27. 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 since incorporation of the Company.

28. Share Capital

During the year under review, Pursuant to composite scheme of arrangement amongst Arvind Limited and Arvind Fashions Limited and Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and Creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, Arvind Fashions Limited had consolidated Face Value of 2 Equity Shares of ₹ 2 each to 1 Equity Shares of ₹ 4 each, increased Authorised Capital of the Company from ₹ 25 Crores issued to ₹ 75 Crores and allotted 5,17,23,414 shares on 04.12.2018, to the shareholders of Arvind Limited, after extinguishing Arvind Limited shareholding in the Company [i.e 1 (One) fully paid up equity share of ₹ 4/- (four) each of the Company for every 5 (Five) equity shares of ₹ 10/- (Rupees Ten) each held by such shareholder in the Arvind Limited on Record Date]. At the end of the year the paid up Equity Share Capital of the Company stood at ₹ 23,19,78,692/- consisting of 5,79,94,673 equity shares of ₹ 4/- each

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

29. Employee Stock Option Schemes (ESOS)

The Company has instituted the Employees Stock Option Scheme (ESOS) 2016 and 2018, to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary and holding companies. During the year under review, the Company has granted stock options to eligible employees. Disclosures in compliance with Section 62 of the Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 are set out in Annexure -D to this report.

30. Vigil Mechanism

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company at

https://www.arvindfashions.com/wp-content/uploads/2019/04/Whistleblower-Policy.pdf

31. Familiarization programme for the independent directors

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report are also available on the Company's website at

https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Familiarisation-Programs-of-Independent-Directors.pdf

32. Corporate Governance Report and Management Discussion & Analysis

The Corporate Governance Report and Management Discussion & Analysis, which form part of this Report, together with the Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

33. Business Responsibility Report

The Business Responsibility Report for the year ended March 31, 2019 as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed which forms part of this Annual Report.

34. 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 is 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.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-E to this report.

35. 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 2018-19, the Company has not received any complaints on sexual harassment.

36. 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/-	Sd/-
Mr. Sanjay S. Lalbhai	**Mr. Suresh Jayaraman**
(DIN :00008329)	(DIN :03033110)
Chairman & Director	Managing Director & CEO

Place: Ahmedabad

Date: 16/05/2019

Annexure – A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2019

(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	L52399GJ2016PLC085595
ii	Registration Date	5th January, 2016
iii	Name of the Company	Arvind Fashions 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. investor.relations@arvindbrands.co.in, Phone: 079-30138000 Fax: 079-30138668
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited 506 – 508, Fifth Floor, Opp. Municipal Market, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Near St. Xaviers College Corner, Off. C. G. Road, Navrangpura, Ahmedabad -380009. Phone & Fax No : 079-26465179 Email :ahmedabad@linkintime.co.in

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 Lifestyle Brands Limited Arvind Mills Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U64201GJ1995PLC024598	Subsidiary Company	100%	Section 2(87)
2	Arvind Beauty Brands Retail Private Limited Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U52100GJ2015PTC082996	Subsidiary Company	100%	Section 2(87)
3	Calvin Klein Arvind Fashion Private Limited Arvind Limited Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U52190GJ2011PTC084513	Associate (Joint Venture)	50%	Section 2(6)
4	Tommy Hilfiger Arvind Fashion Private Limited Arvind Mills Premises, Naroda Road, Ahmedabad - 380025, Gujarat.	U18101GJ2003PTC046421	Associate (Joint Venture)	50%	Section 2(6)

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

A. Category-wise Shareholding

Sr. No.	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	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	Indian									
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	15312	0	15312	0.03	0.03
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	103906459	0	103906459	89.69	20863426	0	20863426	35.97	-53.72
	Nominees of Body corporate	0	300	300	0.00	0	0	0	0.00	0.00
	Sub Total (A)(1)	**103906459**	**300**	**103906759**	**89.69**	**20878738**	**0**	**20878738**	**36.00**	**-53.69**
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**103906459**	**300**	**103906759**	**89.69**	**20878738**	**0**	**20878738**	**36.00**	**-53.69**
(B)	**Public Shareholding**									
[1]	Institutions									
(a)	Mutual Funds/UTI	0	0	0	0.00	6128196	2300	6130496	10.57	10.57
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	570531	0	570531	0.98	0.98
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	0	0	0	0.00	10437716	4390	10442106	18.01	18.01
(f)	Financial Institutions/Banks	0	0	0	0.00	888858	1329	890187	1.54	1.54
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Private Equity Fund	11944695	0	11944695	10.31	0	0	0	0.00	-10.31
	Foreign Bank	0	0	0	0.00	172	0	172	0.00	0.00
	Sub Total (B)(1)	**11944695**	**0**	**11944695**	**10.31**	**18025473**	**8019**	**18033492**	**31.10**	**-20.79**
[2]	Central Government/State Government(s)/President of India									
	Central Government/State Government(s)	0	0	0	0.00	40	0	40	0.00	0.00
	Sub Total (B)(2)	**0**	**0**	**0**	**0.00**	**40**	**0**	**40**	**0.00**	**0.00**
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	0	0	0	0.00	6621356	530254	7151610	12.33	12.33
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0.00	1229419	47391	1276810	2.20	2.20
(b)	NBFCs registered with RBI	0	0	0	0.00	2867	0	2867	0.01	0.01
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Trusts	0	0	0	0.00	331621	0	331621	0.57	0.57
	Hindu Undivided Family	0	0	0	0.00	387515	0	387515	0.67	0.67
	Foreign Companies	0	0	0	0.00	5554424	0	5554424	9.58	9.58
	Non Resident Indians (Non Repat)	0	0	0	0.00	169568	511	170079	0.29	0.29
	Non Resident Indians (Repat)	0	0	0	0.00	133964	31837	165801	0.29	0.29
	Overseas Bodies Corporates	0	0	0	0.00	580	0	580	0.00	0.00
	Clearing Member	0	0	0	0.00	280419	0	280419	0.48	0.48
	Bodies Corporate	0	0	0	0.00	3760677	0	3760677	6.48	6.48
	Sub Total (B)(3)	**0**	**0**	**0**	**0.00**	**18472410**	**609993**	**19082403**	**32.90**	**32.90**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**11944695**	**0**	**11944695**	**10.31**	**36497923**	**618012**	**37115935**	**64.00**	**53.69**
	Total (A)+(B)	**115851154**	**300**	**115851454**	**100.00**	**57376661**	**618012**	**57994673**	**100.00**	
(C)	**Non Promoter - Non Public**									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	**115851154**	**300**	**115851454**	**100.00**	**57376661**	**618012**	**57994673**	**100.00**	

B. Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares held	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares held	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Arvind Limited (Along with 6 Nominees)	101570634	89.69	0	0	0	0	-89.69
2	Aura Securities Private Limited	0		0.00	19112362	32.96	1.47	32.96
3	Atul Limited	0	0.00	0.00	825494	1.42	0.00	1.42
4	Aagam Holdings Private Limited	0	0.00	0.00	375251	0.65	0.00	0.65
5	Arvind Farms Pvt Ltd	0	0.00	0.00	298023	0.51	0.00	0.51
6	Aura Business Ventures Llp	0	0.00	0.00	162000	0.28	0.00	0.28
7	Adore Investments Private Limited	0	0.00	0.00	26459	0.05	0.00	0.05
8	Anusandhan Investments Limited	0	0.00	0.00	23000	0.04	0.00	0.04
9	Amardeep Holdings Private Limited	0	0.00	0.00	18850	0.03	0.00	0.03
10	Aayojan Resources Private Ltd	0	0.00	0.00	18200	0.03	0.00	0.03
11	Saumya Samvegbhai Lalbhai	0	0.00	0.00	5331	0.01	0.00	0.01
12	Adhinami Investments Private Limited	0	0.00	0.00	3700	0.01	0.00	0.01
13	Hansa Niranjanbhai	0	0.00	0.00	2279	0.00	0.00	0.00
14	Swati S Lalbhai	0	0.00	0.00	1942	0.00	0.00	0.00
15	Badlani Manini Rajiv	0	0.00	0.00	1430	0.00	0.00	0.00
16	Sunil Siddharth Lalbhai	0	0.00	0.00	1087	0.00	0.00	0.00
17	Vimla S Lalbhai	0	0.00	0.00	918	0.00	0.00	0.00
18	Taral S Lalbhai	0	0.00	0.00	814	0.00	0.00	0.00
19	Punit Sanjaybhai	0	0.00	0.00	742	0.00	0.00	0.00
20	Astha Lalbhai	0	0.00	0.00	385	0.00	0.00	0.00
21	Sanjaybhai Shrenikbhai Lalbhai	0	0.00	0.00	311	0.00	0.00	0.00
22	Jayshreeben Sanjaybhai Lalbhai	0	0.00	0.00	68	0.00	0.00	0.00
23	Akshita Holdings Private Limited	0	0.00	0.00	27	0.00	0.00	0.00
24	Aura Business Enterprise Pvt Ltd	0	0.00	0.00	20	0.00	0.00	0.00
25	Aura Merchandise Pvt. Ltd.	0	0.00	0.00	20	0.00	0.00	0.00
26	Aura Securities Pvt Ltd	0	0.00	0.00	20	0.00	0.00	0.00
27	Sunil Siddharth	0	0.00	0.00	3	0.00	0.00	0.00
28	Kalpana Shripal Morakhia	0	0.00	0.00	2	0.00	0.00	0.00
	Total	**101570634**	**89.69**	**0.00**	**20878738**	**36.00**	**1.47**	**-53.69**

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholders Name	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	Arvind Limited (Along with 6 Nominees)	103906759	89.69	-	-
	Cancellation of cross holdings Pursuant to Scheme of Arrangement*	51953379	89.69	0	0.00
	At the end of the year	-	-	0	0.00

Sr. No.	Shareholders Name	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
2	Aura Securities Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	19112362	32.96	19112362	32.96
	At the end of the year	-	-	19112362	32.96
3	Atul Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	825494	1.42	825494	1.42
	At the end of the year	-	-	825494	1.42
4	Aagam Holdings Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	375251	0.65	375251	0.65
	At the end of the year	-	-	375251	0.65
5	Arvind Farms Pvt Ltd	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	298023	0.51	298023	0.51
	At the end of the year	-	-	298023	0.51
6	Aura Business Ventures LLP	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	162000	0.28	162000	0.28
	At the end of the year	-	-	162000	0.28
7	Adore Investments Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	26459	0.05	26459	0.05
	At the end of the year	-	-	26459	0.05
8	Anusandhan Investments Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	23000	0.04	23000	0.04
	At the end of the year	-	-	23000	0.04
9	Amardeep Holdings Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	18850	0.03	18850	0.03
	At the end of the year	-	-	18850	0.03
10	Aayojan Resources Private Ltd	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	18200	0.03	18200	0.03
	At the end of the year	-	-	18200	0.03
11	Saumya Samvegbhai Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	5331	0.01	5331	0.01
	At the end of the year	-	-	5331	0.01
12	Adhinami Investments Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	3700	0.01	3700	0.01
	At the end of the year	-	-	3700	0.01
13	Hansa Niranjanbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	2279	0.00	2279	0.00
	At the end of the year	-	-	2279	0.00
14	Swati S Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1942	0.00	1942	0.00
	At the end of the year	-	-	1942	0.00

Sr. No.	Shareholders Name	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
15	Sanjaybhai Shrenikbhai Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1764	0.00	1764	0.00
	At the end of the year	-	-	1764	0.00
16	Badlani Manini Rajiv	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1430	0.00	1430	0.00
	At the end of the year	-	-	1430	0.00
17	Sunil Siddharth Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1087	0.00	1087	0.00
	At the end of the year	-	-	1087	0.00
18	Vimla S Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	918	0.00	918	0.00
	At the end of the year	-	-	918	0.00
19	Taral S Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	814	0.00	814	0.00
	At the end of the year	-	-	814	0.00
20	Punit Sanjaybhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	742	0.00	742	0.00
	At the end of the year	-	-	742	0.00
21	Astha Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	385	0.00	385	0.00
	At the end of the year	-	-	385	0.00
22	Jayshreeben Sanjaybhai Lalbhai	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	68	0.00	68	0.00
	At the end of the year	-	-	68	0.00
23	Akshita Holdings Private Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	27	0.00	27	0.00
	At the end of the year	-	-	27	0.00
24	Aura Business Enterprise Pvt Ltd	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	20	0.00	20	0.00
	At the end of the year	-	-	20	0.00
25	Aura Securities Pvt Ltd	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	20	0.00	20	0.00
	At the end of the year	-	-	20	0.00
26	Aura Merchandise Pvt. Ltd.	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	20	0.00	20	0.00
	At the end of the year	-	-	20	0.00
27	Sunil Siddharth	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	3	0.00	3	0.00
	At the end of the year	-	-	3	0.00
28	Kalpana Shripal Morakhia	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	2	0.00	2	0.00
	At the end of the year	-	-	2	0.00

Notes:

* Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, 2 equity shares of ₹ 2/- each was Consolidated into 1 equity share of ₹ 4/- each and cross holdings of Arvind Limited in the Company was cancelled and 1 fully paid up equity share of ₹ 4/- each of the Company was issued for every 5 equity shares of Rs. 10/- each held by the shareholders in Arvind Limited as on record date.

** Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, 1 fully paid up equity share of ₹ 4/- each of the Company was issued for every 5 equity shares of ₹ 10/- each held by the shareholders in Arvind Limited as on record date.

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares Held	% of total shares of the company	No. of Shares Held	% of total shares of the company
1	Plenty Private Equity Fund I Limited	3935458*	6.79	-	-
	Date wise Increase / Decrease in Shareholding during the year	-	-	3935458	6.79
	At the end of the year	-	-	3935458	6.79
2	Hdfc Trustee Company Ltd - A/C Hdfc Mid - Capopportunities Fund	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	2409075	4.15	2409075	4.15
	At the end of the year	-	-	2409075	4.15
3	Plenty CI Fund I Limited	1618966*	2.79	-	-
	Date wise Increase / Decrease in Shareholding during the year	-	-	1618966	2.79
	At the end of the year	-	-	1618966	2.79
4	Franklin Templeton Mutual Fund A/C Franklin India Equity Fund	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1467354	2.53	1467354	2.53
	At the end of the year	-	-	1467354	2.53
5	AML Employee Welfare Trust	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1265462	2.18	1265462	2.18
	At the end of the year	-	-	1265462	2.18
6	Kotak Standard Multicap Fund	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1213727	2.09	1213727	2.09
	Sale -29.03.2019	(9994)	(0.01)	1203733	2.08
	At the end of the year	-	-	1203733	2.08
7	Kotak Funds - India Midcap Fund	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	1060000	1.83	1060000	1.83
	Sale -29.03.2019	(227)	0.00	1059773	1.83
	At the end of the year	-	-	1059773	1.83
8	Multiples Private Equity FII I	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	914133	1.58	914133	1.58
	At the end of the year	-	-	914133	1.58
9	Life Insurance Corporation Of India	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	807804	1.39	807804	1.39
	At the end of the year	-	-	807804	1.39
10	India Capital Fund Limited	0	0.00	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	600105	1.03	600105	1.03
	At the end of the year	-	-	600105	1.03

Notes:

*Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, 2 equity shares of ₹. 2/- each was Consolidated into 1 equity share of ₹. 4/- each.

**Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, 1 fully paid up equity share of ₹ 4/- each of the Company was issued for every 5 equity shares of ₹ 10/- each held by the shareholders in Arvind Limited as on record date.

E. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Particulars For Each of the Directors & KMP	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	Mr. Suresh Jayaraman – Managing Director & CEO				
	At the beginning of the year	-	-	-	-
	Purchase 28.11.2018	145000*	0.25	145000*	0.25
	At the end of the Year	-	-	145000*	0.25
2	Mr. Sanjaybhai Shrenikbhai Lalbhai – Chairman & Non-Executive Director				
	At the beginning of the year	-	-	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	311	0.00	311	0.00
	At the end of the Year	-	-	311	0.00
3	Ms. Nithya Easwaran - Non-Executive Director				
	At the beginning of the year	-	-	-	-
	Allotment Pursuant to Scheme of				
	Arrangement on 04.12.2018**	3450	0.00	3450	0.00
	At the end of the Year	-	-	3450	0.00
4	Mr. Nilesh Dhirajlal Shah - Non-Executive Independent Director				
	At the beginning of the year	-	-	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	42	0.00	42	0.00
	At the end of the Year	-	-	42	0.00
5	Mr. Kannan S - CFO				
	At the beginning of the year	-	-	-	-
	Purchase 28.11.2018	19175*	0.03	19175*	0.03
	At the end of the Year	-	-	19175*	0.03
6	Mr. Vijay Kumar B S – Company Secretary				
	At the beginning of the year	-	-	-	-
	Allotment Pursuant to Scheme of Arrangement on 04.12.2018**	47391***	0.08	47391***	0.08
	At the end of the Year	-	-	47391***	0.08

The following Directors did not hold any shares of the Company during the year

- Mr. Jayesh Kantilal Shah - Non-Executive Director
- Mr. Kulin Sanjay Lalbhai - Non-Executive Director
- Ms. Abanti Sankaranarayanan - Non-Executive Independent Director
- Mr. Nagesh Dinkar Pinge - Non-Executive Independent Director
- Mr. Achal Anil Bakeri - Non-Executive Independent Director
- Mr. Vallabh Roopchand Bhanshali - Non-Executive Independent Director

Notes:

*Shares allotted pursuant to exercise of ESOP's

**Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, 1 fully paid up equity share of ₹ 4/- each of the Company was issued for every 5 equity shares of ₹ 10/- each held by the shareholders in Arvind Limited as on record date.

**** Pursuant to the Composite Scheme of Arrangement involving demerger, amalgamation and restructure of capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by the

Hon'ble National Company Law Tribunal ("NCLT"), Bench at Ahmedabad on October 26, 2018, fractional shares arised on allotment of 1 fully paid up equity share of ₹ 4/- each of the Company for every 5 equity shares of ₹ 10/- each of Arvind Limited, was consolidated into whole shares and the said shares was allotted to Mr. Vijay Kumar B S, Company Secretary as a trustee acting on behalf of the Board, who shall sell such shares in the market at such price or prices and on such time or times as he may in his sole discretion decide and on such sale, shall pay to the Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of in proportion to their respective fractional entitlements so sold by the trustee.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,30,81,278	21,08,97,992	-	46,39,79,270
ii) Interest due but not paid	-	76,77,223	-	76,77,223
iii) Interest accrued but not due	-	1,57,32,696	-	1,57,32,696
Total (i+ii+iii)	**25,30,81,278**	**23,43,07,911**	-	**48,73,89,189**
Change in Indebtedness during the financial year				
Additions	78,66,54,57,074	55,79,26,100	-	79,22,33,83,174
Reduction	78,46,22,51,402	49,80,53,570	-	78,96,03,04,972
Net Change	20,32,05,672	5,98,72,530	-	26,30,78,201
Indebtedness at the end of the financial year				
i) Principal Amount	45,62,86,950	27,07,70,522	-	72,70,57,472
ii) Interest due but not paid	-	3,29,66,050	-	3,29,66,050
iii) Interest accrued but not due	-	2,22,77,677	-	2,22,77,677
Total (i+ii+iii)	**45,62,86,950**	**32,60,14,250**	-	**78,23,01,199**

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 Mr. Suresh Jayaraman, MD & CEO*	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,34,12,624	2,34,12,624
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800	28,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission		
	- as % of profit	NIL	NIL
	- others, specify	NIL	NIL
5.	Others Please Specify		
	Company's Contribution to Provident Fund	9,31,200	9,31,200
	Company's Contribution to Gratuity	3,73,256	3,73,256
	Professional development	40,000	40,000
	Attire	40,000	40,000
	Leave Travel Allowance	1,00,000	1,00,000
	Sodexo	20,000	20,000
6.	Total (A)	2,49,45,880	2,49,45,880
7.	Ceiling as per Act	10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013	10% of Net Profits of the Company calculated as per Section 198 of the Companies Act,

* Mr. Suresh Jayaraman, was appointed as Managing Director & CEO, with effect from August 01, 2018.

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1	**Independent Directors**	**Mr. Nilesh Dhirajlal Shah**	**Mr. Kamal Singal**	**Ms. Abanti Sankara-narayanan**	**Mr. Vallabh Roopchand Bhanshali**	**Mr. Nagesh Dinkar Pinge**	**Mr. Achal Anil Bakeri**	
	(a) Fee for attending board/ committee meetings	70,000	10,000	50,000	30,000	50,000	30,000	2,40,000
	(b) Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(c) Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	**70,000**	**10,000**	**50,000**	**30,000**	**50,000**	**30,000**	**2,40,000**
2	**Non-Executive Directors**	**Mr.Jayesh Kantilal Shah**	**Mr.Sanjaybhai Shrenikbhai Lalbhai**	**Ms.Renuka Ramnath**	**Ms.Nithya Easwaran**		**Mr. Kulin Sanjay Lalbhai**	
	(a) Fee for attending board/ committee meetings	1,10,000	30,000	20,000	80,000		40,000	2,80,000
	(b) Commission	NIL	NIL	NIL	NIL		NIL	NIL
	(c) Others, please specify	NIL	NIL	NIL	NIL		NIL	NIL
	Total (2)	**1,10,000**	**30,000**	**20,000**	**80,000**		**40,000**	**2,80,000**
	Total (B) = (1 + 2)							**5,20,000**
	Ceiling as per the Act	1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013. During the year under review the Non-Executive Directors of the Company are paid only Sitting Fees.						
	Total Managerial remuneration							**2,54,65,880**
	Overall ceiling as per the Act	11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013						

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	7,70,949	1,49,20,834	1,56,91,783
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NIL	5,89,363	5,89,363
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NIL	NIL	NIL
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
5	Others, please specify			
	Company's Contribution to Provident Fund	35,268	5,35,500	5,70,768
	Company's Contribution to Gratuity	14,136	2,14,644	2,28,780
	Professional development	NIL	3,540	3,540
	Attire	30,000	31,438	61,438
	Sodexo	30,000	30,000	60,000
	NPS	-	1,78,500	1,78,500
	Car Fuel & Maintanence	-	21,600	21,600
6	**Total**	**8,80,353**	**1,65,25,419**	**1,74,05,772**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year ended on March 31, 2019

Annexure – B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

SECTION 1

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Brief outline of the Company's CSR policy

The Arvind Fashions Limited Policy on Corporate Social Responsibility **(AFLPCSR)** is an attempt to provide a structured guideline for the Company and all its Subsidiaries and Joint Ventures to undertake CSR initiatives. This policy envisages to guide CSR initiatives for all its Subsidiaries and Joint Ventures and help them maintain a common CSR thought thread. For doing so, the top Management of the Arvind Fashions Limited and its Subsidiaries and Joint Ventures would define an annual budget, select CSR focus areas, select geography, work with either the Arvind Fashions CSR team to undertake CSR initiatives or will partner with like-minded individuals and organisations and last but not the least, utilise the skills of vast majority of Employee Talents that the company has in accomplishment of its CSR vision.

The key points of the policy are presented below and the policy can be reached at our website through the given link: https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-CSR-Policy.pdf

Overview of projects or programs undertaken

At Arvind Fashions Limited, the initiatives for social advancement would be undertaken through Strategic Help Alliance to Relief to Distressed Areas (SHARDA) Trust. In addition, like-minded individuals and organisations and the skills of vast majority of Employee Talents that the company has will be utilised in accomplishment of its CSR vision.

For the year 2018-19, we have identified the following development initiatives. These initiatives will be undertaken in next 3-5 years:

1. **Employment enhancing vocational skills for employability:** AFL has plans to undertake studies to identify potential skill initiatives suitable for the neighboring geography and industries in the region. We are undertaking skill enhancement programs through education, skill training and upgrade potential for wage and self-employment. We are also planning to make the target audience proficient in English language while simultaneously facilitating employment linkages for them. The skill enhancement program is being undertaken for youth.

2. **Projects and programmes for impacting positively the quality of lives of people where Arvind Fashions Limited operates.** All our development initiatives in the neighborhood are need based and sustainable. For this we are undertaking a systematic need identification and baseline study in villages and towns near Arvind Fashions Limited's operations. We are also supporting and/or undertaking rural development projects and programmes in villages near Arvind Fashions Limited's operations with focus on health and education. We would also explore possibility of undertaking similar initiatives in other places where Arvind Fashions Limited operates.

Section 2

Composition of the CSR Committee

The Arvind Fashions Limited has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act. The members of the CSR Committee are:

(i) Mr. Kulin Lalbhai (Director)

(ii) Mr. Jayesh Shah (Director)

(iii) Mr. Nilesh Shah (Independent Director)

Section 3

Average net profit of the Company for last three financial years

The average net profit of the Company is ₹ **22.81 Crores.**

Section 4

Prescribed CSR Expenditure (two per cent. of the amount as in Section 3 above)

The prescribed CSR Spend for Arvind Fashions Limited for the year 2018-19 is ₹ 45.62 Lacs.

Section 5

Details of CSR Spend during the financial year

(a) Total amount to be spent for the financial year: ₹ 45.62 Lacs

(b) Amount Unspent, if any: None

(c) Manner in which the amount was spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programmes**	**Amount outlay (budget) project or Programmes wise**	**Amount spent on the projects or programmes**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
	From 2% CSR Fund			**₹ Lacs**			
1	Employment enhancing vocational skills	Promoting Skills	Project of setting up Skill Upgrading Initiatives around Bangalore.	20.00	20.00		Through SHARDA Trust - Towards Project Expenses
2	Project Around Arvind Fashions Limited operations	Rural Development	Rural Development Projects around Bangalore.	25.62	25.62	45.62	Through SHARDA Trust - Towards Project Expenses
	Total					**45.62**	

Details of the Implementation Agencies:

Projects and Programmes	Theme	Implementing Agency	Registration No.
Project of setting up Skill Upgrading Initiatives in Karnataka	Promoting Skills	Strategic Help Alliance for Relief to Distressed Area (SHARDA) Trust	Registration No. E / 10699 / Ahmedabad Dated 13th December 1995 under Bombay Public Trust Act 1950.
Rural Development Projects in Karnataka	Rural Development	Strategic Help Alliance for Relief to Distressed Area (SHARDA) Trust	Registration No. E / 10699 / Ahmedabad Dated 13th December 1995 under Bombay Public Trust Act 1950.

Section 6

In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not applicable. The Company has spent the required amount.

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

Date : May 16, 2019
Place : Ahmedabad

Sd/-
Mr. Jayesh Shah
Director

Sd/-
Mr. Nilesh Shah
Director

Annexure – C

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[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 "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, 2019 (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, 2019 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, 2018;
   (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; **(Not Applicable as the Company has not issue any such securities during the financial year)**
   (vii) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable as the Company is not registered as Registrar and Transfer Agents with SEBI)**
   (viii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable as the Company has not delisted any of its equity shares during the financial year);**
   (ix) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable as the Company has not bought back any of the securities during the financial year)..**
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 and The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

   During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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.

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 except the following:

1. The company has initiated process of demerger of Business Division of Arvind Limited, regarding the same the Company has received order from The National Company Law Tribunal on 26.10.2018. The order has been filed with Registrar of Companies, Gujarat.
2. The Company has allotted 2,98,911 equity shares on 28.11.2018, pursuant exercise of stock options to eligible applicants/Grantee under Employee Stock Option scheme 2016 (ESOS 2016) of the Company.
3. Pursuant to Scheme of Arrangement & Order of The National Company Law Tribunal, Nominal Value of Equity Share of the Company was consolidated to Rs. 4 from Rs. 2 and Number of Share has been decreased proportionately to the Consolidation of Face Value of Shares.
4. Pursuant to Scheme of Arrangement & Order of The National Company Law Tribunal, the Authorised share capital of the Company was increased from Rs. 25 Crores to Rs. 75 Crores and accordingly the capital Clause of Memorandum of Associates was altered.
5. Pursuant to composite scheme of arrangement amongst Arvind Limited and Arvind Fashions Limited and Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and Creditors, Arvind Fashions Limited issued and allotted 5,17,23,414 shares on 04.12.2018, to the shareholders of Arvind Limited, after extinguishing Arvind Limited shareholding in the Company. [i.e 1 (One) fully paid up equity share of Rs. 4/- (four) each of the Company for every 5 (Five) equity shares of Rs. 10/- (Rupees Ten) each held by such shareholder in the Arvind Limited.
6. The Company, during the financial year has applied for listing of its equity shares with NSE and BSE and subsequently got listed w.e.f. 08.03.19.

For N. V. Kathiria & Associates

Sd/-

N. V. Kathiria

Proprietor

FCS 4573 COP 3278

Date: 14/05/2019

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: 14/05/2019

Place: Ahmedabad

Secretarial Audit Report of the Material Subsidary

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[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 LIFESTYLE BRANDS LIMITED

Arvind Mills Premises,

Naroda Road, Ahmedabad – 380025.

Ihave conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARVIND LIFESTYLE BRANDS LIMITED** (CIN: U64201GJ1995PLC024598)(hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the **Financial Year ended on 31st March, 2019**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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the **Financial Year ended on 31stMarch, 2019** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made 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;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other sector specific laws as applicable specifically to the company broadly covering Labour Laws, Product Laws, Pollution Laws and Manufacturing Laws.

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at para (iii)& (v)mentioned hereinabove during the period under review.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

However, it was noted that the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were not applicable to the Company as securities of the Company are not listed on any recognized stock exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other sector specific laws applicable to the Company. I have relied on the representations made by the Company and its representatives for systems and mechanisms formed by the Company for compliances under sector specific laws and regulations applicable to the Company.

I 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. 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 at least seven days in advance in all cases except cases were Shorter Notice is given, 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.

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

I 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 sector specific laws, rules, regulations and guidelines.

I further report that during the audit period of the Company 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:

During the period under review,

1. The Company has increased Authorised Share Capital from ₹ 85,00,00,000 to ₹ 1,00,00,00,000 on 01.03.2019
2. The company has allotted 1,00,00,000 (One Crore) equity shares of ₹ 10/- (Rupees Ten)each by Right Issue to Arvind Fashions Limited on30.03.2019.

Place: Ahmedabad		Signature	: Sd/-
Date: 16.05.2019		Name of practicing CS	: **Ankita Patel**
		ACS/FCS No	: F8536
		C P No	: 16497

Note :This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure - A

To,

The Members

ARVIND LIFESTYLE BRANDS LIMITED

Regd. Off: Arvind Mills Premises,

Naroda Road, Ahmedabad - 380025

Dear Sir,

Sub: Secretarial Audit Report for the Financial Year ended on 31st March, 2019

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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 test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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, 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.

Place: Ahmedabad		Signature	: Sd/-
Date: 16.05.2019		Name of practicing CS	: **Ankita Patel**
		ACS/FCS No	: F8536
		C P No	: 16497

Annexure – D

Disclosures required pursuant to Regulation 14 of the SEBI (Share based Employee Benefit) Regulations, 2014.

1	Description of ESOP Scheme:	ESOP 2016	ESOP 2018
(a)	Date of shareholder approval Date of shareholder's approval on amendment	15-Oct-2016 16-Jul-2018	12-May-2018 Date of approval to the Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and creditors (“**the Scheme**”)
(b)	Total number of shares approved	75,00,000	19,09,800
(c)	Vesting requirements	Options vest over a period of 1 to 5 years based on continued service and certain performance parameters.	
(d)	Exercise price or pricing formula	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.	Market price of the equity shares being latest available closing price on the Stock Exchange.
(e)	Maximum term of options granted	5 years from the date of grant	
(f)	Source of shares	Primary	
(g)	Variation of terms of options	None	
2	Method used to account for ESOS	Fair Value Method	

3	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on the profits and EPS of the Company shall also be disclosed.	Not applicable	
	(i) Difference between Intrinsic value and Fair value compensation cost		
	(ii) Impact on the Profits of the Company (₹)		
	(iii) Impact on Basic Earnings Per Share of the Company (₹)		
	(vi) Impact on Diluted Earnings Per Share of the Company (₹)		
4	Option movement during the year:		
(a)	Options Outstanding at the beginning of the year	34,72,179	0
(b)	Options issued during the year	5,83,886	3,15,200
(c)	Options forfeited/lapsed during the year	83,886	0
(d)	Options vested during the year	3,43,884	1,80,000
(e)	Options exercised during the year	5,97,822	0
(f)	Number of shares arising as a result of exercise of option	5,97,822	0
(g)	Money realised by exercise of options (₹)	3,40,35,180	0
(h)	Loan repaid by the Trust during the year from exercise price received	NA	NA
(i)	Reduction in options due to consolidation of 2 shares of face value ₹ 2/- each into 1 share of face value ₹ 4/- each pursuant to the Scheme	16,87,164	0
(j)	Options Outstanding at the end of the year	16,87,193	3,15,200
(k)	Options Outstanding at the end of the year	6,85,396	1,80,000
5A	Weighted average exercise prices of options whose		
	Exercise price equals market price of stock	0	₹890.86
	Exercise price exceeds market price of stock	₹1,381.08	0
	Exercise price is less than market price of stock	₹ 162.91	0
5B	Weighted average fair value of options whose		
	Exercise price equals market price of stock	0	₹220.73
	Exercise price exceeds market price of stock	₹49.05	0
	Exercise price is less than market price of stock	₹ 26.24	0
6	Grantee wise details of options granted to:		
	(i) Key managerial personnel	None	None
	(ii) any other grantee who receives a grant in any one year of options amounting to five per cent or more of options granted during that year;	Mr. Nitin Agarwal – 46,035 options Mr. Alok Dubey – 1,00,000 options Mr. Sumit Dhingra – 50,000 options Mr. Anindya Ray – 50,000 options Mr. Shailesh Chaturvedi – 3,00,000 options	Mr. Aamir Akhtar – 47,200 options Mr. Ashish Kumar – 58,000 options Mr. Jayesh K Shah – 1,80,000 options
	(iii) identified employees who were granted options, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the issuer at the time of grant.	None	None

7	A description of the method and significant assumptions used during the year to estimate the fair values of options, including following weighted average information:		
	(i) Share price (₹)	431.41	1017.40
	(ii) Exercise price (₹)	606.56	890.86
	(iii) Expected volatility	18.47%	18.77%
	(iv) Expected dividends	0.00%	0.00%
	(v) Risk-free interest rate	7.58%	6.93%
	(vi) Any other inputs to the model	None	None
	(vii) Method used and the assumptions made to incorporate effects of expected early exercise	Binomial Option Pricing Model	
	(viii) How expected volatility was determined, including an explanation of the extent of to which expected volatility was based on historical volatility	The daily volatility of the Company's stock price and comparable companies' stock prices on NSE over the expected life of the options has been considered.	
	(ix) Whether any or how any other features of option grant were incorporated into the measurement of fair value, such as market condition.	None	

Annexure – E

Information pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2018-19, the percentage of increase in the remuneration of each Directors, Chief Financial officer, Chief Executive officer, Company Secretary or manager if any in the financial year 2018-19:

Name	Designation	Annual Remuneration for FY 2018-19 (in lacs)	% increase in remuneration in FY 2018-19	Ratio of Remuneration to Median remuneration of employees
Mr. Suresh Jayaraman*	Managing Director & CEO	591.26**	-	-
Mr. Kannan S	Chief Financial Officer	170.00	11.1	60.45
Mr. Vijay Kumar B S	Company Secretary	9.33	15.0	3.32

*Mr. Suresh Jayaraman, was appointed as Managing Director & CEO of the Company w.e.f. August 01, 2018, and the remuneration paid to him was only for part of the year, hence increase in remuneration is not stated and the ratio of his remuneration to median remuneration is not comparable.

**The remuneration mentioned is for the Full year, however remuneration is paid proportionate to the term of his service for the financial year 2018-19.

3. The percentage increase in median remuneration of employees for the Financial Year was 13.3%.

4. The Company has 807 permanent Employees on the rolls of Company as on March 31, 2019.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   The average annual increase in remuneration for all employees was 11.2%. However, during the year the total increase is approximately 13.3%, after accounting for new hires, promotion and other event based compensation revisions. While there was an increase of 14% in the remuneration of non-managerial employees, the average remuneration of managerial employees decreases by 1%.

   The total remuneration of the KMPs for the financial year 2018-19 was INR 770.59 lakh. The percentage of increase in remuneration during the Financial Year 2018-19 for Mr. Kannan S, Chief Financial Officer was 11.1% and for Mr. Vijay Kumar B S, Company Secretary was 15%. During the year, there has been no exceptional increase in remuneration of these KMPs.

6. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

   Note:

   a) The Non-Executive Directors/Independent Directors of the Company are paid only sitting fees as per the statutory provisions during the year under review. The ratio of remuneration and percentage increase for Non-Executive Directors/Independent Directors Remuneration is therefore not considered for the aforesaid purpose. The details of remuneration of Non-Executive Directors/Independent Directors are provided in the Corporate Governance Report.

   b) Employees for the aforesaid purpose includes all on roll employees of the Company.

CORPORATE GOVERNANCE REPORT

Your Directors present the Company's Report on Corporate Governance for the year ended on 31st March 2019.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance at Arvind Fashions Limited ("Arvind") is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- The Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The majority of our Board, 5 out of 10, are independent members. Given below is the report on Corporate Governance at Arvind.

2. BOARD OF DIRECTORS

2.1 Composition of the Board:

The Board has 10 Directors, comprising of 1 Managing Director, 4 Non-Executive Directors and 5 Non-Executive Independent Directors. The Non-Executive Independent Directors are leading professionals from varied fields who bring in independent judgment to the Board's discussions and deliberations..

The following is the Composition of the Board as at 31st March 2019:

Sr. No.	Name of Director	Executive/Non-executive /Independent Director	No. of Directorships held (Including Arvind Fashions Ltd.)*	Committee(s) position (Including Arvind Fashions Ltd.)**	
				Member	Chairman
1	Mr. Sanjay S. Lalbhai	Chairman & Non-Executive Director	6	1	1
2	Mr. Suresh Jayaraman	Managing Director	6	0	0
3	Mr. Kulin S. Lalbhai	Non-Executive Director	6	1	0
4	Mr. Jayesh K. Shah	Non-Executive Director	11	4	0
5	Ms. Nithya Easwaran	Non-Executive Director	5	2	0
6	Ms. Abanti Sankaranarayanan	Independent Director	4	1	1
7	Mr. Nagesh Dinkar Pinge	Independent Director	5	3	1
8	Mr. Vallabh Bhanshali	Independent Director	8	0	0
9	Mr. Achal Anil Bakeri	Independent Director	7	0	0
10	Mr. Nilesh Shah	Independent Director	4	5	0

*All the Companies have been considered excluding Companies incorporated under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and Companies incorporated outside India.

**Only Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26 of the SEBI (LODR) Regulations, 2015.

The Company has appointed Mr. Punit Sanjay Lalbhai as an additional Director w.e.f. April 02, 2019 and Ms. Vani Kola as an Independent Director w.e.f. April 02, 2019 for a term of five years.

Names of the other Listed Entities where the person is a Director and the category of Directorship:

Sr. No.	Name of the Director	Name of Listed Company	Category of Directorship
1	Mr. Sanjay S. Lalbhai	Adani Ports and Special Economic Zone Limited	Independent and Non-Executive Director
		Arvind SmartSpaces Limited	Chairman & Non-Executive Director
		Arvind Limited	Chairman & Managing Director
		The Anup Engineering Limited	Chairman & Non-Executive Director
2	Mr. Suresh Jayaraman	-	-
3	Mr. Kulin S. Lalbhai	Arvind SmartSpaces Limited	Non-Executive Director
		Zydus Wellness Limited	Non-Executive and Independent Director
		Arvind Limited	Executive Director
4	Mr. Jayesh K. Shah	Arvind Limited	Whole time Executive Director & CFO
5	Ms. Nithya Easwaran	-	-
6	Mr. Nagesh Dinkar Pinge	-	-
7	Ms. Abanti Sankaranarayanan	-	-
8	Mr. Vallabh Bhanshali	Arvind Limited	Non-Executive Independent Director
9	Mr. Achal Anil Bakeri	Symphony Limited	Chairman & Managing Director
10	Mr. Nilesh Shah	Arvind Limited	Non-Executive Independent Director

2.2 The Board has identified the following skills/expertise/competencies with reference to its Business for the effective functioning of the Company and which are currently available with the Board:

Name of the Director	Skills/Expertise/Competencies
Mr. Sanjay Lalbhai	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Board Service & Governance
Mr. Suresh Jayaraman	Apparel & Textile Industry domain, FMCG Industry domain, Marketing, Business Strategy & Corporate Planning.
Mr. Kulin Lalbhai	Industrialist, Apparel & Textile Industry domain, Entrepreneur, Technology Expert
Mr. Jayesh Shah	Finance, Foreign Exchange Markets, Business Strategy & Corporate Planning, Corporate Restructuring
Ms. Nithya Easwaran	Financial Services, Asset Management, Capital Markets, Wealth Management, Private Equity.
Mr. Nagesh Dinkar Pinge	Ethics, Corporate Governance, Risk Management, Internal Audit, Finance, Accounts and corporate laws.
Ms. Abanti Sankaranarayanan	General management, marketing, public policy, corporate reputation and sustainability.
Mr. Vallabh Bhanshali	Finance, Investment Banker, Asset Management, Capital Markets, Wealth Management
Mr. Achal Anil Bakeri	Industrialist, Entrepreneur, corporate strategy and people development
Mr. Nilesh Shah	Finance, Banking, Asset Management, Capital Markets, Wealth Management

2.3 Board Agenda:

The annual calendar of Board and Committee Meetings is agreed upon at the beginning of each year. Meetings are governed by a structured Agenda and a Board Member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board Members at least 7 working days in advance. In addition, for any business exigencies the resolutions are passed by circulation and later places at the subsequent Board or Committee Meeting for ratification/approval. Detailed presentations are made at the meetings on all major issues to enable the Board to take informed decisions.

Invitees & Proceedings:

Apart from the Board Members, the Company Secretary, the Heads of Brands are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the matters being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Managing Director and other senior executives make presentations on capex proposals & progress, operational health & safety and other business issues.

Support and Role of Company Secretary:

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of agenda and other documents and recording of the minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance to the Board and the Management.

2.4 Meetings and Attendance:

During the year, the Board of Directors met 4 times on May 03, 2018, July 26, 2018, October 29, 2018, and February 12, 2019. The gap between two Board Meetings was within the maximum time gap prescribed in SEBI (LODR) Regulations, 2015. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Director	Number of Board Meetings held during the period when the Director was on the Board	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Sanjay S. Lalbhai	4	2	No
2	Mr. Suresh Jayaraman	4	4	No
3	Mr. Kulin S. Lalbhai	4	4	No
4	Mr. Jayesh K. Shah	4	4	Yes
5	Ms. Nithya Easwaran	4	4	No
6	Ms. Abanti Sankaranarayanan	2	2	No
7	Mr. Nagesh Dinkar Pinge	2	2	No
8	Mr. Vallabh Bhanshali	2	2	No
9	Mr. Achal Anil Bakeri	2	2	No
10	Mr. Nilesh Shah	4	3	No

2.5 Independent Directors:

Independent Directors play an important role in the governance processes of the Board. They bring to bear their expertise and experience on the deliberations of the Board. This enriches the decision making process at the Board with different points of view and experiences and prevents conflict of interest in the decision making process.

None of the Independent Directors serves as "Independent Directors" in more than seven listed companies.

The Board of Directors have confirmed that the Independent Directors fulfills the conditions specified under SEBI (LODR) Regulations, 2015 and are independent of the management.

During the year under review, the Independent Directors met on February 12, 2019, interalia:

- To review the performance of the Non-Independent Directors (Executive Directors);
- To review the performance of the Board of the Company as a whole;
- To review the performance of Chairman of the Company taking into account the views of Executive Directors on the same;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

They expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express views on the business transacted at the Meetings and the openness with which the Management discussed various subject matters on the agenda of meetings.

2.6 Disclosure of relationships between the Directors inter-se:

Except Mr. Kulin Lalbhai (Non-Executive Director), is son of Mr. Sanjay Lalbhai (Chairman & Non-Executive Director) there is no relationship between the Directors inter-se.

2.7 Number of shares and convertible instruments held by Non-Executive Directors:

- Mr. Sanjay S Lalbhai, Non-Executive Director of the Company is holding 311 Equity Shares equivalent to 0.00% of the total paid up Capital of the Company.
- Mr. Nilesh Shah, Non-Executive Independent Director of the Company is holding 42 Equity Shares equivalent to 0.00% of the total paid up Capital of the Company.
- Ms. Nithya Easwaran, Non-Executive Director of the Company is holding 3450 Equity Shares equivalent to 0.00% of the total paid up Capital of the Company.
- During the year under review, the Company has not issued any Convertible Instruments.

2.8 Familiarisation Programme for Independent Director:

On appointment of an individual as Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation program including the presentation from the Chairman, Managing Director & CEO providing information relating to the Company, Brands, Industry, business model of the Company, geographies in which Company operates, etc. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme also provides information relating to the financial performance of the Company and budget and control process of the Company.

The details of familiarisation program imparted to Independent Directors is also posted on the Company's Website at

https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Familiarisation-Programs-of-Independent-Directors.pdf.

2.9 Code of Conduct for Directors and Senior Management Personnel:

In terms of provisions of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

2.10 Prohibition of Insider Trading Code:

During the year, the Company has amended the Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and also formulated Policy on procedures to be followed while conducting an inquiry in the event of leak or suspected leak of Unpublished Price Sensitive Information in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The amended codes viz. "Code of Conduct for Prohibition of Insider Trading" and the "Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information" allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Designated Persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

2.11 Committees of the Board:

The Board of Directors has constituted 6 Committees of the Board viz.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee
- Committee of Directors

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

3. AUDIT COMMITTEE

The Audit Committee of the Company comprises of 5 members out of which 3 members are Non-Executive Independent Directors. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management. Mr. Nagesh Dinkar Pinge, Non-Executive Independent Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

3.1 Terms of reference of the committee inter alia, include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
    a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    b) Changes, if any, in accounting policies and practices and reasons for the same;
    c) Major accounting entries involving estimates based on the exercise of judgment by management;
    d) Significant adjustments made in the financial statements arising out of audit findings;
    e) Compliance with listing and other legal requirements relating to financial statements;
    f) Disclosure of any related party transactions;
    g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Audit Committee shall mandatorily review the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations:
    a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-regulation (1) of Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
    b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of sub-Regulation (7) of Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015."

3.2 The Composition of the Committee as at 31st March 2019 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 4 Audit Committee Meetings were held on May 03, 2018, July 26, 2018, October 29, 2018 and February 12, 2019. The Attendance of Members at meetings was as under:

Sr. No.	Name of Member	Position	Number of Meetings held during the period when the Member was on the Board	Number of Meetings attended
1	Mr. Jayesh K. Shah*	Member	4	4
2	Ms. Nithya Easwaran	Member	4	4
3	Mr. Nilesh Shah	Member	4	2
4	Ms. Abanti Sankaranarayanan	Member	2	2
5	Mr. Nagesh Dinkar Pinge	Member	2	2

The representatives of Internal and Statutory Auditors are invitees to Audit Committee meetings and the Company Secretary acts as the Secretary of the Audit Committee.

* Mr. Jayesh K. Shah has resigned as a member of Audit Committee w.e.f. may 03, 2019.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the company comprises of 4 Directors viz. Mr. Jayesh Kantilal Shah, Ms. Nithya Easwaran, Mr. Achal Anil Bakeri and Mr. Nilesh Dhirajlal Shah, 2 of them are Non-Executive Directors and other 2 are Non-Executive Independent Directors. 2 committee meeting were held during the year on May 03, 2018 and July 25, 2018. Mr. Nilesh Shah, Non-Executive Independent Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

4.1 The terms of reference of the Committee inter alia, include the following:

Nomination of Directors / Key Managerial Personnel / Senior Management*

1. To evaluate and recommend the composition of the Board of Directors;
2. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee;
3. To consider and recommend to the Board, appointment and removal of directors, other persons in senior management and key managerial personnel (KMP);
4. Determining processes for evaluating the effectiveness of individual directors and the Board as a whole and evaluating the performance of individual Directors;
5. To administer and supervise Employee Stock Options Schemes (ESOS) including framing of policies related to ESOS and reviewing grant of ESOS;
6. To formulate the criteria for determining qualifications, positive attributes and independence of a Director;
7. To review HR Policies and Initiatives.

Remuneration of Directors / Key Managerial Personnel / Senior Management*/ other Employees

1. Evolve the principles, criteria and basis of Remuneration Policy and recommend to the Board a policy relating to the remuneration for all the Directors, KMP, senior management and other employees of the Company and to review the same from time to time;
2. The Committee shall, while formulating the policy, ensure the following :
   (a) 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;
   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (c) 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.

   *Senior Management for the above purpose shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and comprising all members of management one level below the Chief Executive Officer/Managing Director/Whole time Director/Manager and shall specifically include Company Secretary and Chief Financial Officer.

4.2 Evaluation of the Board's Performance:

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

4.3 Remuneration of Directors:

Remuneration of Managing Director is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and the Shareholders of the Company.

The remuneration of Non-Executive Directors is determined by the Board and is also approved by the Shareholders in General Meeting. Non-Executive Directors are paid Sitting Fees of Rs.10,000/- for every meeting of Board of Directors or Committee attended by them. Apart from this, Non-Executive Directors (other than Managing Director and Whole Time Director(s)) are entitled for commission within the limit of 1% of the net profits of the Company per annum or such other amount approved by the Board.

Details of remuneration to all Directors for the Financial Year 2018-19 are as under:

Sr. No.	Name of Director	Salary (₹)	Perquisites & Allowances (₹)	Retirement & Leave Benefits (₹)	Sitting Fees (₹)	Commission/ Bonus (₹)	Stock Option
1	Mr. Sanjay S. Lalbhai	-	-	-	30,000	-	-
2	Mr. Suresh Jayaraman	2,34,12,624	28,800	13,04,456	-	-	-
3	Mr. Kulin S. Lalbhai	-	-	-	40,000	-	-
4	Mr. Jayesh K. Shah	-	-	-	1,10,000	-	-
5	Ms. Nithya Easwaran	-	-	-	80,000	-	-
6	Ms. Abanti Sankaranarayanan	-	-	-	50,000	-	-
7	Mr. Nagesh Dinkar Pinge	-	-	-	50,000	-	-
8	Mr. Vallabh Bhanshali	-	-	-	30,000	-	-
9	Mr. Achal Anil Bakeri	-	-	-	30,000	-	-
10	Mr. Nilesh Shah	-	-	-	70,000	-	-

None of the Directors of the company / Key managerial Personnel had any pecuniary relationship with the Company during the year.

Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:

The details of stock options granted to the eligible employees and directors under Arvind Fashions Limited – Employee Stock Option Scheme 2016 (ESOP-2016) and Arvind Fashions Limited – Employee Stock Option Scheme 2018 (ESOP -2018) are provided in the Directors' Report of the Company.

Please refer point no. 28 of Directors' Report for Employee Stock Option Scheme.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has 3 Members comprising of 1 Non-Executive Independent Director and 2 Non-Executive Directors. Mr. Jayesh Shah, Non-Executive Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

5.1 Terms of reference of the Committee inter alia, include the following:

1. To specifically look into the redressal of Investors' Grievances pertaining to:
   - Transfer of shares and debentures;
   - Non-receipt of declared dividends, interests and redemption proceeds of debentures;
   - Dematerialization/ Rematerialisation of shares and debentures;
   - Replacement of lost, stolen, mutilated share and debenture certificates;
   - Non-receipt of rights, bonus, split share and debenture certificates;
   - Non-receipt of balance sheet.
2. To look into other related issues towards strengthening investors' relations.
3. To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

5.2 The Composition of the Committee as at 31st March 2019 and the details of Members participation at the Meetings of the Committee are as under:

Following are the members of Stakeholders' Relationship Committee

Mr. Jayesh K. Shah - Member

Ms. Nithya Easwaran - Member

Mr. Nilesh Shah - Member

During the year, there was no meetings held.

5.3 Name and Designation of Compliance Officer:

Mr. Vijay Kumar B S, Company Secretary

5.4 Details of Complaints / Queries received and redressed during 1st April 2018 to 31st March 2019 are as follows:

Number of shareholders' complaints pending at the beginning of the year	Number of shareholders' complaints received during the year	Number of shareholders' complaints redressed during the year	Number of shareholders' complaints pending at the end of the year
Nil	0	0	NIL

All the complaints/ queries have been redressed to the satisfaction of the complainants and no shareholders' complaint/ query was pending at the end of the year.

6. RISK MANAGEMENT COMMITTEE

The Company has constituted the Risk Management Committee of the Board w.e.f. 10.10.2018. The Risk Management Committee has 5 Members comprising of 2 Non-Executive Director and 3 Non-Executive Independent Directors. No Risk committee meeting was held during the year. Mr. Jayesh Shah, Non-Executive Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

6.1 Terms of reference of the Committee inter alia, include the following:

(a) To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;

(b) To frame and devise risk management plan and policy of the Company and review the progress made in putting in place a progressive risk management system;

(c) To review and recommend potential risk involved in any new business plans and processes;

(d) To ensure that the Company is in conformity with corporate governance standards pertaining to the composition, role and function of various committees formed by the Board; and

(e) Any other similar or other functions as may be laid down by Board from time to time.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has 3 Members comprising of 1 Non-Executive Independent Director and 2 Non-Executive Directors. Mr. Jayesh Shah, Non-Executive Director has been appointed as a Chairman of the Committee w.e.f. May 16, 2019.

7.1 Terms of reference of the Committee inter alia, include the following:

(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;

(b) To finalise a list of CSR projects or programs or initiatives proposed to be undertaken periodically including the modalities for their execution / implementation schedules and to review the same from time to time in accordance with requirements of section 135 of the Companies Act, 2013;

(c) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

(d) Monitor the Corporate Social Responsibility Policy of the company from time to time;

(e) Review the CSR Report and other disclosures on CSR matters for the approval of the Board for their inclusion in the Board Report.

7.2 Composition of the Committee as at 31st March 2019 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 1 Meeting was held on June 27, 2018.

Sr. No.	Name of Member	Position	Number of Meetings held during the year when the members was on the board	Number of Meetings attended
1.	Mr. Kulin S. Lalbhai	Member	0	0
2.	Mr. Jayesh K. Shah	Member	1	1
3.	Mr. Nilesh Shah	Member	1	0

8 COMMITTEE OF DIRECTORS

The Committee of Directors consists of 3 Directors, all of them are Non-Executive Directors.

8.1 Role:

The Committee of Directors primary role is to look after the day-to-day business activities of the Company within Board approved direction/ framework. The Committee meets frequently, as and when need arises, to transact matters within the purview of its terms of reference.

8.2 The Composition of the Committee as at 31st March 2019 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 11 Management Committee Meetings were held on various dates. The Attendance of Members at meetings was as under:

Sr. No.	Name of Member	Position	Number of Meetings held during the year	Number of Meetings attended
1.	Mr. Sanjay S. Lalbhai	Member	11	7
2.	Mr. Kulin S. Lalbhai	Member	11	11
3.	Mr. Jayesh K. Shah	Member	11	11

9 INFORMATION ON GENERAL BODY MEETINGS

9.1 The last 3 Annual General Meetings of the Company were held as under:

Date	Time	Venue
July 16, 2018	11:00 a.m.	Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025
August 04, 2017	03:30 p.m.	Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025
September 14, 2016	10:00 a.m.	Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025

9.2 Special Resolutions passed in the last 3 Annual General Meetings:

2017-18

1. To adopt new set of Articles of Association
2. To Appoint Mr. Suresh Jayaraman, as Managing Director & CEO of the Company
3. To enhance the aggregate limit for foreign portfolio investors to 30% of paid up capital
4. To approve the amended AFL - Employees Stock Option Scheme 2016
5. 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
6. To Increase Borrowing Limits up to ₹ 2000 crores
7. To authorise the Board to mortgage and/or create charge on the assets of the Company
8. To increase the limits of Investments, Loans, Guarantees and Securities under section 186 of the Companies Act, 2013

2016-17

Nil

2015-16

Nil

9.3 Extraordinary General Meeting (EGM):

During the last 3 years, there were 5 Extra Ordinary General Meetings held.

9.4 Details of Resolution Passed through Postal Ballot, the person who conducted the Postal Ballot Exercise and details of the voting pattern:

No resolution has been passed through the exercise of Postal Ballot during the previous year.

10. MEANS OF COMMUNICATION

10.1 The Quarterly, half-yearly and yearly financial Results are published in the Financial Express - All India Editions and Financial Express - Gujarati Edition of Ahmedabad and are also posted on the Company's website at www.arvindfashions.com.

10.2 Information released to the press at the time of declaration of results are also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors. Moreover, the Company's website hosts a special page giving information which investors usually seek.

10.3 Presentations made to institutional investors/analysts are posted on the Company's web site at www.arvindfashions.com.

11. GENERAL SHAREHOLDER INFORMATION

11.1 Annual General Meeting:

Date	August 09, 2019
Time	10. a.m.
Venue	H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015

11.2 Financial Calendar (Tentative):

The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.

First quarter results	:	Second week of August, 2019
Second quarter results	:	Last week of October, 2019
Third quarter results	:	Last week of January, 2020
Fourth quarter results / Year end results	:	First week of May, 2020

11.3 Book Closure: Saturday, August 03, 2019 to Friday, August 09, 2019 (both days inclusive)

11.4 Dividend Payment Date : Not Applicable as the Board did not recommend any dividend for the financial year

11.5 Listing on Stock Exchanges:

- **Equity Shares**

Sr. No.	Name of the Stock Exchange	Code	Address
1	BSE Ltd.	542484	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
2	National Stock Exchange of India Ltd.	ARVINDFASN	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

- **Non-Convertible Debentures**

  The Company has paid Annual Listing Fees for the year 2019-2020 to the above Stock Exchanges.

11.6 Market Price Data:

The market price data and volume of the company's share traded in the BSE Limited and the National Stock Exchange of India Limited during the Financial Year 2018-19 were as under:

Month	Share price BSE		BSE Sensex		Volumes	Share price NSE		NSE (NIFTY)		Volumes
	High (₹)	Low (₹)	High	Low	No. of Shares traded in the month	High (₹)	Low (₹)	High	Low	No. of Shares traded in the month
Mar-2019	1,084.80	591.75	38,748.54	35,926.94	9,69,186	1,089.70	590.95	11,630.35	10,817.00	59,01,900

Note: Since the Company got listed on BSE Limited and National Stock Exchange of India Limited on March 08, 2019, performance of the Company's share price cannot be compared with respective index of the exchanges.

11.7 Registrar And Transfer Agent:

Link Intime India Private Limited

5th Floor, 506 to 508, Amarnath Business Centre-1 (abc-1),

Beside Gala Business Centre (GBC), Near St. Xavier's College Corner,

Off. C. G. Road, Ellisbridge, Ahmedabad-380006.

Phone Nos. 079-26465179/86/87

Fax No. 079-26465179

E-mail: ahmedabad@linkintime.co.in

11.8 Share Transfer System:

(I) Delegation of Share Transfer Formalities:

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form. However, shares in the physical form are processed by the Registrar and Share Transfer Agent. However, to expedite the transfers, the Board has delegated share transfer formalities to certain officers of the Company and Registrar and Share Transfer Agent, who attend to them at least 3 times in a month. Physical transfers are affected within the statutory period of one month. The Board has designated the Company Secretary as the Compliance Officer.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company.

(II) Share Transfer Details for the period from 1st April 2018 to 31st March 2019:

Transactions	Physical
Number of Transfers	50
Average Number of Transfers per month	4.17
Number of Shares Transferred	280
Average Number of shares Transferred per month	23.33
No. of Pending Share Transfers	Nil

(III) Investors' Grievances:

The Registrar and Transfer Agent under the supervision of the Secretarial Department of the Company look after investors' grievances. Link Intime India Private Limited is responsible for redressal of Investors' Grievances. The Company Secretary of the Company has been appointed as the Compliance Officer for this purpose. At each Meeting of the Stakeholders' Relationship Committee, all matters pertaining to investors including their grievances and redressal are reported.

11.9 Shareholding Pattern as on 31st March 2019:

Sr. No.	Catagory	No. of Shares held	Percentage of Shareholding
1	**Holdings of Promoter & Promoter Group**		
	Promoter		
	Aura Securities Private Limited	19112362	32.96%
	Aura Business Ventures LLP (Formerly Avadh Material & Equipment Suppliers LLP)	162000	0.28%
	Sanjaybhai Shrenikbhai Lalbhai	311	0.00%
	Punit Sanjaybhai Lalbhai	742	0.00%
	Jayshreeben Sanjaybhai Lalbhai	68	0.00%
	Promoter Group		
	Kalpanaben Shripalbhai Morakhia	2	0.00%
	Hansaben Niranjanbhai Lalbhai	2279	0.00%
	Saumya Samvegbhai Lalbhai	5331	0.01%
	Swati S Lalbhai	1942	0.00%
	Badlani Manini Rajiv	1430	0.00%
	Taral S Lalbhai	814	0.00%
	Sunil Siddharth Lalbhai	1087	0.00%
	Vimlaben S Lalbhai	918	0.00%
	Astha S. Lalbhai	385	0.00%
	Sunil Siddharth	3	0.00%
	Atul Limited	825494	1.42%
	Aura Merchandise Private Limited	20	0.00%
	Aura Business Enterprise Private Limited (Formerly Fast Credit Consulting Pvt. Ltd.)	20	0.00%
	Aura Securities Private Limited	20	0.00%
	Arvind Farms Private Limited	298023	0.51%
	Adore Investments Private Limited	26459	0.05%
	Amardeep Holdings Private Limited	18850	0.03%
	Aayojan Resources Private Limited	18200	0.03%
	Adhinami Investment Private Limited	3700	0.01%
	Anusandhan Investments Limited	23000	0.04%
	Akshita Holdings Private Limited	27	0.00%
	Aagam Holdings Private Limited	375251	0.65%
	Total Promoter Group Holding	**20878738**	**36.0%**
2	Mutual Funds	6130496	10.57%
3	Alternate Investment Funds	570531	0.98%
4	Foreign Portfolio Investors	10442106	18.01%
5	Financial Institutions/ Foreigh Banks	890359	1.54%
6	Central Government/ State Government(s)/ President of India	40	0.00%
7	Individuals	8428420	14.53%
8	NBFCs registered with RBI	2867	0.00%
9	Trusts	331621	0.57%
10	HUF	387515	0.67%
11	Overseas Corporate Bodies	5555004	9.58%
12	Non-Resident Indian (NRI)	335880	0.58%
13	Clearing Members	280419	0.48%
14	Bodies Corporate	3760677	6.48%
	Total Non-Promoter Holding	**37115935**	**64.00%**
	Grand Total	**57994673**	**100%**

- The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March 2019 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

11.10 Distribution of shareholding as on 31st March 2019:

Sr. No.	Shareholding Of Shares			Shareholder	Percentage of Total	Total Shares	Percentage of Total
1	1	to	500	191428	98.78	5073620	8.75
2	501	to	1000	1284	0.66	931263	1.61
3	1001	to	2000	525	0.27	767276	1.32
4	2001	to	3000	145	0.07	366541	0.63
5	3001	to	4000	63	0.03	224002	0.39
6	4001	to	5000	46	0.02	213585	0.37
7	5001	to	10000	99	0.05	728493	1.26
8	10001	to	**********	203	0.10	49689893	85.68
	Total			**193793**	**100**	**57994673**	**100**

11.11 Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are compulsorily to be delivered in the demat form on Stock Exchanges by all investors. As on 31st March 2019, 5,73,76,653 shares representing 98.94% of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN: Equity Shares fully paid: INE955V01021

11.12 Outstanding GDRs / ADRs / Warrants or any convertible instruments and conversion date and likely impact on equity:
Company had not issued any GDRs / ADRs / Warrants or any convertible instruments, hence this is not applicable

11.13 Commodity price risk or foreign exchange risk and hedging activities:

Forex Risk: Company is exposed to foreign exchange risk on account of import transactions entered into and committed royalty payments to licensee of the Brands. For import of apparel & accessories and payment of Royalties the Company has to make payment in USD terms; therefore the Company is exposed to the risk of depreciation in the local currency. The company is proactively mitigating these risks by entering into commensurate hedging transactions with banks/Financial Institutions as per applicable guidelines.

11.14 Plant Locations:

Company does not have any manufacturing plants

11.15 Unclaimed Dividend:

Company did not declared any dividend from the date of incorporation to till date, hence this is not applicable

11.16 Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013 are requested to submit the prescribed Form SH-13 for this purpose. Shareholders may write to the Secretarial Department of the Company for a copy of the Form.

11.17 List of all Credit Ratings obtained by the entity

The Company has obtained Credit Ratings from CARE Ratings Limited, which was CARE A+, Stable. The said rating was reaffirmed by them vide their letter dated August 01, 2018.

11.18 Address for correspondence:

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrar and Transfer Agent of the Company:

Arvind Fashions Limited Secretarial Department Naroda Road, Ahmedabad - 380025. Phone Nos: 079-68268000/68268108-09 E-mail: investor.relations@arvindbrands.co.in Website: www.arvindfashions.com	Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre-1 (abc-1), Beside Gala Business Centre (GBC), Near St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad - 380006. Phone No. 079-26465179/86/87 Fax No. 079-26465179 E-mail: ahmedabad@linkintime.co.in Website: www.linkintime.co.in

12. OTHER DISCLOSURES

12.1 There are no materially significant transactions with the related parties viz. promoters, directors or the management or their relatives or subsidiaries etc. that had potential conflict with the company's interest. Suitable disclosure as required by the Indian Accounting Standard has been made in the Annual Report. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's Website at https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-RPT-Policy.pdf.

12.2 Transactions with related parties are disclosed in detail in Note No. 31 in "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

12.3 There are no pecuniary relationships or transactions of Non-executive Directors vis-à-vis the Company which has potential conflict with the interests of the company at large.

12.4 No Strictures or penalties have been imposed on the company by the Stock Exchanges or by the Security Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

12.5 The Company has formed the policy for determining material subsidiary as required by Regulation 16 of the SEBI (LODR) Regulations, 2015 and the same is disclosed on the Company's website. The web link is https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-Policy-on-Material-Subsidiaries.pdf.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Audit Committee / Board Meetings of Subsidiary Companies are given to all the Directors and are tabled at the subsequent Board Meetings.

12.6 Vigil Mechanism:

In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Whistleblower Policy (WB Policy) that provides a secured avenue to directors, employees, business associates and all other stakeholders of the company for raising their concerns against the unethical practices, if any. The WB Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

Pursuant thereto, a dedicated helpline "Arvind Ethics Helpline" has been set up which is managed by an independent professional organization.

The Ethics Helpline can be contacted to report any suspected or confirmed incident of fraud / misconduct on:

Website for Complaints: www.in.kpmg.com/ethicshelpline/Arvind

Toll Free No.: 1800 200 8301

Dedicated Email ID: arvind@ethicshelpline.in

Whistle blower Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

12.7 The minimum information to be placed before the Board of Directors as specified in Part A of Schedule II of Listing Regulations is complied with to the extent possible.

12.8 Certification from Company Secretary in Practice:

Mr. N. V. Kathiria, Proprietor of M/s. N. V. Kathiria & Associates, Practicing Company Secretaries, has issued a certificate as required under the SEBI (LODR) Regulations, 2015, confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

12.9 Complaints pertaining to Sexual Harassment:

During the year, the Company has received 0 (zero) complaint pertaining to sexual harassment.

12.10 Details of total fees paid to Statutory Auditors:

Details relating to fees paid to the Statutory Auditors are given in Note No. 24 to the Standalone Financial Statements and Note No. 24 to the Consolidated Financial Statements.

12.11 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

During the year, the Company has fully complied with the mandatory requirements as stipulated under SEBI (LODR) Regulations, 2015.

The status of compliance with discretionary recommendations and adoption of the non-mandatory requirements as specified in Regulation 27(1) of the SEBI (LODR) Regulations, 2015, is provided below:

a. **The Board:** The Chairman of the Company is Non-Executive Director.

b. **Shareholder Rights:** Half-yearly and other Quarterly financial statements are not being sent to the shareholders, since the Company got listed on March 08, 2019 on exchanges.

c. **Modified Opinion(s) in Audit Report:** The Company already has a regime of un-qualified financial statement. Auditors have raised no qualification on the financial statements.

d. **Separate posts of Chairperson and Chief Executive Officer:** Mr. Sanjay S. Lalbhai is the Chairman and Mr. Suresh Jayaraman is the Managing Director & CEO of the Company.

e. **Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee.

The above Report was placed before the Board at its meeting held on May 16, 2019 and the same was approved.

For and on behalf of the Board

	Sd/-	Sd/-
Place: Ahmedabad	**Sanjay S. Lalbhai**	**Suresh Jayaraman**
Date: May 16, 2019	Chairman & Director	Managing Director & CEO
	(DIN: 00008329)	(DIN: 03033110)

CEO / CFO certifcation

To

The Board of Directors,

Arvind Fashions Limited,

We, Suresh Jayaraman, Chief Executive Officer and Managing Director, and Pramod Kumar Gupta, Chief Financial Officer of Arvind Fashions Limited, hereby certify to the Board that:

A) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the auditors and the Audit committee

(1) Significant changes in internal control over financial reporting during the year;

(2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ahmedabad
Date : May 16, 2019

Suresh Jayaraman
Chief Executive Officer and Managing Director
DIN: 03033110

Pramod Kumar Gupta
Chief Financial Officer

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is available on the Company's website at www.arvindfashions.com.

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2019.

Place : Ahmedabad
Date : May 16, 2019

Suresh Jayaraman
Managing Director & CEO
DIN: 03033110

Independent Auditors' Certificate on Corporate Governance

To The Members Of Arvind Fashions Limited

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We, Sorab S. Engineer And Co., Chartered Accountants, the Statutory Auditors of ARVIND FASHIONS LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sorab S Engineer & Co.
Firm Registration No. 110417W
Chartered Accountants
C P No. 16497

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place: Ahmedabad
Date : May 16, 2019

Management Discussion and Analysis

Global Market

The global economic expansion decelerated in the second half of 2018, following a broad-based upswing in cyclical growth that lasted nearly two years. An increase in trade tensions and tariff hikes between the United States and China, a decline in business confidence, a tightening of financial conditions, and higher policy uncertainty across many economies has led to a reduced economic activity. After peaking at close to 4 percent in 2017, global growth remained strong, at 3.8 percent in the first half of 2018, but dropped to 3.2 percent in the second half of the year, and is projected at 3.3 percent in 2019. [(1)]

The global fashion industry has seen a growth of 4 to 5 percent in 2018[(2)] and is expected to grow to $1.4 trillion by 2021[(3)]. Better performance has been driven by strong demand for luxury and value brands, sales growth in the US amid tax cuts and growth in emerging markets. The McKinsey Global Fashion Index predicts that the industry will slow slightly in 2019 and grow at 3.5 to 4.5 percent in 2019.

(1) World Economy Outlook, IMF, 2019
(2) The State of Fashion, McKinsey, 2019
(3) Euromonitor International, 2017

Indian Market

The Indian economy started the fiscal year 2018–19 with a healthy 8 percent growth in the first quarter on the back of domestic resilience[4]. Growth is estimated to have slowed down and is likely to be 6.8 percent for fiscal year 2018-19[5]. Despite softer growth though, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil, led by strong macroeconomic fundamentals and robust policy environment. The growth of Indian economy is likely to remain upward of 7 percent for the year ahead. While there are economic headwinds both globally and locally, the strong mandate in the recently held elections for the second term of the existing government provides room for strong policy actions and the implementation of reform measures that will sustain rise in consumption and a gradual revival in investments.

The retail sector in India is emerging as one of the largest sectors in the economy. The total market size of Indian retail industry reached $ 672 billion in 2017. It is forecasted to increase to $ 1,200 billion by 2021 and 1,750 billion by 2026[6]. Rising incomes, favorable demographics, entry of foreign players, and increasing urbanization will continue to act as a fillip for the growth of this sector.

India's apparel market will be worth $59.3 billion in 2022, making it the sixth-largest in the world. The aggregate income of the addressable population (individuals with over $9,500 in annual income) is expected to triple between now and 2025[2]. Currently, menswear holds major share in the apparel market. It accounts for 41 percent of the total market. Womenswear contributes almost 38 percent, while kidswear contributes 21 percent of the market. It is estimated that over the next decade, while menswear will grow with a CAGR of 9 percent, womenswear and kidswear will demonstrate higher CAGR of 9.9 and 10.5 percent respectively, resulting in rise in market share of these categories [7].

Trends in the Fashion Industry

Shift to Casualwear

In recent years, denim, activewear and t-shirts have shown promising growth and are expected to grow at high CAGRs of 14 percent, 14 percent and 12 percent respectively, owing to changing preference of the consumers[7]

One out of every five casual wear bought in branded premium men's casual/denim market is from Arvind's portfolio

Rapidly Growing Kidswear Segment

The kids' fashion segment has registered the fastest growth rate. Parents now display a significant brand awareness for high quality apparel products for their kids leading to an increased demand for premium kidswear

We are #1 in premium kidswear market

Fast Growing Economy & Value Segment

The Indian middle class consumers are value conscious but don't compromise on fashion- they seek quality and design at the best price. This segment is growing rapidly and needs to be captured with "economy and value fashion"

Unlimited is a key driver for future value creation that addresses the value fashion segment

Innerwear- Growth across Segments

There has been a significant shift in innerwear consumption as consumers are looking at innerwear as a fashion statement. Leading innerwear brands have invested heavily in brand promotions and distribution expansion

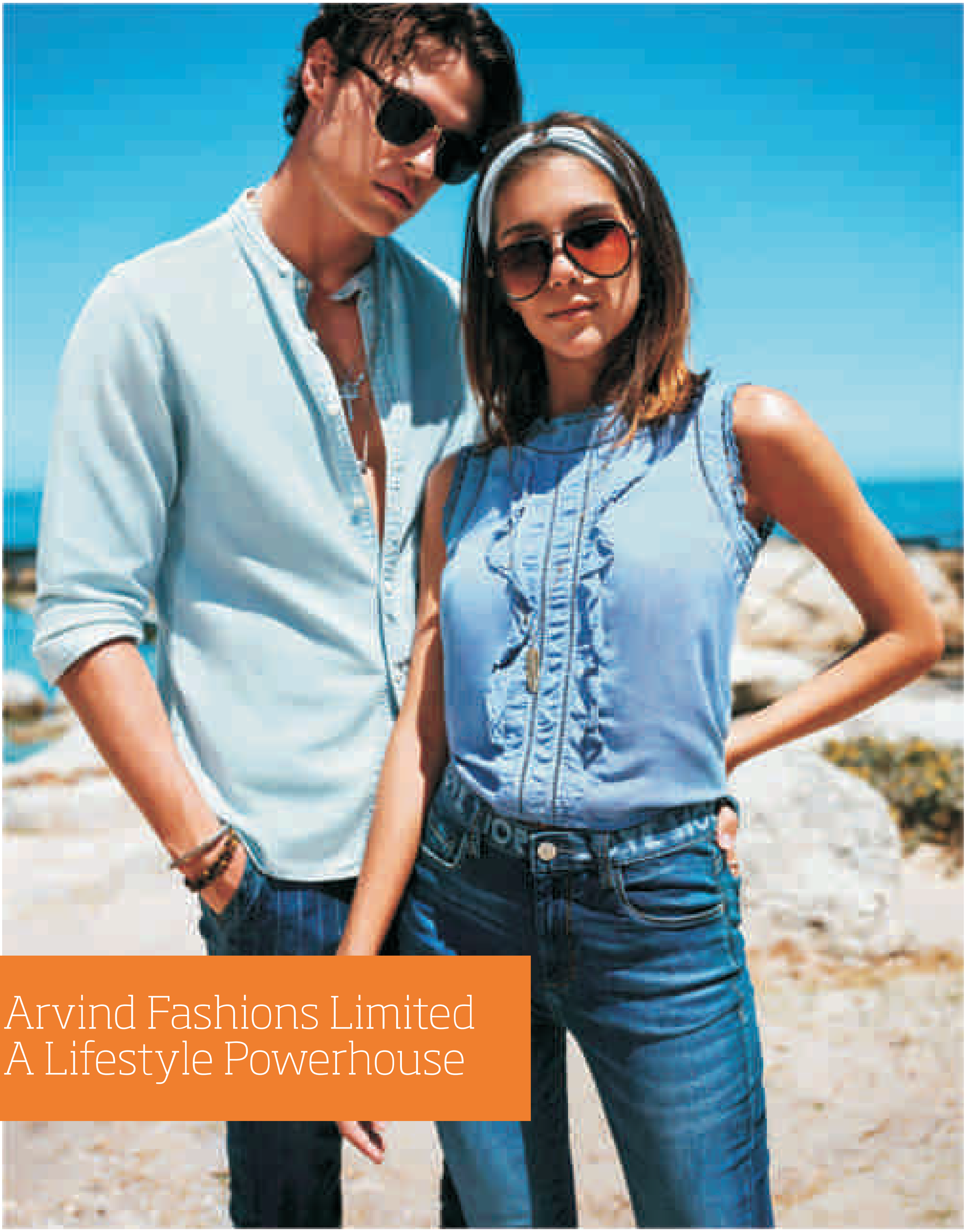
We are making significant strides in mid-price to premium market, U.S. Polo Assn. innerwear revenue crossed three figure mark

E-Commerce – Fast growing channel

With increasing penetration of digital, online apparel sales is projected to grow at a CAGR of 30%[8]

Strong position in both 3rd party and own online. Online sales growing at a fast pace

(4) Monthly Economic Report, Jan 2019, Dept. of Economic Affairs, Ministry of Finance
(5) Government of India – Provisional Estimates as of 31st May 2019
(6) IBEF Report, 2019
(7) Technopak Report
(8) Apparel consumption trends in India 2019 – Wazir Advisors



Arvind Fashions Limited
A Lifestyle Powerhouse

Arvind Fashions Ltd. is India's no. 1 casual and denim player, a lifestyle powerhouse with a strong portfolio of fashion brands catering to consumers across the categories and price points. With a host of renowned brands, both international and indigenous, like U.S. Polo Assn., Arrow, Tommy Hilfiger, Flying Machine, GAP, Calvin Klein, Aeropostale, Ed Hardy, Unlimited and Sephora, it has presence across lifestyle brands, value fashion and prestige beauty.

Segments	Casual (Men)	Denim	Formal(Men)	Kids	Innerwear	Women
Super Premium	GANT NAUTICA	Calvin Klein			Calvin Klein	
	TOMMY HILFIGER			TOMMY HILFIGER	TOMMY HILFIGER	SEPHORA
Mass Premium	FLYING MACHINE	Ed Hardy U.S. POLO ASSN. SINCE 1890 AÉROPOSTALE	ARROW	THE CHILDREN'S PLACE	U.S. POLO ASSN. SINCE 1890	U.S. POLO ASSN. SINCE 1890 AÉROPOSTALE GAP
Value Fashion			UNLIMITED			

Key Characteristics of Arvind Fashions Portfolio

- International and aspirational
- 'Future ready' portfolio catering to a young population
- Focus on casualization as a theme
- Strong possibility of brand extensions through innerwear and kidswear
- Strong play in prestige beauty market segment


GRAPHIC
TEES
GRAND
OPENING

Brand and Product Groups

Power Brands

Power brands namely Arrow, U.S. Polo Assn., Tommy Hilfiger and Flying Machine have strong performance with high revenue growth, profitability and strong Return On Capital Employed (ROCE). As lifestyles of urban men are evolving, demand for casual and denim is expected to pick up. Casualwear has witnessed a robust demand and is estimated to grow to reach $12 bn by 2022[9]. We have a strong portfolio of U.S. Polo Assn., Flying Machine, and Tommy Hilfiger, positioned across various price points; which makes us a market leader in the segment. U.S. Polo Assn. is emerging as India's leading lifestyle brand – fastest to cross revenue of Rs. 1,000 crore with strong multi-category & multi-channel play. Flying Machine is among India's top 3 denim brands with strong millennial connect. Arrow is a heritage American brand and its core target is a customer who already buys into premium menswear brands and is keen to experience aspirational international brands. Tommy Hilfiger has a strong play in super-premium segment with the classic American cool styling and high quality. Your company intends to raise the financials of the power brands in the coming year by leveraging its category and distribution expansion capabilities.

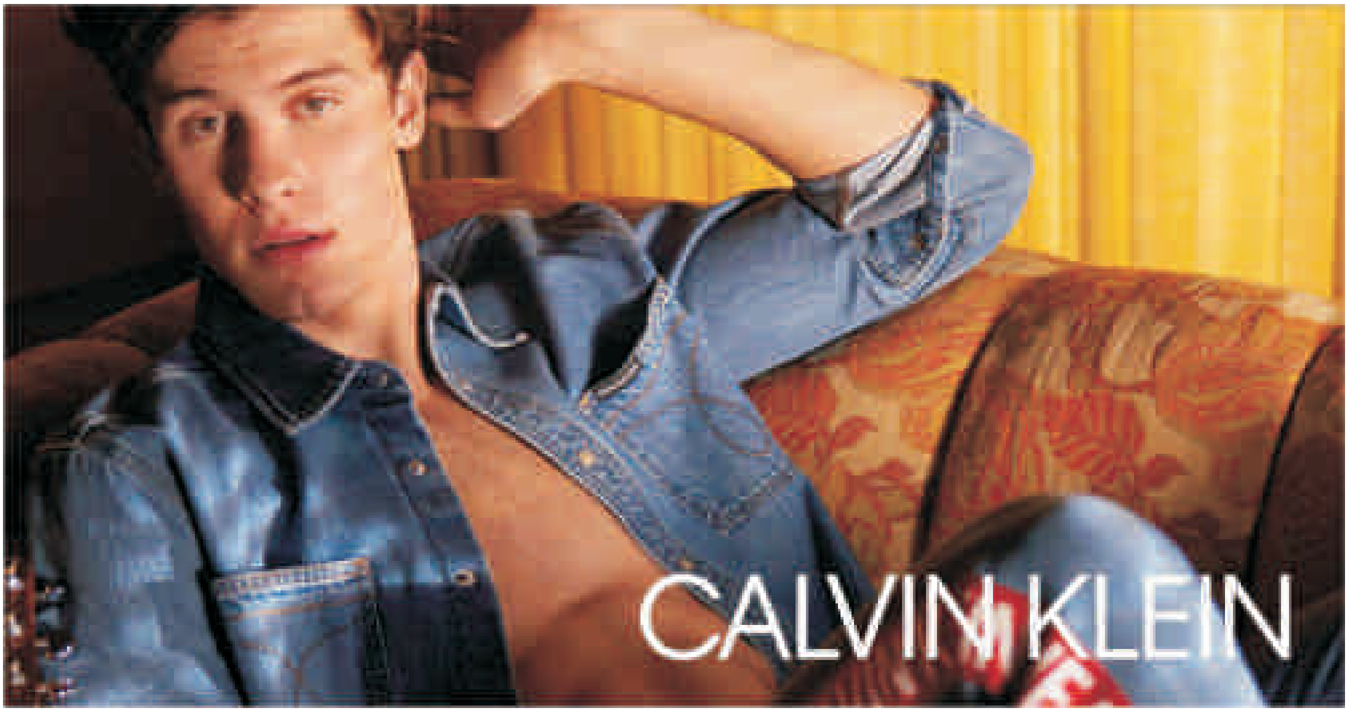
Specialty Retail

This portfolio includes an undisputed leader in prestige beauty segment 'Sephora', US apparel brand 'Gap' and value fashion offering 'Unlimited'. The addition of Sephora to Arvind's bouquet of fashion brands in 2015 further strengthened our position in the fashion and lifestyle segment. Beauty segment is a promising market where our unique and differentiating concept has a strong power of attraction and will make prestige beauty more accessible to the Indian consumer. With its strong assortment of internationally known brands, Sephora brings an attractive offering to the Indian consumer. With increasing digital penetration, Sephora has an immense growth potential. Since its launch in India in 2015, GAP has witnessed strong growth in the country as it has helped people experience iconic American style through modern wardrobe staples and iconic clothing. Expanding into other channels such as online and departmental stores, GAP is on the track for high growth and improved profitability. As Arvind's home brand, Unlimited is a chain of value departmental stores with offerings for the entire family. The focus for Unlimited is to achieve profitability leveraging its unique differentiators, improved brand awareness, consumer centric product offerings and capabilities in omni channel and e-commerce.

(9) BCG Analysis

Emerging Brands

Emerging brands help your company leverage category specific opportunities and drive growth. The portfolio of emerging brands - Aeropostale, Calvin Klein, The Children's Place and Ed Hardy have a huge long term potential. Aeropostale brand is positioned around teens and young consumers focused on active oriented and fashion basics at compelling values. Ed Hardy is a key brand growing its presence in premium casual/denim market. At its core, Ed Hardy is an alternative lifestyle fashion brand that celebrates the classic American tattoo as an art form. Your company sees a huge opportunity in the branded apparels market for kids and The Children's Place with its eclectic product assortment is helping it to make big in this segment. Calvin Klein substantially strengthens its rich portfolio of brands. Combining the strengths of the Calvin Klein brand and Arvind's operational capabilities in the Indian market, your company believes that it can build Calvin Klein into India's one of the largest fashion brand over the next few years.



Business Strategy

Your company will leverage its strong management bandwidth, its ability to leverage 'Arvind' parentage (provides it with unique end-to-end sourcing, product/design and innovation machinery), robust GTM capabilities across channels and focus on tech/omni-channel. This helps it to tap into existing and future growth opportunities in its value creation journey.

Powerful Portfolio

Category leadership opportunities

Your company intends to strengthen its position across multiple categories where it already has a strong play and making rapid strides. In particular, your company will focus on four specific opportunities

Denim/Casuals	Premium Kidswear	Premium Innerwear	Prestige Beauty
Build On Dominant Market Leadership	Improve Market Leadership Position, Leveraging Portfolio	Accelerate Growth Building On USPA Innerwear Momentum	Expand Stores & Online And Sustain High Growth

Category expansion opportunities

Your company has some of the best lifestyle brands of India in its portfolio. While many of these brands started as a single category brand, over time they have been expanding into other categories each with its own potential to scale up into a large and profitable business, aided by macro and demographic tailwinds.

- U.S. Polo Assn. which started as men's casualwear brand, is now a multi-category super brand having expanded into denim, kids, women's, innerwear, tailored, active wear and footwear over years. The three newer categories– innerwear, kidswear and footwear will continue to significantly aide growth in U.S. Polo Assn.

- Flying Machine has targeted different channels through targeted offerings – "FM Blue Label" for departmental stores & exclusive stores, "Flying Machine" for online, "FMX" for value channel.

- Arrow has expanded into "Arrow New York" for younger consumers, suits & blazers for special occasions and also online specific categories.

- Tommy Hilfiger has expanded into high potential kids, footwear and accessories categories and has recently ventured into tailored & jeans

Distribution expansion opportunities

Your company is strongly positioned across all sales channels with its focused multi-channel distribution strategy. It is the only fashion company in India that straddles across all formats. Your company is present in 150+ cities with close to 1400 exclusive brand stores, 5000+ departmental and multi-brand stores across India and is a strategic partner for all the key e-commerce players. It has 189 stores in the top 25 malls, which is the highest for any lifestyle player in India. It has built a strong omni-channel play through its NNNOW platform.

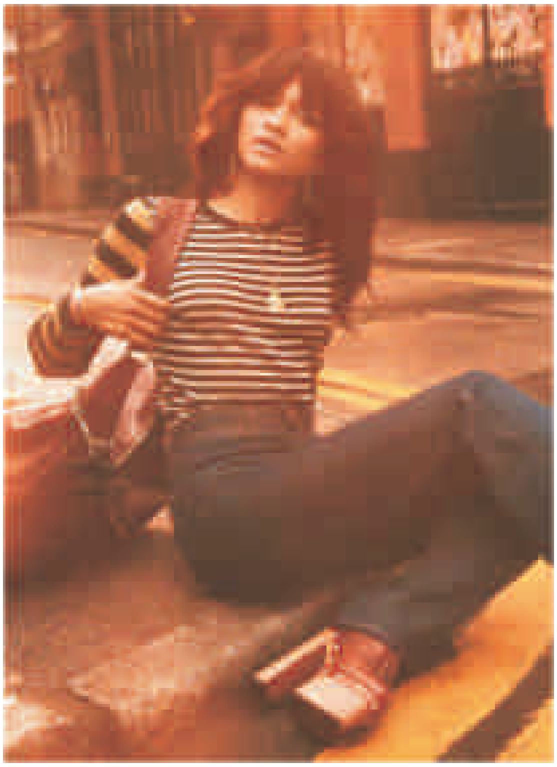
With rise of the middle tiers and smaller towns & cities, we believe your company has ample opportunity to expand presence in these towns, as growth rate is higher than urban towns and metro cities.

We believe your company can deepen its online business as AFL brands have a strong resonance with the consumers and hence online provides a good opportunity for its brands to further increase their penetration.

Value fashion opportunity

Your company has an opportunity to strongly tap into the value fashion market through 'Unlimited'. While the immediate focus is to improve profitability, your company intends to quickly get 'Unlimited' on to profitable growth. A strong portfolio of private brands, product superiority leveraging fiber to fashion strengths of Arvind and leveraging our powerful capability platforms are the unique differentiators that will enable the strategy.

Powerful platforms



Go to market capabilities

Your company has strong brand building capabilities which it has leveraged to launch and develop both own & international brands in India, several of which have successfully crossed revenue of Rs 500 crore. Whether it was bringing Arrow, the first international brand to India, or introducing India's first designer brand Tommy Hilfiger or launching affordable fashion format, your company has always been a cut above the rest. Its strong portfolio approach allows it access to the prime store locations in malls as well as high street as well as top media agencies at competitive rates. Your company has been at the forefront of optimally utilizing both traditional and digital media vehicles to create a strong brand equity for the brands.

Your company has also established a strong warehousing & logistics network, through which it is able to service its partners through multiple locations. It has also tied up with the top logistics partners to ensure on time delivery to its customers. With ongoing efforts such as warehouse redesigning and effectively utilizing technology wherever necessary, it ensures that it adapts to the changing business needs which demands even faster turnaround and fulfillment.

Strong product/design capabilities

Your company has been able to grow year on year capitalizing on its product superiority across the brands. With multi-category design expertise across menswear, womenswear, kidswear and innerwear, supported with a deep understanding of Indian consumer requirements and powered by a strong 250+ member team of designers and merchandisers, your company has been at the fore front of bringing product innovations and creating India specific designs even for the international brands. It will continue to invest in strengthening its product/design capabilities and leverage new age digital/analytics tools and technologies to make its offerings even more customer centric to keep improving relevancy in each market it operates.

Sourcing expertise

Your company has been able to scale up the business without any manufacturing investments through strategic vendor relationships. Its dedicated strategic sourcing function has achieved excellence in cross functional collaboration and is equipped to handle all major product categories as well as develop new ones. Your company sources more than 3.3 crore units per year and handles large operational complexities across 50+ categories. Through its strong supplier relationship management practices such as annual platform "Unnati" and supporting its vendor base through strong IT tools such as vendor portal and actively helping its vendors to improve productivity & quality, your company has become one of the most preferred customers in the industry attracting the most reputed vendors.

It is now making rapid strides in reducing the sourcing lead time in order to reduce its time to market and time to react. It has made noticeable progress in digitizing its sourcing value chain and has segmented its supply chain into different pipes, each with differentiated sourcing lead times.

Omni-channel capabilities

Your company operates its own fashion portal NNNow.com for its own brands. It has created one-view of inventory integrating the physical stores with the online marketplaces, where in the order fulfillment is done by the store which is nearest to the customer. This also helps improve inventory turns for the store and create a seamless experience for the end-customer (both online and offline). It will continue to make significant investments to build advanced omni-channel capabilities which will enable it to

- Create brand experiences for consumers inside the stores, on websites, mobile apps and on third party sites
- Generate and fulfill the demand for its brands and products through digital channels
- Seamlessly conduct payment based transactions through digital modes
- Conduct advanced analytics to drive consumer relevant decision-making in both online and offline environments
- Create interactions between brands and the digital natives in the digital environments like social media and e-commerce marketplaces.

Digital & analytics capabilities

Your company's digital transformation process is three pronged

- Technology transformation where it is building the next generation infrastructure which would support the core applications to pave the way for process digitization and analytics. It has been upgrading its POS and ERP system and digitizing its stores.
- Business process transformation where it is making its processes more agile and robust leveraging technology and moving towards a digital data driven organization where data based insights are leveraged to support decision making at all levels. It is further strengthening its reporting platforms, and leveraging analytics in design optimization, customer centric store assortment and in-season management.
- Workforce transformation where it has deployed secure cloud based digital workplace solutions to enable mobility, collaboration and improve productivity for its employees, vendors and customers.

Your company continues to speed up realizing its digital transformation process to become a future ready company.

Financial Performance and Analysis

Consolidated Financial Performance & Analysis (Rs. Crore)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Revenue from Operations	**4,644**	**4,219**
EBIDTA	**288**	**229**
Other Income	4	12
Finance Costs	126	91
Depreciation	153	139
Profit Before Taxes	**13**	**12**
Tax Expense Charge/(Credit)	-9	-1
Minority Interest	5	-2
Profit / (Loss) After Tax	17	15
Other Comprehensive Income/(Loss)(Net of Tax)	**-6**	**88**
Net Profit/ (Loss) after other comprehensive income/ (loss)	**11**	**103**

Particulars	As on March 31, 2019	As on March 31, 2018
Net Fixed Assets	549	533
Net Working Capital	856	810
Deferred Tax asset	269	236
Other Current assets/ Non -current assets and Liabilities	337	239
Capital Employed	2,011	1,818
Net Worth	1,220	1,147
Debt	791	671

Total revenue of the company grew by 10% for the year. Normalized for the impact of IndAS 115 restatement, underlying revenue grew by 15%. Power Brands and Specialty Retail growth was achieved in store sales as well as in e-commerce. Operating income before interest, taxes, depreciation & amortization (EBITDA) grew by 26% driven by profitable growth of Power Brands & cost optimization.

Revenue

Company has registered a growth of 10% (15% underlying growth, normalized for IndAS 115 restatement). This growth has been achieved across Power Brands like U.S. Polo Assn. & Tommy Hilfiger, Specialty Retail like Gap & Sephora and emerging brands like Calvin Klein, The Children's Place and Aeropostale. We expanded our distribution footprint further to 23.7 Lac Sq Ft, an addition of 2.2 Lac Sq Ft,. We continued our leadership in premium/casual denim with the category growing by 17%. While menswear continues to be the largest contributor to our revenue at 72%, kidswear, innerwear and prestige beauty continue to grow rapidly with growth of 25%, 54% and 35% respectively.

Operating Margin

Company has ensured profitable growth by delivering Rs 288 crore of EBITDA. Improvement in EBITDA was a result of revenue growth, improvement in Power Brands margin and focused overhead cost improvement initiatives.

Finance Cost

Finance cost for the year stood at Rs. 126 crore which is 2.7% of the total revenue. Finance cost has increased during the year due to incremental borrowing and higher utilization of non-fund based limits.

Depreciation

Depreciation for the year was Rs. 153 crore Flat at 3.3% of revenue. Over last year, it is an increase of 10%, driven by both investments in new stores and reassessment of useful life of certain assets.

Debt

Total debt for the company stood at Rs. 791 crore as on March 31, 2019, as compared to Rs. 671 crore as on March 31, 2018

Working Capital

Net Working Capital as on March 31, 2019 includes Inventory of Rs. 1216 crore, Trade Receivables of Rs. 879 crore and Trade Payables of Rs. 1239 crore.

Business outlook

With a positive outlook on the Indian economy and expected rise in consumption, your company is well positioned to deliver a strong performance in FY20. The focus will continue to be on profitable growth with increasing Return on Capital Employed (ROCE). With its diverse portfolio of brands and product offerings across price points and categories, your company will strengthen its leading position across premium casual/denim, premium kids wear and prestige beauty while continuing to expand rapidly in men's innerwear. Your company also recognizes the need to be nimble, think digital first and achieve even faster speed to the market – hence it will increasingly leverage technology to improve productivity and operational efficiency.

Risk Management

The success of current as well as future performance of Arvind Fashions is subject to a variety of factors, including but not limited to forecasting and managing of risks and uncertainties which are described as below:

1. **Strategic Risks-** These risks arise out of company's strategies and objectives towards business which could have potential risks on the long term continuity and sustainability.

2. **Operational Risks-** The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events, leading to potential disruptions in the smooth functioning of the business.

3. **Regulatory Risks-** Lack of structured framework for compliance adherence towards statutory/legal laws and regulations pose such risks which could affect credibility of the organization causing financial implications.

The company has a robust enterprise risk management framework which identify such potential risks, define strategies for mitigating the impact of these identified risks and lay down processes for its continuous monitoring. The Company has identified the key risks, including Strategic, Operational and Regulatory risks. Some of the identified risks and their mitigation plans are described below:

1. Strategic Risks

a. Proliferation of online platforms and changes in consumer buying habit cause serious impact on sales and profitability of offline stores apart from shift in customer loyalties. Introduction of real time replenishment models shall help improve sell through and lower stocks at offline stores thereby improving store profitability, while leveraging tie ups with online players will enable the company to benefit from the 'Digital Wave'. This coupled with launch of focused discount schemes throughout the season based on store sales data will ensure faster inventory turnaround and enable Company to constantly engage with the customer.

b. Concentration of sourcing among few select vendors due to compliance requirements, stringent quality specifications result into product delivery risks in case of any disruptions in their business operations. Spreading out vendor base with back up factories across different states, constantly identifying new vendors who can meet highest compliance and quality norms of the Company help mitigate risks to supply chain.

2. Operational Risks

a. Counterfeit products of key brands especially U.S. Polo Assn., Tommy Hilfiger, GAP and Arrow pose serious threat to the brand image leading to dilution of brand value. Lack of adequate legal framework and robust mechanisms to control unauthorized use of brand logos/product information like labels cause such kind of risks. Continuous audits at vendors to ensure compliance, coordinated intelligence gathering on counterfeits in coordination with the brand owners and relentless effort in seeking strictest punishment for counterfeit producers and distributors enables the Company to check counterfeits. The Company actively engages with industry peers on brand protection strategy and building common platform for countering counterfeits.

b. Inability to renew brand licence due to non-compliance to contractual conditions or failure to meet agreed performance parameters can seriously impact profitability. The Company regularly reviews critical performance parameters which are key for brand renewal. It has established a structured framework for periodic vendor, product and store compliance audits to ensure there are no violations to licensee/sub licensee obligations.

c. Possibility of sudden failure of IT systems can significantly disrupt operations, as well as lead to loss/ leakage of critical customer data causing credibility crisis, loss of customers and loss of revenue/profit to the company. The Company is constantly enhancing its IT security framework, investing in new and efficient IT systems and monitors its systems for potential threat.

3. Regulatory Risks

Increasing compliance requirements under governing laws and regulations in a time bound manner is a continuing challenge.

The company has established a structured framework of accountability across senior management team supported by a third party tool for online monitoring of the status of compliances across key processes.

Human Resources

We have a diverse workforce of over 6500+ employees, with ~21% gender diverse and an average age of 32 years. Given the repute we hold in the market, we have been able to consistently attract the best talent and skillsets from the industry.

At Arvind Fashions, our people are our biggest asset. Our 'Will Do' culture and organizational values are anchored on being performance driven, encouraging employees to imbibe passion and the entrepreneurial spirit in the work they do.

Our unique Employee Value Proposition (EVP) – Fashioning possibilities, provides our employees a world of opportunities through a modern and engaging work environment and best in class learning and capability development.

Here, our people feel respected and valued, creativity and excellence are encouraged and leadership and teamwork are recognized. Recognizing good performance and demonstrating the values and leadership behaviors are key to the Arvind's success. Employees feel connected through annual events like the Family Day - a corporate organized function blending fun, family and activities in one well-planned occasion, Fundo - the sports Olympiad event consisting of various high adrenaline activities and through quarterly reachouts – employee townhalls where leaders talk about the achievements of the quarter gone by and the way forward plans. Through such events, our employees get an opportunity to bond with their larger cross functional teams and understand the bigger picture they are contributing towards.

We have taken progressive steps when crafting employee policies to ensure the needs of our employees are kept first. This is reflective in the maternity and adoption policy, launch of the flexitime policy for employees, introduction of a maternity transitioning toolkit to sensitize line managers to deliver a delightful experience to a returning mother, a transition guidebook to help expectant mothers with useful tips, policy designed for safety of women and numerous other wellness initiatives. These initiatives are part of the Arvind YoHGA framework which focuses on overall employee wellness and delivering a differentiated employee experience.

Lately, the retail industry is going through significant transformation in terms of how customers interact with the brands they love, how they shop and the experiences they seek. Our focus is therefore on building capabilities within the organization to address this rapidly changing landscape.

We are committed to developing our talent through a variety of job roles and other development initiatives which enable our people to take charge of and plan their careers with Arvind Fashions. Arvind University, our in-house learning center truly fashions possibilities in learning through a holistic approach. We have well-defined training curriculums and ongoing skills development designed for our various audiences. This includes enhancing courses around building customer experience offline & online, digital & e-commerce capabilities and strengthening our analytics and planning capabilities.

Efforts aligned to establishing our EVP have made our company a preferred employer for professionals in the industry. This approach has led us to be honored with 'Best Company to Work in Retail' by 'Business Today'.

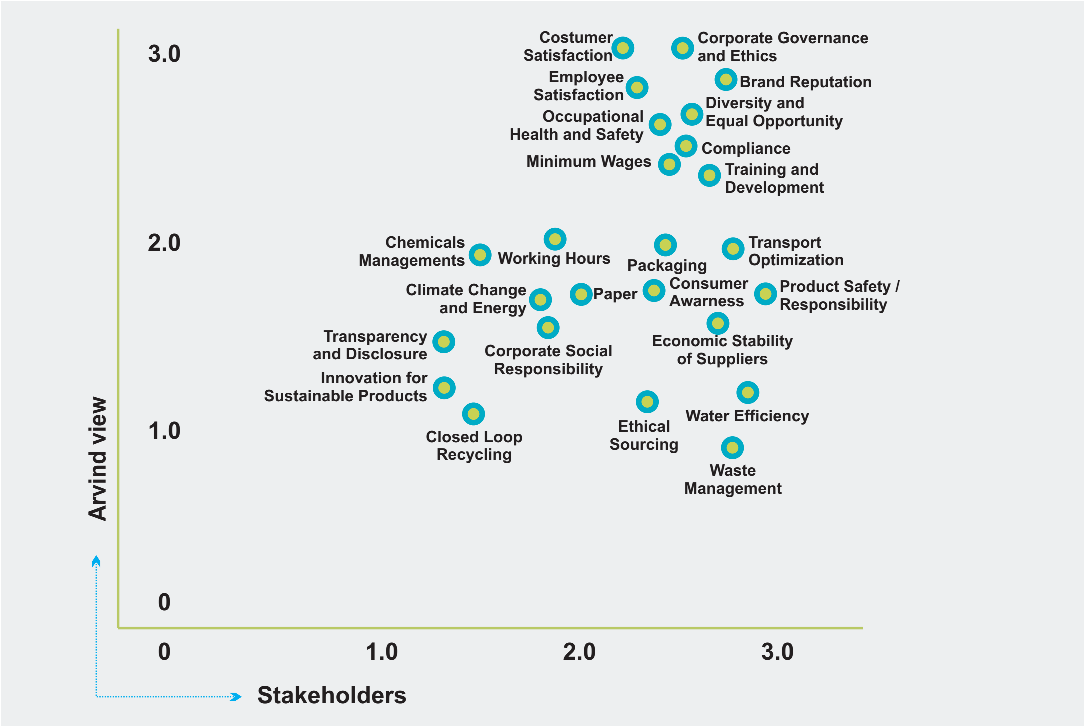
Sustainability and Business Responsibility Report

At Arvind Fashions Limited (AFL), we strongly believe that the businesses have to operate in a responsible manner to collectively achieve the goal of a "Sustainable World". At AFL, sustainability is not just about making our operations more sustainable, but to work across our value chain to inculcate the culture of adopting sustainable materials, practices and technologies.

We firmly believe that sustainability will be one of the biggest enablers of business growth in the future for the companies that treat it as an opportunity. In line, we constantly strive to develop and implement policies and procedures that enable us to do our business in a responsible manner and look at the challenges that pose a threat to the world, to create opportunities that enable a positive impact both for the world and our business.

We periodically collaborate with relevant stakeholders to identify issues that are material to our business and stakeholders. This provides us guidance and enables us to effectively utilize our resources. AFL's materiality assessment is a systematic process that compiles diverse inside-out and outside-in perspectives from external stakeholders, trend analyses and internal engagement with relevant departments. The assessment involved interaction with our business heads, employees and top management and external stakeholders including customers, investors and vendor partners.

The illustration depicts issues that are most material to AFL:



Based on the discussions and inputs from our stakeholders and our aspiration to become a sustainability leader in the retail industry, we have developed a Sustainability Strategy that will guide our efforts towards the goal of a Sustainable World. The strategy is focusing in the areas of "Combating Climate change", "Responsible Supply Chain", "Sustainable Fashion" and "Social Responsibility". The projects undertaken under each focus area are discussed in the subsequent sections of this report.

Apart from this, we organize Sustainability Platform on annual basis. The idea is to provide a platform for showcasing sustainability concepts directly to our brand teams while spreading awareness on different sustainability challenges and opportunities. In last two years, more than 25 vendors have showcased different sustainability concepts including but not limited to sustainable and recycled fabrics and trims, natural dyes, waterless jeans, non-hazardous washing chemicals, etc.

Section A: General Information about the company

Corporate Identity Number (CIN) of the Company: L52399GJ2016PLC085595

Name of the Company: Arvind Fashions Limited

Registered address: Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, INDIA

Website: https://www.arvindfashions.com/

E-mail id: investor.relations@arvindbrands.co.in

Financial Year reported: FY 2018-19

Sector(s) that the Company is engaged in (industrial activity code-wise): Wholesale of textiles, clothing and footwear

Code : 4641

List three key products/services that the Company manufactures/provides (as in balance sheet):

Menswear | Womenswear | Kidswear

Total number of locations where business activity is undertaken by the Company:

India, Nepal, Srilanka and Middle East

Markets served by the Company – Local/State/National/International: National and International

Section B: Financial details of the company

Paid up Capital (INR): ₹ 23.2 Crores

Total Turnover (INR) : ₹ 1009.9 Crores (Standalone) & ₹ 4,643.86 Crores (Consolidated)

Total profit after taxes (INR) : ₹ 61.51 Crores (Standalone) & ₹ 21.48 Crores (Consolidated)

Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2% of the average net profit of the company made during the three immediately preceding Financial Years. The Company's total spending on CSR for the year ended March 31,2019 was ₹ 45.62 Lacs which is 2% of the PAT.

List of activities in which expenditure in 4 above has been incurred: Refer Annexure B to the Directors' Report

Section C: Other Details

Any Subsidiary Company/ Companies:

Subsidiaries

- Arvind Lifestyle Brands Limited
- Arvind Beauty Brands Retail Private Limited

Associate companies

- Tommy Hilfiger Arvind Fashion Private Limited
- Calvin Klein Arvind Fashion Private Limited

Do the Subsidiary Company participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): No, Subsidiary companies do not participate in the BR initiatives of the company.

Do any other entity (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

None of the entities that we work with have taken up BR initiative during previous financial year.

Section D: BR Information

1. **(a) Details of Director / Directors responsible for BR**

   Name: Mr. Suresh Jayaraman
   DIN: 03033110
   Designation: Managing Director & CEO
   Telephone Number: +91 - 080 - 4155 0601 / 51
   Email id: sureshj@arvindbrands.co.in

2. **(b) Details of the BR head**

   Name: Mr. Tushar Jindal
   Designation: Head of Sustainability
   Telephone Number: 9606480650
   Email id: tushar.jindal@arvindbrands.co.in

National Voluntary Guidelines		Arvind's Policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	- Code of Conduct - Whistle Blower Policy - Code of conduct for Prohibition of Insider Trading - Responsible Supply Chain Guidelines
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	- EHS Policy
P3	Businesses should promote the well-being of all employees	- Annual health check policy - Education Assistance policy - Flexi time policy - Policy against Sexual harassment - Maternity and adoption policy

National Voluntary Guidelines		Arvind's Policies
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	- Dividend distribution policy - CSR policy.
P5	Businesses should respect and promote human rights	- Code of Conduct, - Whistleblower Policy
P6	Business should respect, protect and make efforts to restore the environment	- EHS Policy
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	- We do not have a defined policy as of now
P8	Businesses should support inclusive growth and equitable development	- CSR policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	- We do not have a defined policy as of now

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

	Principle-wise Policies	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Various national and international laws as well as international conventions are captured in the policies articulated by AFL such as ISO 14001, ISO 50001, OHSAS 18001 and SA 8000, etc.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	-
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	We have some of the policies available on our website while the rest are available on our intranet.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	-
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	We have not carried out an independent audit of the working of these policies.								

3. **Governance related to BR**

   i. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:**

   The Board of Directors meet annually to discuss applicable BR issues and assess the BR performance of the Company.

   ii. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   This is the first Business Responsibility Report of the company. We shall publish the same on annual basis going forward and shall upload the same on our website.

Section E: Principle-wise Performance

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? (Yes/No).Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   Good governance is an integral part of any responsible organization. At AFL, integrity is imbibed in our working culture and is non-negotiable. We communicate the same across our group and the entire value chain via different platforms. We have developed the following policies to ensure transparency in operations and communications while maintaining a behavior that is ethical and accountable to the highest standards:

   - **Code of Conduct:** Signed by the top management, it requires each employee to ensure highest level of ethical conduct and integrity.
   - **Code of Conduct for Prohibition of Insider Trading:** Insider trading can be detected and prevented and each employee is expected to exercise caution with sensitive information
   - **Whistle Blower Policy:** Applicable across our value chain, this policy provides a platform to anonymously disclose/report unethical activity or any conduct that may constitute breach of the Company's Code of Conduct or an employee's human right.
   - **Responsible Supply Chain (RSC) Guidelines:** These are developed with reference from national legislation, NGRBC and other internationally accepted environmental and social standards. The guidelines are applicable to all the tier -1 (Final good manufacturers) vendor partners and act as a screening tool before on-boarding any new vendor and is also used to assess the performance of vendor partners on continuous basis. As on date, >90% of the tier -1 vendor partners are already assessed using the RSC guidelines. Most of these vendor partners either have sustainability related policies or are working to have one for their operations.

   Apart from the Code of Conduct which is applicable to AFL and its group companies, all the other policies are extended to stakeholders including but not limited to vendor partners, service providers, NGOs, contractors, and any stakeholder having business relationship with AFL. Further, all the employees are mandatorily required to undergo training on these policies on periodic basis and the vendor partners are communicated about the same at the time of signing the Memorandum of Understanding (MOU).

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved? If so, provide details thereof, in about 50 words or so.**

   In FY 19, we received 997 stakeholder complaints in AFL, its subsidiaries and associates, out of these 93% of the complaints have been resolved.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   In FY 19, U.S. Polo Assn. launched a range of responsible jeans while Flying Machine launched a range of shirts made from 100% recycled fabric, blend of recycled cotton and polyester. Apart from this Flying Machine and U.S. Polo Assn. launched certain products that were manufactured using non-hazardous chemicals in the washing process.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   We source the garments from vendor partner factories which may or may not be dedicated for our products. As on data, we are in the process of mapping the resource use for our products and will report on the same in future.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   The Company released an updated version of the vendor Code of Conduct in FY 2019 the 'Responsible Supply Chain (RSC) guidelines' that defines the minimum standards that our vendor partners are expected to meet. These guidelines are instrumental in ensuring that we achieve desired business objectives while making a positive social impact and reducing the overall environmental impact of our operations. In FY 19, AFL, its subsidiaries and associates sourced > 85% of the products from the vendor partners that adhere to the Responsible Supply Chain guidelines which is well in line with our target of having > 80% factories compliant with RSC guidelines by 2019.

Apart from this, we strive to support our vendor partners in adopting environment friendly practices in their operation, including but not limited to Renewable Energy, Zero Liquid Discharge Facilities, etc. Being a founding member of the Sustainable Apparel Coalition, we also encourage our vendor partners to register on the Higg Index. As on date, more than 50 vendor partner factories are registered on the Higg Index. We extend our support to these factories to understand and appropriately submit the response in Facility Environment Module (FEM) and Facility Social and Labor Module (FSLM).

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

AFL, its subsidiaries and associates source >70% of the products from Indian manufacturers. This provides steady opportunities to skilled artisans involved in the craft.

We continuously work with our vendor partners to enhance their capacity and capability. AFL, its subsidiaries and associates run a program called "Green Channel" within its supply chain under which more than 400 quality checkers across ~20 vendor partner factories have been trained. Further, AFL, its subsidiaries and associates have a dedicated team "Arvind Care" that advices our vendor partners in areas of efficiency improvement and capability development.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

Most of the chindi waste generated in our vendor partner factories is sent to third parties that are in the business of recycling / upcycling / downcycling. These recycled / upcycled / downcycled products are utilized either in the textile manufacturing (refer the example of FM shirts in point 1 of this section) or are used in other industries.

The Company strive to divert the textile waste from landfills. We ran a pilot to collect old and not in use clothes from our customers in FY 18 to gauge the potential of recycle and/or reuse. We are committed to develop an infrastructure that will help in increasing the life cycle of a textile garment while reducing the percentage of the textile waste ending up in a landfill.

<u>Principle 3 - Businesses should promote the well-being of all employees</u>

1. Total number of employees

We have a total of 6545 permanent employees at AFL, its subsidiaries and associates.

2. Total number of employees hired on temporary/contractual/casual basis

We have a total of 5037 temporary/contractual employees at AFL, its subsidiaries and associates.

3. Number of permanent women employees:

We have a total of 1374 permanent women employees at AFL, its subsidiaries and associates.

4. Number of permanent employees with disabilities:

We are an equal opportunity employer and have hired employees with disability over the years. However, we are not tracking the number of employees with disability through a formal mechanism. We shall track the same going forward and shall report the number in the subsequent report.

5. Do you have an employee association that is recognized by management?

We do not restrict our employees to form union and bargain collectively. However, we do not have any recognized employee union as on date.

6. What percentage of your permanent employees is members of this recognized employee association?

We do not have any recognized employee union as on date.

7. Please indicate the number of complaints relating to: (i) Child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year; (ii) Sexual harassment; (iii) Discriminatory employment.

There were no complaints against child and forced labour as well as for discriminatory / involuntary employment during the last financial year. However, we received 7 complaints in regards to harassment including 4 cases of sexual harassment in FY 19 in AFL, its subsidiaries and associates and all of them have been satisfactorily addressed.

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

In FY 19, total number of unique employees trained were ~10500, corporate employees ~950 whereas retail employees ~9500 in AFL, its subsidiaries and associates. Out of this 1660 number of employees were trained on health and safety aspects in FY 19.

Principle 4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. **Has the Company mapped its internal and external stakeholders?**

   We recognize the fact that as a large business we have several stakeholder groups each with distinct priorities and diverse interests. We therefore developed a method for structured identification of stakeholder groups, understanding their concerns and incorporating their views in our sustainability strategy. Based on various parameters we have identified the following key stakeholders:

- Customers
- Consumers
- Investors
- Employees & Workers
- Community
- Media
- Government Agencies & Regulators
- Vendor partners

Diverse communication platforms were institutionalised for each stakeholder group, with the objective of communicating our company policies and expectations, and collecting timely feedback from stakeholders. In FY 19, we continued to engage with all our stakeholder in a two-way dialogue, around the year and through a host of channels:

2. **Out of the above, has the Company identified the disadvantages, vulnerable and marginalized stakeholders?**

   No.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   No.

Principle 5 - Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   AFL Code of Conduct is applicable to all the group companies, joint ventures, vendor partners, contractors and its employees. Not only our intentions, but also our actions are compliant with all statutory laws and regulations.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved?**

   In FY 19, we did not received any complaints in respect of Human Rights from our stakeholder.

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   Company's EHS Policy is applicable to it's subsidiaries & associates. The policy is available on our company's intranet.

   Responsible Supply Chain (RSC) guidelines also take cue from EHS policy and are applicable to all the tier1 vendor partners (Final good manufacturers).

   At AFL, we strive to minimize the negative environment impact due to our products and our operations across the value chain and ensure that adherence to environmental compliances. There are several initiatives that we have undertaken to reduce our environmental footprint including improving the sustainable quotient of our products by increasing the mix of sustainable raw materials and renewable energy and reducing the consumption of non-hazardous chemicals and fresh water, etc.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, AFL is committed to contribute to limiting global temperature increase to well below 2°C, aiming towards 1.5°C, by the end of the century. We are working several initiatives to achieve energy efficiency and are committed to adopt renewable energy in our operations. (Refer the website https://www.arvindfashions.com/combat-climate-change/)

3. **Does the Company identify and assess potential environmental risks?**

   Yes, we do identify and assess the potential environmental risks on a regular basis and also do the after follow-ups for the same to ensure the proper actions to cater to those identified risks.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, is any environmental compliance report filed? (Please confirm)**

   Currently, we do not have any project related to Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   AFL, its subsidiaries and associates have shifted ~80% of its electricity consumption in the Corporate office to solar power. We have entered in an open access agreement with a third party to supply 14 lakh kWh of solar power per annum. This initiative will help us reduce ~1300 tons of carbon dioxide emissions per annum from our operations. We are also exploring the potential to shift to renewable energy for our warehouses and stores.

   The Company has taken a target to reduce 15% of its specific GHG emissions by 2022 in comparison to the FY 2017 baseline. The Company has also committed to shift 20% of its energy portfolio to renewable sources of energy by 2022.

   Apart from this, we encourage our strategic vendor partners to shift to renewable energy to further reduce the environment footprint of our products. Some of our vendors have already shifted / planned to shift to renewable energy in the future. (Refer https://www.arvindfashions.com/combat-climate-change/)

6. **Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, we comply with all applicable environmental legislations in the locations we operate from. We monitor and track all parameters as defined by CPCB or SPCBs and ensure that they are maintained within norms.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.**

   In FY 19, we received one show cause notice from SPCB. However, the same is already addressed to the satisfaction of the authority.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

   AFL has been actively working with trade/industry associations in evolving policies that govern the functioning and regulations of the retail sector. AFL is currently an active member of Retailers Association of India (RAI) and Clothing Manufactures Association of India (CMAI).

   Apart from this, Arvind is one of the founding members of the Sustainable Apparel Coalition (SAC). The coalition focuses on building unified approach in assessing environmental and social performance of the textile and apparel industry. We play an active role in defining the new set of standards that should be used to reduce the environmental and social impact of the textile industry.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.**

   AFL does undertake need based advocacy on issues pertaining to retail sector and sustainability through our membership of relevant industry/trade bodies. Further, all the engagements are guided by the values of commitment, integrity, transparency and the need to balance interests among our diverse stakeholders.

Principle 8 - Businesses should support inclusive growth and equitable development

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   Yes. The company has identified two programmes of social renewal - Programme on Enhancing Vocational Skills and Rural Development Programme around AFL operations. This is being done as per our CSR Policy (https://www.arvindfashions.com/wp-content/uploads/2018/11/AFL-CSR-Policy.pdf). A close look at our CSR Policy ascertains that the Businesses should support inclusive growth and equitable development.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The programs are being undertaken by Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust.

3. **Have you done any impact assessment of your initiative?**

   The management of AFL is convinced that the impact assessment is an important tool to judge the efficacy and the effectiveness of the programme. For AFL, this is the first year of the mentioned programs. We will be undertaking the impact assessment in the forthcoming years. The concurrent monitoring and evaluation of course is a part of our initiative..

4. **What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?**

   Direct Contribution: ₹ 45.62 Lacs

   Projects undertaken:

   Employment enhancing vocational skills for employability:

   We are undertaking skill enhancement programs for wage and self-employment. We are also planning to make the target audience proficient in English language while simultaneously facilitating employment linkages for them. The skill enhancement program is being undertaken for youth.

   Projects and programmes for impacting positively the quality of lives of people where Arvind Fashions Limited operates.

   We are undertaking rural development projects and programmes near AFL operations with focus on health and education. We would also explore possibility of undertaking similar initiatives in other places where AFL operates.

5. **Have you taken steps to ensure that the community successfully adopts this community development initiative? Please explain in 50 words, or so.**

   The ideal situation for any project is to be ultimately managed by the people the program worked with. This, however, will happen over a period of time. The project has inbuilt component of formation of youth group and women's group and a project management unit comprising of local leaders that would ultimately lead to community adoption of the development initiatives..

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   We resolve all the customer queries and complaints in timely and efficient manner. In 2019, 990 tickets were raised in AFL, its subsidiaries and associates. Out of these 681 tickets were Product feedback, 108 tickets were Service feedback and 201 tickets were Loyalty Program tickets. Of these 93% of the tickets have been resolved. 5% tickets are open waiting for customer action such as dropping the product at the nearest store or confirming on issue resolution.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   Beyond the label requirements mandated by local laws, all apparel product labels also include information on raw materials utilized and the environment initiatives, in case applicable. Further, instructions for wash and care are included to maintain durability of the products

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   Not applicable.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Not during recently concluded financial year.

Independent Auditor's Report

TO THE MEMBERS OF ARVIND FASHIONS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Arvind Fashions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)**
	The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, estimate of variable consideration, reduction of revenue on the basis of consideration payable to customers in the form of loyalty points, determination of Principal versus agent consideration, recognition of contract assets and refund liability. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
	Refer Note 16 to the Standalone Financial Statements
		Principal Audit Procedures
		We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
		• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
		• Selected a sample of continuing and new contracts and performed the following procedures:
		  • Read, analysed and identified the distinct performance obligations in these contracts.
		  • Compared these performance obligations with that identified and recorded by the Company.
		  • Considered the terms of the contracts to determine the transaction price

Sr. No.	Key Audit Matter	Auditor's Response
		including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Considered the terms of contracts for determination of Principal versus agent consideration, recognition of contract assets and refund liability including historical trend of returns. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. • We reviewed the collation of information to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
2	**Valuation of Inventory** Valuation of inventory requires (a) measurement of cost to be recognised as an inventory and carried forward until the related revenues are recognised; (b) any write-down to net realisable value; (c) identification of slow moving stock; and (d) accuracy of expected selling prices, particularly for products with significant time lapse between manufacture and ultimate date of sale of product to the consumer. These include inherently subjective judgements about forecast future demand and estimated net realisable value at the time the product is expected to be sold. Refer Note 9 to the Standalone Financial Statements	**Principal Audit Procedures** We assessed the Company's process to identify and measurement of all costs which comprise of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to identification and measurement of cost of inventory, slow moving goods and estimated net realisable value. • Selected sample of Inventory to verify the correctness of cost components. • Tested the relevant information technology systems generating report of slow moving goods. • Performed sample testing for accuracy of net realizable value of inventory including slow moving goods with sales invoices. • Validated cost write-down to estimated net realizable value.
3	**Business Combination** During the year, Branded Apparel Division of Arvind Limited (Erstwhile Holding Company) was merged with the Company having net identifiable assets of Rs. 462.22 Crores resulting into creation of Capital Reserve of Rs. 45.39 Crores. After the merger, the Company has issued shares to the shareholders of Arvind Limited and got listed on stock exchange. This requires significant management judgement. Thus, it is considered to be key audit matter as this is significant event which has happened during the year and it required compliance of scheme and applicable Ind AS. Refer Note 40 to the Standalone Financial Statements	**Principal Audit Procedures** We performed the following procedures in response to the key audit matter identified: • Completed a walkthrough of the merger process and obtained understanding of the transaction by reading the Scheme of Arrangement and the Listing Profile document; • Assessed the design and implementation of the key controls addressing the risk; • Evaluated management's assessment of the due diligence findings and the actions taken; • Risk assessed, appropriately scoped and tested the balances for the acquired business; • Reviewed the key underlying assumptions; • Reviewed the disclosures in the financial statements. • Tested the arithmetic accuracy of management's calculations for the giving effect of the scheme in standalone financial statements. • Tested the adjustment given in the reserves and surplus for net assets transferred

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has no pending litigations in its standalone financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Sorab S. Engineer & Co.

Chartered Accountants

Firm's Registration No. 110417W

CA. Chokshi Shreyas B.

Partner

Membership No.100892

Place : Ahmedabad

Date : May 16, 2019

Annexure "A" To The Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of ARVIND FASHIONS LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Place : Ahmedabad
Date : May 16, 2019

Annexure 'B' To The Independent Auditor's Report

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

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following.

Particulars	No of Cases	Area	Gross Carrying Amount	Net Carrying Amount	Remarks
Building	1	13,500 Sq Feet	Rs. 6.94 Crores	Rs. 6.88 Crores	The Company is in the process to register title deed in its name.

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. According the information and explanations given to us, 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. According to the information and explanations given to us, in respect of statutory dues:

(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, 2019 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, 2019.

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. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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 standalone 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's Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Place : Ahmedabad
Date : May 16, 2019

Standalone Balance Sheet as at March 31, 2019

(₹in Crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	5	**29.62**	10.56
(b) Capital work-in-progress	5	**5.50**	0.02
(c) Intangible assets	6	**9.21**	8.80
(d) Intangible assets under development	6	**1.93**	-
(e) Financial assets			
(i) Investments	7	**1,243.99**	1,141.20
(ii) Loans	7	**0.14**	0.36
(iii) Other financial assets	7	**14.26**	12.34
(f) Deferred tax assets (net)	25	**17.39**	3.92
(g) Other non-current assets	8	**0.28**	1.53
Total non-current assets		**1,322.32**	1,178.73
II. Current assets			
(a) Inventories	9	**223.80**	107.31
(b) Financial assets			
(i) Investments	7	**(Rs. 13,090)**	(Rs. 18,375)
(ii) Trade receivables	7	**147.39**	37.73
(iii) Cash and cash equivalents	7	**1.16**	8.05
(iv) Bank balance other than (iii) above	7	**0.03**	0.03
(v) Loans	7	**31.49**	1.28
(vi) Others financial assets	7	**0.69**	0.11
(c) Current tax assets (net)	10	**13.07**	-
(d) Other current assets	8	**97.24**	183.95
Total current assets		**514.87**	338.46
Total Assets		**1,837.19**	1,517.19
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	**23.20**	23.17
(b) Other equity	12	**1,326.65**	1,207.88
Total equity		**1,349.85**	1,231.05
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**18.94**	0.25
(ii) Other financial liabilities	13	**1.20**	2.07
(b) Long-term provisions	14	**5.09**	3.53
Total non-current liabilities		**25.23**	5.85
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**51.70**	46.09
(ii) Trade payables	13		
a) total outstanding dues of micro enterprises and small enterprises		**30.28**	4.69
b) total outstanding dues of creditors other than micro enterprises and small enterprises		**343.70**	211.53
(iii) Other financial liabilities	13	**18.49**	9.39
(b) Other current liabilities	15	**16.73**	7.90
(c) Short-term provisions	14	**1.21**	0.20
(d) Current tax liabilities (net)	10	**-**	0.49
Total current liabilities		**462.11**	280.29
Total Equity and Liabilities		**1,837.19**	1,517.19
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Standalone 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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Standalone Statement of profit and loss for the year ended March 31, 2019

(₹in Crores)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations			
Sale of Products	16	**1,002.35**	995.13
Sale of Services	16	**0.13**	4.98
Operating Income	16	**7.42**	0.83
Revenue from operations		**1,009.90**	1,000.94
Other income	17	**1.79**	0.67
Total income (I)		**1,011.69**	1,001.61
Expenses			
Cost of trims and accessories consumed	18	**2.72**	1.14
Purchases of stock-in-trade	19	**756.30**	387.82
Changes in inventories of stock-in-trade	20	**(116.21)**	150.38
Employee benefits expense	21	**66.33**	51.02
Finance costs	22	**17.98**	9.78
Depreciation and amortisation expense	23	**15.30**	11.49
Other expenses	24	**207.04**	315.98
Total expenses (II)		**949.46**	927.61
Profit before exceptional items and tax (III)=(I-II)		**62.23**	74.00
Exceptional items (IV)		**-**	-
Profit before tax (V) = (III-IV)		**62.23**	74.00
Tax expense			
Current tax	25	**13.43**	22.37
Deferred tax charge / (credit)	25	**(12.71)**	(1.76)
Total tax expense (VI)		**0.72**	20.61
Profit for the year (VII) = (V-VI)		**61.51**	53.39
Other comprehensive income			
A. Items that will not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		**(2.11)**	(0.10)
Income tax effect	25	**0.74**	0.03
		(1.37)	(0.07)
Net gain / (loss) on FVOCI equity instruments		**(Rs. -5,283)**	(Rs. 9,720)
Income tax effect	25	**-**	-
		(Rs. -5,283)	(Rs. 9,720)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		**(1.37)**	(0.07)
B. Items that will be reclassified to profit or loss in subsequent periods:			
Net gains / (loss) on hedging instruments in a cash flow hedge		**(0.07)**	-
Income tax effect	25	**0.02**	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods (B)		**(0.05)**	-
Total other comprehensive income for the year, net of tax (VIII) (A+B)		**(1.42)**	(0.07)
Total comprehensive income for the year, net of tax (VII+VIII)		**60.09**	53.32
Earning per equity share [nominal value per share Rs.4/- (March 31, 2018: Rs.4/-)]			
Basic	32	**10.64**	9.40
Diluted	32	**10.40**	9.16
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Standalone 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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Standalone Statement of cash flows for the year ended March 31, 2019

(₹in Crores)

	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A	**Operating activities**				
	Profit Before taxation		**62.23**		74.00
	Adjustments to reconcile profit before tax to net cash flows:				
	Depreciation /Amortization	**15.30**		11.49	
	Financial guarantee commission	**(1.48)**		(0.39)	
	Interest Income	**(0.19)**		(0.01)	
	Interest and Other Borrowing Cost	**17.98**		9.78	
	Bad Debts Written Off	**1.29**		-	
	Allowance for Doubtful Debts	**0.95**		-	
	Foreign Exchange Difference	**(0.58)**		-	
	Provision for Litigation/Disputes	**0.64**		-	
	(Profit)/Loss on Sale of Property, Plant & Equipment/Intangible assets	**(0.01)**		-	
	Share based payment expense	**0.72**		0.16	
			34.62		21.03
	Operating Profit before Working Capital Changes		**96.85**		95.03
	Working Capital Changes:				
	Changes in Inventories	**(108.42)**		148.88	
	Changes in trade payables	**157.76**		25.74	
	Changes in other current liabilities	**(20.36)**		(52.37)	
	Changes in other financial liabilities	**2.42**		(9.16)	
	Changes in provisions	**(0.18)**		0.05	
	Changes in trade receivables	**(77.23)**		(3.41)	
	Changes in other current assets	**102.55**		(178.76)	
	Changes in other financial assets	**(2.50)**		(8.20)	
	Net Changes in Working Capital		**54.04**		(77.24)
	Cash Generated from Operations		**150.89**		17.79
	Direct Taxes paid (Net of Income Tax refund)		**(26.99)**		(21.84)
	Net Cash from Operating Activities		**123.90**		(4.05)
B	**Cash Flow from Investing Activities**				
	Purchase of Property, Plant & Equipment/intangible assets	**(26.21)**		(8.46)	
	Sale of Property, Plant & Equipment	**0.56**		-	
	Changes in Capital Advances	**1.25**		(1.42)	
	Changes in loans and advances	**(29.99)**		(1.30)	
	Change in Long Term Investments	**(100.00)**		(292.03)	
	Interest Income	**0.19**		0.01	
	Net cash flow from Investing Activities		**(154.20)**		(303.20)
C	**Cash Flow from Financing Activities**				
	Proceeds from Issue of share capital	**3.41**		300.00	
	Share application money received	**8.51**		-	
	Changes in long term Borrowings	**20.70**		0.31	
	Changes in short term borrowings	**(12.52)**		23.55	
	Interest and Other Borrowing Cost Paid	**(14.79)**		(8.67)	
	Net Cash flow from Financing Activities		**5.31**		315.19
	Net Increase/(Decrease) in cash & cash equivalents		**(24.99)**		7.94
	Add: Adjustment due to Business Combination (Note No. 40)		**18.10**		-
	Cash & Cash equivalent at the beginning of the year		**8.05**		0.11
	Cash & Cash equivalent at the end of the year		**1.16**		8.05

Standalone Statement of cash flows for the year ended March 31, 2019 (Contd.)

(₹in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash and cash equivalents comprise of:		
Cash on Hand	**0.02**	0.04
Balances with Banks	**1.14**	8.01
Cash and cash equivalents as per Balance Sheet (Note 7)	**1.16**	8.05
Less: Book Overdraft (Note 13 c)	**-**	(Rs. 28,700)
Cash and cash equivalents	**1.16**	8.05

The accompanying notes are an integral part of these standalone financial statements

Disclosure under Para 44A as set out in Ind As 7 on cash flow statements under Companies(Indian Accounting Standards) Rules,2015 (as amended)

Particulars of liabilities arising from financing activity	Note No.	As at March 31, 2018	Net cash flows	Non Cash Changes			As at March 31, 2019
				Adjustment on account of Business Combination (Note No 40)	Effect of change in Foreign Currency Rates	Other changes *	
Borrowings:							
Long term borrowings	13(a)	0.30	20.70				21.00
Short term borrowings	13(a)	46.09	(12.52)	18.71	(0.58)		51.70
Interest accrued on borrowings	13(c)	2.34	(1.57)			4.76	5.53
Total		**48.73**	**6.61**	**18.71**	**(0.58)**	**4.76**	**78.23**

* The same relates to amount charged in statement of profit and loss accounts.

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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

(₹in Crores)

Statement of changes in Equity for the year ended March 31, 2019

A. Equity share capital

Balance	Amount Note 11
As at April 1, 2017	**21.74**
Issue of Equity Share capital (Rights issue)	0.91
Issue of Equity Share capital (Bonus issue)	0.52
As at March 31, 2018	**23.17**
Issue of Equity Share capital (On exercise of ESOP)	0.12
Cancellation of Shares shares under scheme of arrangement (Note No. 40)	(20.78)
Allotement of Shares pursuent to Scheme of Arrangement (Note No. 40)	20.69
As at March 31, 2019	**23.20**

B. Other equity

	Share Application Money Pending Allotment	Reserves and Surplus				Items of Other Comprehensive Income		Total equity
		Capital Reserve Note 12	Securities premium Note 12	Share Based Payment Reserve Note 12	Retained Earnings Note 12	Cash Flow Hedge Reserve Note 12	Equity Instrument through FVOCI Note 12	
Balance as at April 1, 2017	**-**	**-**	**858.58**	**0.67**	**(3.96)**	**-**	**(Rs. -165)**	**855.29**
Profit for the year	-	-	-	-	53.39	-	-	53.39
Other comprehensive income for the year	-	-	-	-	(0.07)	-	(Rs. 9,720)	(0.07)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**53.32**	**-**	**(Rs. 9,720)**	**53.32**
Issue of share capital (Note 11)	-	-	299.09	-	-	-	-	299.09
Utilized during the year for bonus shares	-	-	(0.52)	-	-	-	-	(0.52)
Issue of Shares under Employee Stock Option Plan to Holding Co. (Note 33)	-	-	-	0.71	(0.71)	-	-	-
Issue of Shares under Employee Stock Option Plan to Subsidiary Co. (Note 33)	-	-	-	0.54	-	-	-	0.54
Issue of Shares under Employee Stock Option Plan (Note 33)	-	-	-	0.16	-	-	-	0.16
Balance as at March 31,2018	**-**	**0.00**	**1,157.15**	**2.08**	**48.65**	**-**	**(Rs. 9,555)**	**1,207.88**
Balance as at April 1, 2018	**-**	**0.00**	**1,157.15**	**2.08**	**48.65**	**-**	**(Rs. 9,555)**	**1,207.88**
Profit for the year	-	-	-	-	61.51	-		61.51
Other comprehensive income for the year	-	-	-	-	(1.37)	(0.05)	(Rs.-5283)	(1.42)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**60.14**	**(0.05)**	**(Rs. -5283)**	**60.09**
Issue of share capital (Note 11)	-	-	3.29	-	-	-	-	3.29
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	-	-	0.19	(0.19)	-	-	0.00
Issue of Shares under Employee Stock Option Plan to Holding Co. (Note 33)	-	-	-	0.77	-	-	-	0.77
Issue of Shares under Employee Stock Option Plan to Subsidiary Co. (Note 33)	-	-	-	0.72	-	-	-	0.72
Transfer to Securities premium	-	-	-	(0.16)	-	-	-	(0.16)
Transfer from share based payment reserve	-	-	0.16	-	-	-	-	0.16
Adjustment due to Business Combination (Note No. 40)	-	45.39	-	-	-	-	-	45.39
Received during the year	8.51	-	-	-	-	-	-	8.51
Balance as at March 31,2019	**8.51**	**45.39**	**1,160.60**	**3.60**	**108.60**	**(0.05)**	**(Rs. 4,272)**	**1,326.65**

The accompanying notes are an integral part of these standalone 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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Notes to and Forming Part of the Standalone Financial Statement As At and for The Year Ended 31 March 2019

1. Corporate Information

Arvind Fashions Limited (formerly known as Arvind J&M Limited) ("the Company") was incorporated under the provisions of the Companies Act, 2013 and has registered office at Arvind Limited Premises, Naroda Road, Ahmedabad - 380025.

The Company is among India's fastest-growing lifestyle companies operating in branded apparels, beauty and footwear space.

The Company, its subsidiaries and Joint Ventures, have a strong portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, GANT, Nautica, Unlimited, Sephora, Hanes, TCP and others.

The company has diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, topwear, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online).

The financial statements were authorised for issue in accordance with the resolution passed by the Board of Directors of the Company at its meeting held on May 16, 2019.

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, 2019, 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

2.3 Rounding of Amount

Financials Statement are prepared in Indian Rupee (INR) and all the values are rounded to nearest crores as per the requirement of Schedule III, except when otherwise indicated. Figures less than Rs 50,000 which are required to be shown separately, have been shown in actual brackets.

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 ordisclosed 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 following assets category as shown in Table below.

Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Leasehold Improvements	On Lease Term	6 to 9 Years
Buildings	30 Years	20 Years
Plant & Machinery	15 Years	6 to 8 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Motor Cars	6 Years	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.

Any change in useful file are being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

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 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.

Computer Software and Other intangible assets are amortised over a period of 5 years.

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

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

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

Effective from April 1, 2018, the Company has adopted Ind AS 115 – "Revenue from contracts with customers" under the full retrospective approach. Accordingly, the comparatives have been adjusted to give the effect of Ind AS 115. The effect on adoption of Ind AS 115 is insignificant on the financial performance.

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. Therefore, a refund liability is recognized for the products expected to be returned.

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.

Revenue from other services are recognised based on the services rendered in accordance with the terms of contacts on the basis of work performed.

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 amortized cost or as FVTOCI, is classified as at FVTPL.

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

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

- **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.

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

(v) Impairment of financial assets

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

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

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

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

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

- **Loans and Borrowings**

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

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

  This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

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

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

c) 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.6.68 Crores/- (March 31, 2018: Rs. Nil/-) of tax credits carried forward. 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 2019, the estimated liability towards unredeemed points amounted to approximately Rs. 1.31 Crores/- (March 31, 2018: Rs. 1.21Crores/-).

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

(₹in Crores)

Note 5 : Property, plant and equipment

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improve-ments	Office Equipment	Computer, server & network	Total	CWIP
Gross Carrying Amount									
As at April 1, 2017	**-**	**0.01**	**2.86**	**-**	**2.23**	**-**	**0.02**	**5.12**	**-**
Additions	-	0.28	4.35	0.68	2.61	0.07	0.45	8.44	0.85
Deductions	-	-	-	-	-	-	-	-	0.83
As at April 1, 2018	**-**	**0.29**	**7.21**	**0.68**	**4.84**	**0.07**	**0.47**	**13.56**	**0.02**
Adjustment due to Business Combination (Note No. 40)	6.94	0.58	3.94	0.06	1.57	0.48	0.09	13.66	-
Additions	-	1.17	5.70	1.20	1.95	0.61	0.14	10.77	5.48
Deductions	-	-	0.43	0.17	-	0.01	0.01	0.62	-
As at March 31, 2019	**6.94**	**2.04**	**16.42**	**1.77**	**8.36**	**1.15**	**0.69**	**37.37**	**5.50**
Depreciation and Impairment									
As at April 1, 2017	**-**	**-**	**0.16**	**-**	**0.15**	**-**	**-**	**0.31**	**-**
Depreciation for the year	-	0.06	1.69	-	0.86	0.01	0.07	2.69	-
Deductions	-	-	-	-	-	-	-	-	-
As at April 1, 2018	**-**	**0.06**	**1.85**	**-**	**1.01**	**0.01**	**0.07**	**3.00**	**-**
Depreciation for the year	0.06	0.17	2.53	0.58	1.21	0.10	0.19	4.84	-
Deductions	-	-	0.07	0.02	-	-	-	0.09	-
As at March 31, 2019	**0.06**	**0.23**	**4.31**	**0.56**	**2.22**	**0.11**	**0.26**	**7.75**	**-**
Net Carrying Amount									
As at March 31, 2019	**6.88**	**1.81**	**12.11**	**1.21**	**6.14**	**1.04**	**0.43**	**29.62**	**5.50**
As at April 1, 2018	**-**	**0.23**	**5.36**	**0.68**	**3.83**	**0.06**	**0.40**	**10.56**	**0.02**

Notes:

1) Buildings include Rs. 6.94 Crores of properties (Previous year Rs. Nil) in respect of which registrtion are pending in favour of the Company.

2) W.e.f Oct 1, 2018, the Company has changed the useful life of certain Property, Plant & Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life of Property, Plant & Equipment, charge for depreciation for the year ended March 31, 2019 would have been higher by Rs 0.07 Crores.

Note 6: Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Technical Process development	Website	Total	Intangible assets under development
Gross Carrying Amount						
As at April 1, 2017	**-**	**21.27**	**-**	**-**	**21.27**	**-**
Additions	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
As at April 1, 2018	**-**	**21.27**	**-**	**-**	**21.27**	**-**
Adjustment due to Business Combination (Note No. 40)	0.40	-	-	2.46	2.86	-
Additions	0.01	-	8.00	-	8.01	1.93
Deductions	-	-	-	-	-	-
As at March 31, 2019	**0.41**	**21.27**	**8.00**	**2.46**	**32.14**	**1.93**
Amortisation and Impairment						
As at April 1, 2017	**-**	**3.67**	**-**	**-**	**3.67**	**-**
Amortisation for the Year	-	8.80	-	-	8.80	-
Deductions	-	-	-	-	-	-
As at April 1, 2018	**-**	**12.47**	**-**	**-**	**12.47**	**-**
Amortisation for the Year	0.06	8.80	1.06	0.54	10.46	-
Deductions	-	-	-	-	-	-
As at March 31, 2019	**0.06**	**21.27**	**1.06**	**0.54**	**22.93**	**-**
Net Carrying Amount						
As at March 31, 2019	**0.35**	**-**	**6.94**	**1.92**	**9.21**	**1.93**
As at April 1, 2018	**-**	**8.80**	**-**	**-**	**8.80**	**-**

Notes: 1) Intangible assets under development consistes of capitalised development cost for internally developed software of Rs. 1.93 Crores (Previous year Rs. Nil)

Notes to the Standalone Financial Statements

(₹in Crores)

Note 7 : Financial assets

7 (a) Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current investment		
Investment in equity shares of subsidiaries and controlled Joint Venture		
Unquoted		
Arvind Beauty Brands Retail Private Limited# (31st Mar 2019 : 7,689,488: 31st March 2018: 7,689,488) Face Value Rs 10.	**102.86**	102.55
Arvind Lifestyle Brand Ltd *# (31st Mar 2019: 91,278,723, 31st March 2018: 81,278,723) Face Value Rs 10.	**1,025.92**	923.44
Calvin Klein Arvind Fashion Private Limited (31st Mar 2019: 5,04,648; 31st Mar 2018: 5,04,648) Face Value Rs 10.	**28.94**	28.94
Tommy Hilfiger Arvind Fashion Private Limited (31st Mar 2019: 1,49,47,159; 31st March 2018: 1,49,47,159) Face Value Rs 10.	**86.27**	86.27
Current investment		
Investment in equity shares of others		
Quoted		
Arvind SmartSpaces Limited (31st Mar 2019: 100, 31st March 2018: 100) Face Value Rs 10.	**(Rs. 13,090)****	(Rs. 18,375)
Total equity Investments	**1,243.99**	1,141.20
Total Investments	**1,243.99**	1,141.20
Agreegate amount of quoted investments	**(Rs. 13,090)**	(Rs. 18,375)
Agreegate amount of unquoted investments	**1,243.99**	1,141.20
Agreegate impairment in value of investment	**-**	-
Total non-current investments	**1,243.99**	1,141.20
Total current investments	**(Rs. 13,090)**	(Rs. 18,375)

**Wherever the amount is less than 50 thousand then such amount is mentioned in (Rupees)

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	2018-19	2017-18
Arvind Lifestyle Brands Limited	**0.46**	0.48
Arvind Beauty Brands Retail Private Limited	**0.31**	0.05

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

Subsidiaries	2018-19	2017-18
Arvind Lifestyle Brands Limited	**2.02**	0.46

Notes to the Standalone Financial Statements

(₹in Crores)

7 (b) Trade receivables - Current

Particulars	**As at March 31, 2019**	As at March 31, 2018
Unsecured, considered good	**222.06**	59.22
Credit impaired	**5.48**	-
Less : Allowance for doubtful debts	**(5.48)**	-
Less : Provision towards Refundable liability	**(74.67)**	(21.49)
Total Trade and other receivables	**147.39**	37.73

Trade receivables are given as security for borrowings as disclosed under Note 13
Refundable Liability as on March 31,2018 is converted into Revenue from Operations.

Allowance for doubtful debts

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

Particulars	**As at March 31, 2019**	As at March 31, 2018
Balance at the beginning of the year	**-**	-
Add : Allowance for the year	**0.95**	-
Add : Adjustment on business combination (Refer Note 40)	**4.53**	-
Balance at the end of the year	**5.48**	-

7 (c) Loans

Particulars	**As at March 31, 2019**	As at March 31, 2018
Unsecured, considered good unless otherwise stated		
Non-current		
Loans to employees	**0.14**	0.36
	0.14	0.36
Current		
Loans to related parties	**31.03**	-
Loans to employees	**0.46**	1.28
	31.49	1.28
Total Loans	**31.63**	1.64

7 (d) Cash and cash equivalent

Particulars	**As at March 31, 2019**	As at March 31, 2018
Cash on hand	**0.02**	0.04
Balance with Bank		
Current accounts and debit balance in cash credit accounts	**1.14**	8.01
Total cash and cash equivalents	**1.16**	8.05

7 (e) Other bank balance

Particulars	**As at March 31, 2019**	As at March 31, 2018
In Deposit Account		
Held as Margin Money*	**0.03**	0.03
Total other bank balances	**0.03**	0.03

* Under lien with bank as Security for Guarantee Facility

Notes to the Standalone Financial Statements

(₹in Crores)

7 (f) Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise specified		
Non-current		
Security deposits	**14.26**	12.34
Doubtful	**0.02**	-
Less Allowance for Doubtful Deposits	**(0.02)**	-
	14.26	12.34
Current		
Income receivable	**0.12**	-
Accrued Interest	**(Rs. 7,182)**	(Rs. 6,244)
Insurance claim receivable	**0.57**	0.11
	0.69	0.11
Total financial assets	**14.95**	12.45

Other current financial assets are given as security for borrowings as disclosed under Note 13

Allowance for doubtful deposits

Movement in allowance for doubtful deposits :

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	**-**	-
Add : Adjustment on business combination (Refer Note 40)	**0.02**	-
Balance at the end of the year	**0.02**	-

7 (g) Financial assets by category

Particulars	Cost	FVTPL	FVOCI	Amortised cost
March 31, 2019				
Investments				
- Equity shares	1,243.99	-	(Rs. 13,090)	-
Trade receivables	-	-	-	147.39
Loans	-	-	-	31.63
Cash & Bank Balances	-	-	-	1.19
Other Financial Assets	-	-	-	14.95
Total Financial assets	**1,243.99**	**-**	**(Rs. 13,090)**	**195.16**
March 31, 2018				
Investments				
- Equity shares	1,141.20	-	(Rs. 18,375)	-
Trade receivables	-	-	-	37.73
Loans	-	-	-	1.64
Cash & Bank Balances	-	-	-	8.08
Other Financial Assets	-	-	-	12.45
Total Financial Assets	**1,141.20**	**-**	**(Rs. 18,375)**	**59.90**

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.

Notes to the Standalone Financial Statements

(₹in Crores)

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	**0.28**	1.53
	0.28	1.53
Current		
Advance to suppliers	**17.31**	3.88
GST / Sales tax / VAT / service tax receivable (net)	**17.26**	10.80
Export incentive receivable	**0.36**	0.04
Prepaid expenses	**3.91**	1.67
Returnable Asset	**36.89**	145.59
Other Current Asset	**21.51**	21.97
	97.24	183.95
Total	**97.52**	185.48

Other current assets are given as security for borrowings as disclosed under Note 13
Returnable Asset as on March 31,2018 is converted into Trade Receivables.

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

Particulars	As at March 31, 2019	As at March 31, 2018
Trims and Accessories	**3.81**	1.51
Trims in transit	**0.14**	0.01
Stock-in-trade	**219.64**	103.43
Stock-in-trade in transit	**-**	2.30
Packing materials	**0.21**	0.06
Total	**223.80**	107.31

Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 9.00 Crores (Previous year Rs. 2.86 Crores). The changes in write downs are recognised as an expense in the Statement of Profit and Loss

Inventories are given as security for borrowings as disclosed under Note 13

Note 10 : Current Tax Assets (Net) / Current tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
I Current Tax Assets (Net)		
Tax Paid in Advance (Net of Provision)	**13.07**	-
II Current tax liabilities (net)		
Current tax liabilities (net)	**-**	0.49
Total	**13.07**	0.49

Notes to the Standalone Financial Statements

(₹in Crores)

Note 11 : Equity share capital:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Authorised share capital Equity shares of ₹ 4 each	**18,75,00,000**	**75.00**	6,25,00,000	25.00
Issued and subscribed share capital Equity shares of ₹ 4 each	**5,79,94,673**	**23.20**	5,79,25,727	23.17
Subscribed and fully paid up Equity shares of ₹ 4 each	**5,79,94,673**	**23.20**	5,79,25,727	23.17
Total	**5,79,94,673**	**23.20**	5,79,25,727	23.17

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
At the beginning of the period	**5,79,25,727**	**23.17**	5,43,54,100	21.74
Add: Shares alloted pursuant to exercise of ESOP	**2,98,911**	**0.12**	-	-
Add: Issue of Share Capital	-	-	22,69,289	0.91
Add: Issue of Bonus Shares	-	-	13,02,338	0.52
Less: Cancellation of shares under scheme of arrangement (Note No 40)	**(5,19,53,379)**	**(20.78)**	-	-
Add: Allotement of Shares pursuent to Scheme of Arrangement (Note No 40)	**5,17,23,414**	**20.69**	-	-
Outstanding at the end of the period	**5,79,94,673**	**23.20**	5,79,25,727	23.17

11.2. Rights, Preferences and Restrictions attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.4 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, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Arvind Limited - (along with nominees)	-	-	5,19,53,379	20.78

11.4. Details of shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Limited (along with nominees)	-	-	5,19,53,379	89.69%
Aura Securities Pvt Limited	**1,91,12,362**	**32.96%**	-	-
Plenty Private Equity Fund I Limited	**39,35,458**	**6.79%**	39,35,458	6.79%

11.5. Consolidation of Shares

With effect from 26th Oct 2018, 2 shares of Rs. 2 each was consolidated into 1 share of Rs. 4 each pursuant to scheme of arrangement approved by NCLT, Ahmedabad.Number of shares for the previous year have been adjusted to give effect of this Consolidation

11.6. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding year ended March 31, 2019

a. The Company has alloted 13,02,338 Equity Shares as bonus shares by capitalization of Securities premium during the year 2017-18.

Notes to the Standalone Financial Statements

(₹in Crores)

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

Note 12 : Other Equity

Balance	As at March 31, 2019	As at March 31, 2018
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements		
Add: Adjustment due to business combination (Refer Note 40)	45.39	-
Balance at the end of the year	45.39	-
Share Application Money		
Balance as per last financial statements		
Add: Addition during the year	8.51	-
Balance at the end of the year	8.51	-
Securities premium account		
Balance as per last financial statements	1,157.15	858.58
Add: Addition during the year	3.29	299.09
Add: Transfer from share based payment reserve	0.16	-
Add: Utilized during the year for bonus shares	-	(0.52)
Balance at the end of the year	1,160.60	1,157.15
Share based payment reserve (Refer Note 33)		
Balance as per last financial statements	2.08	0.67
Add: Addition during the year	1.68	1.41
Less: Transfer to Securities Premium Account	(0.16)	-
Balance at the end of the year	3.60	2.08
Surplus in statement of profit and loss		
Balance as per last financial statements	48.65	(3.96)
Add: Profit for the year	61.51	53.39
Less: OCI for the year	(1.37)	(0.07)
	108.79	49.36
Less: Appropriation		
Dividend to Holding Company for ESOP	0.19	0.71
Balance at the end of the year	108.60	48.65
Total reserves & surplus	1,326.70	1,207.88
Note 12.2 Other comprehensive income		
Equity Instruments through OCI (net of tax)		
Balance as per last financial statements	(Rs. 9,555)	(Rs. -165)
Add: Gain/(loss) during the year	(Rs. -5,283)	(Rs. 9,720)
Balance at the end of the year	(Rs. 4,272)	(Rs. 9,555)
Cash Flow Hedge Reserve		
Balance as per last financial statements	-	-
Add: Gain / (loss) for the year	(0.07)	-
Less: Tax impact	0.02	-
Balance at the end of the year	(0.05)	-
Total Other comprehensive income	(0.05)	(Rs. 9,555)
Total Other equity	1,326.65	1,207.88

Notes to the Standalone Financial Statements

(₹in Crores)

The description of the nature and purpose fo each reserve within equity is as follows:

a. Capital reserve

Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the Company.

b. Securities premium

Securities premium is created due to premium on issue of shares. This reserve is utilized in accordance with the provisions of the Companies Act.

c. Share based payment reserve

This reserve relates to share options granted by the company to its employee share option plan. Further information about share-based payments to employees is set out in Note 33.

d. Equity instruments through OCI

The Company has elected to recognise changes in the fair value of certain investement in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

e. Cash Flow Hedge Reserve

The hedge reserve represents the cumulative effect portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the desginated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term Borrowings (Refer Note I below)		
Non-current portion		
Secured		
Term loan from Banks	**18.94**	0.25
	18.94	0.25
Current maturities		
Secured		
Term loan from Banks	**2.06**	0.05
	2.06	0.05
Total long-term borrowings	**21.00**	0.30
Short-term Borrowings (Refer Note II below)		
Secured		
Working Capital Loans repayable on demand from Banks	**24.62**	-
Unsecured		
Working Capital Loans repayable on demand from Banks	**-**	25.00
Under Buyer's Credit Arrangement	**27.08**	21.09
Total short-term borrowings	**51.70**	46.09
Total borrowings	**72.70**	46.39

I Details of Term Loans

a Rate of Interest, Nature of Security and Terms of Repayment

Particulars	Security	Terms of Repayment from Balance sheet date	As at March 31, 2019	Range Of Interest
Rupee Loan	Secured against first charge over the entire fixed assets of the company both present and future , and second charge is created over the entire stock, receivables and other current assets of the Company both present and future	Repayable in quarterly instalments ranging between 4 to 6 in proportion of the disbursements	19.97	9.30% to 9.35%
Hire Purchase Loan	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans	1.03	9.25%

Notes to the Standalone Financial Statements

(₹in Crores)

II Details of Short Term Borrowing

a Rate of Interest, Nature of Security and Terms of Repayment

i. Working Capital Loans from banks is secured first pari passu charge on Stocks and Receivables. They carry interest rates ranging from 9.75% and are repayable on Demand

ii. Buyer's Credit carry interest at the rate of 3.24% to 3.45%

13 (b) Trade payable - Current

Particulars	As at March 31, 2019	As at March 31, 2018
Acceptances	**108.20**	87.05
Total outstanding dues of micro enterprises and small enterprises (refer note below)	**30.28**	4.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	**235.50**	124.48
Total	**373.98**	216.22

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:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
i) Principal	**30.28**	4.69
ii) Interest	**2.74**	0.77
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**0.00**	0.41
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	**2.74**	0.77
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	**2.74**	0.77
(e) the amount of 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, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**2.74**	0.77

13 (c) Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposit	**0.82**	2.06
Guarantee Commission Liability	**0.38**	0.01
	1.20	2.07
Current		
Current maturity of long term borrowings	**2.06**	0.05
Interest accrued but not due	**2.23**	1.57
Interest accrued and due	**3.30**	0.77
Payable to employees	**3.04**	5.22
Book overdraft	**-**	(Rs. 28,700)
Payable in respect of capital goods	**7.56**	1.72
Foreign Exchange Forward contracts (Cash flow hedge)	**0.07**	-
Guarantee Commission Liability	**0.23**	0.06
	18.49	9.39
Total	**19.69**	11.46

Notes to the Standalone Financial Statements

(₹in Crores)

a) Financial guarantee contract

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

13 (d) Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2019			
Borrowings			72.71
Trade payable			373.98
Other financial liabilities			19.70
Total Financial liabilities			**466.39**

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2018			
Borrowings			46.40
Trade payable			216.22
Other financial liabilities			11.46
Total Financial liabilities			**274.08**

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, 2019	As at March 31, 2018
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	2.38	1.61
Provision for Gratuity	2.71	1.92
	5.09	**3.53**
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	0.57	0.20
others		
Provision for litigation/disputed matters	0.64	-
	1.21	**0.2**
Total	**6.30**	**3.73**

Provision for Litigation/Disputed matters

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

The movement in the provision account is as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	**-**	-
Provided during the year (Net) (Note No. 24)	**0.64**	-
Balance at the end of the year	**0.64**	-

Notes to the Standalone Financial Statements

(₹in Crores)

Note 15 : Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from customers	0.37	0.38
Statutory dues including provident fund and tax deducted at source	14.08	6.30
Deferred income of loyalty program reward points (Refer note a below)	1.32	1.22
Deferred revenue	0.96	-
Total	16.73	7.90

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, 2019	As at March 31, 2018
Balance as per last financial statements	1.22	
Provision made during the year(net)	7.15	8.29
Less: Redemption made during the year	7.05	7.07
Balance at the end of the year	1.32	1.22

Note 16 : Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	1,002.35	995.13
Sale of services	0.13	4.98
Operating income		
Export incentives	0.25	0.79
Foreign exchange fluctuation on vendors and customers	4.01	-
Royalty	3.10	-
Liability no longer required written back	(Rs. 22,084)	-
Others	0.06	0.04
	7.42	0.83
Total	1,009.90	1,000.94

I. Disaggregation of revenue

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Revenue based on Geography		
i. Domestic	995.15	980.57
ii. Export	14.75	20.37
	1,009.90	1,000.94
B. Revenue based on Business Segment		
Branded Apparels	1,009.90	1,000.94
Total	1,009.90	1,000.94

Notes to the Standalone Financial Statements

(₹in Crores)

II. Reconciliation of Revenue from Operation with Contract Price

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract Price	1,402.26	1,321.29
Less:		
Schemes and Discounts	392.11	318.50
Customer Loyalty Program	0.25	1.85
Bonus and Incentives		
Others		
Total Revenue from Operations	**1,009.90**	1,000.94

Note 17 : Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income	0.19	0.01
Financial guarantee commission	1.48	0.39
Profit on sale of Property, Plant & Equipment (Net)	0.01	-
Exchange Difference (Net)	-	0.26
Miscellaneous income	0.11	0.01
Total	**1.79**	0.67

The Company has given financial guarantee to Banks on behalf of the subsidiaries. Fair value of the financial guarantee has been accounted as liability and amortised over the period of loan as commission income.

Note 18 : Cost of Trims and Accessories consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at the beginning of the year	1.51	1.38
Add : Purchases	5.02	1.27
	6.53	2.65
Less : Inventory at the end of the year	3.81	1.51
Total	**2.72**	1.14

Note 19 : Purchases of stock-in-trade

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Garments and others	756.30	387.82
Total	**756.30**	387.82

Note 20 : Changes in inventories

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at the end of the year		
Stock-in-trade	219.64	103.43
	219.64	103.43
Stock at the beginning of the year		
Stock-in-trade	103.43	253.81
	103.43	253.81
Total	**(116.21)**	150.38

Notes to the Standalone Financial Statements

(₹in Crores)

Note 21 : Employee benefits expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	57.27	44.91
Contribution to provident and other funds	5.43	3.46
Welfare and training expenses	2.91	2.49
Share based payment to employees (Refer Note 33)	0.72	0.16
Total	**66.33**	51.02

Note 22 : Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expenses on		
Term Loans - Interest Expense	0.31	-
Cash Credit Facilities	3.03	0.57
Others - Interest expense	5.01	2.21
Other finance cost	9.63	7.00
Total	**17.98**	9.78

Note 23 : Depreciation and amortization expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Property, Plant & Equipment (Refer Note 5)	4.84	2.69
Amortization on Intangible assets (Refer Note 6)	10.46	8.80
Total	**15.30**	11.49

Notes to the Standalone Financial Statements

Note 24 : Other expenses

(₹in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	**0.84**	0.87
Insurance	**0.81**	0.58
Processing charges	**2.76**	1.63
Printing, stationery & communication	**1.74**	1.70
Rent Expenses (Note No. 34)	**11.13**	9.58
Commission & Brokerage	**6.52**	166.66
Rates and taxes	**0.33**	2.44
Repairs :		
To Building	**0.31**	0.16
To others	**0.72**	1.05
Royalty on Sales	**63.08**	64.20
Freight, insurance & clearing charge	**13.65**	11.14
Legal & Professional charges	**1.89**	1.04
Housekeeping Charges	**0.53**	0.76
Security Charges	**0.87**	0.96
Computer Expenses	**0.05**	0.06
Conveyance & Travelling expense	**5.82**	3.57
Advertisement and publicity	**39.93**	24.36
Sales Promotion	**0.09**	1.10
Charges for Credit Card Transactions	**0.47**	0.76
Packing Materials Expenses	**4.81**	3.79
Contract Labour Charges	**37.17**	8.41
Sampling and Testing Expenses	**5.27**	5.90
Director's sitting fees	**0.06**	0.07
Provision for Litigation/Disputes	**0.64**	-
Allowance for doubtful debts	**0.95**	-
Bad debt written off	**1.29**	-
Auditor's remuneration - refer note (i) below	**0.48**	0.41
Business Conducting Fees	**0.02**	0.02
Bank charges	**0.17**	0.16
Warehouse Charges	**1.51**	2.83
Corporate Social Responsibility Expenses (Note No. 35)	**0.46**	-
Exchange difference (net)	**0.16**	-
Loss on assets sold, demolished, discarded and scrapped	**-**	-
Miscellaneous expenses	**2.51**	1.77
Total	**207.04**	315.98

(i) Breakup of Auditor's remuneration

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payment to Auditors as		
Auditors	**0.30**	0.28
For taxation matters	**0.08**	0.03
For Other certification work	**0.07**	0.08
For reimbursement of expenses	**0.03**	0.02
Total	**0.48**	0.41

Notes to the Standalone Financial Statements

Note 25 : Income tax

(₹in Crores)

The major component of income tax expense for the years ended March 31,2019 and March 31, 2018 are :

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statement of Profit and Loss		
Current tax		
Current income tax	**13.43**	22.37
Deferred tax		
Deferred tax expense/(credit)	**(12.71)**	(1.76)
Income tax expense reported in the statement of profit and loss	**0.72**	20.61

OCI section

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	**(0.74)**	(0.03)
Net loss / (gain) on hedging instruments in a cash flow hedge	**(0.02)**	-
Deferred tax charged to OCI	**(0.76)**	(0.03)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31,2019 and March 31, 2018.

A) Current tax

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax from continuing operations	**62.23**	74.00
Tax Rate	**34.944%**	28.84%
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	**21.75**	21.34
Adjustment		
Expenses u/s 35 DD	**-**	(0.42)
Lower Tax Rate benefit and others	**-**	(0.55)
Share based Payment expense	**(18.12)**	-
Guarantee Commission Income	**(0.52)**	(0.11)
Excess provision for earlier year	**(0.06)**	-
Other non deductible expense	**0.69**	0.35
Others	**(3.02)**	-
At the effective income tax rate of 1.16% (March 31, 2018 27.85%)	**0.72**	20.61

Notes to the Standalone Financial Statements

(₹in Crores)

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss and Other Comprehensive Income for the period ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	5.45	2.34	(3.11)	2.01
Expenditure allowable on payment basis(43 B)	1.97	1.49	(0.48)	1.26
Expenditure allowable over the period (Section 35D / 35DD)	-	-	-	0.44
Employee Stock Option	0.30	0.09	(0.21)	0.09
Provision for Doubtful Debt	1.92	-	(1.92)	-
Amortisation of Preliminary Exps	1.01	-	(1.01)	-
Unused losses available for offsetting against future taxable income	-	-	-	(2.01)
Unused tax credit available for offsetting against future taxable income (MAT Credit Entitlement)	6.68	-	(6.68)	-
Others	0.06	-	(0.06)	-
Deferred tax expense/(income)			**(13.47)**	**1.79**
Net deferred tax assets/(liabilities)	**17.39**	**3.92**		
Reflected in the balance sheet as follows				
Deferred tax assets	17.39	3.92		
Deferred tax liabilities	-	-		
Deferred tax liabilities (net)	**17.39**	**3.92**		

Reconciliation of deferred tax assets / (liabilities), net	**March 31,2019**	March 31,2018
Opening balance as of April 1	**3.92**	2.13
Tax income/(expense) during the period recognised in profit or loss	**12.71**	1.76
Tax income/(expense) during the period recognised in OCI	**0.76**	0.03
Closing balance as at March 31	**17.39**	3.92

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

Note 26 : Contingent liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities not provided for		
a. Bills discounted	**36.75**	7.86
b. Guarantee given by the company to the bank on behalf of Subsidiary	**385.79**	260.42

Note 27 : Capital commitment and other commitments

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	**0.58**	0.71
Other commitments	**-**	-

Notes to the Standalone Financial Statements

(₹in Crores)

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of Instrument	Currency	As at March 31, 2019		As at March 31, 2018	
		In FC	₹ in Crores	In FC	₹ In Crores
Forward contracts					
Purchase	USD	50,49,925	34.97	-	-

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

B. Exposure Not Hedged

Nature of exposure	Currency	As at March 31, 2019		As at March 31, 2018	
		In FC	₹ in Crores	In FC	₹ In Crores
Receivables	USD	8,30,700	5.74	10,61,435	6.92
Payable towards borrowings	USD	25,79,889	17.84	32,35,873	21.09
Payable to creditors	USD	7,47,774	5.17	8,53,145	5.56

Note 29 : 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	Year Ended / As at March 31, 2019	Year Ended / As at March 31, 2018
Segment Revenue*		
a) In India	**995.15**	980.57
b) Rest of the world	**14.75**	20.37
Total Sales	**1,009.90**	1,000.94
Carrying Cost of Segment Assets**		
a) In India	**1,832.37**	1,510.44
b) Rest of the world	**4.82**	6.75
Total	**1,837.19**	1,517.19
Carrying Cost of Segment Non Current Assets@**		
a) In India	**44.62**	20.91
b) Rest of the world	**-**	-
Total	**44.62**	20.91

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets.

Information about major customers:

Company has one Customer contributing Rs. 316.88 Crores (March 31, 2018 Rs. 224.87 Crores) to the revenue of the Company

Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 2.72 crores (March 31 , 2018 - 2.24 crores) is recognised as expenses and included in Note No. 22 "Employee benefit expense"

Particulars	As at March 31, 2019	As at March 31, 2018
Provident Fund (Including Pension Scheme)	**1.66**	1.22
Contributory Pension Scheme	**1.05**	0.99
Superannuation Fund	**0.01**	0.03
	2.72	2.24

Notes to the Standalone Financial Statements

B. Defined benefit plans:

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

Gratuity

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

March 31,2019: Changes in defined benefit obligation and plan assets

(₹in Crores)

Particulars	As at April 1, 2018	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	Contributions by employer	As at March 31, 2019
		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 changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	2.83	0.65	0.20	0.85	(0.56)	-	0.04	0.86	0.60	1.50	0.54	-	5.16
Fair value of plan assets	(0.91)	-	(0.12)	(0.12)	0.56	(0.04)	-	-	-	(0.04)		(1.94)	(2.45)
Total benefit liability	**1.92**	**0.65**	**0.08**	**0.73**	**-**	**(0.04)**	**0.04**	**0.86**	**0.60**	**1.46**	**0.54**	**(1.94)**	**2.71**

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

Particulars	As at April 1, 2017	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	Contributions by employer	As at March 31, 2018
		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 changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	1.75	0.80	0.12	0.92	(0.16)	-	-	(0.12)	0.44	0.32	-	-	2.83
Fair value of plan assets	(0.02)	-	(0.01)	(0.01)	0.16	(0.54)	-	-	-	(0.54)		(0.50)	(0.91)
Total benefit liability	**1.73**	**0.80**	**0.11**	**0.91**	**-**	**(0.54)**	**-**	**(0.12)**	**0.44**	**(0.22)**	**-**	**(0.50)**	**1.92**

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, 2019 (%) of total plan assets**	Year ended March 31, 2018 (%) of total plan assets
Central Government Securities		
Public Sector/Financial Institutional Bonds		
Portfolio with Mutual Fund		
Others (Insurance company Products)	100%	100%
(%) of total plan assets	**100%**	**100%**

Notes to the Standalone Financial Statements

(₹in Crores)

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

Particulars	Year ended March31, 2019	Year ended March31, 2018
Discount rate	7.30%	7.50%
Future salary increase	7.9% for Front End Employees 8.5% for others	5.00%
Expected rate of return on plan assets	7.30%	7.50%
Attrition rate	27.3% for Front End Employees 10.4% for Others	18% for Front End Employees 7% for Others
Morality 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, 2019	Year ended March31, 2018
Gratuity			
Discount rate	50 basis points increase	(0.15)	(0.22)
	50 basis points decrease	0.16	0.00
Salary increase	50 basis points increase	0.15	0.12
	50 basis points decrease	(0.14)	(0.11)
Attrition rate	50 basis points increase	(0.02)	0.02
	50 basis points decrease	0.02	(0.02)

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

Particulars	Year ended March31, 2019	Year ended March31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	0.56	0.21
Between 2 and 5 years	3.65	1.57
Beyond 5 years	5.03	3.49
Total expected payments	**9.24**	5.27

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

Particulars	Year ended March31, 2019	Year ended March31, 2018
Gratuity	6 Years	8 Years

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 1.02 Crores (Previous Year Rs. 0.59 Crores) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

Notes to Standalone Financial Statements

Note 31 : 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 :

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Holding Company	Upto 29/11/2018
	Enterprise having significant influence by Non-Executive Director	From 30/11/2018
Arvind Lifestyle Brand Limited	Subsidiary Company	
Arvind Beauty Brands Retail Private Limited	Subsidiary Company	
Tommy Hilfiger Arvind Fashion Private Limited	Controlled Joint Venture	
Calvin Klein Arvind Fashion Pvt Ltd	Controlled Joint Venture	
Arvind Ruf & Tuf Pvt.Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key Managerial Personnel	From 30/11/2018
Arvind True Blue Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key Managerial Personnel	From 30/11/2018
Arvind Premium Retail Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key ManagerialPersonnel	From 30/11/2018
Arvind Goodhill Suit Manufacturing	Fellow Subsidiary Company	Upto 29/11/2018
Private Limited	Enterprise having significant influence by Non-Executive Director	From 30/11/2018
Arvind Fashions Limited	Trust	W.e.f. 01/08/2018
Employee Group Gratuity Trust		
Suresh Jayaraman, Managing Director	Key Managerial Personnel	
Kannan S., Chief Financial Officer	Key Managerial Personnel	
Vijay Kumar BS , Company Secretary	Key Managerial Personnel	
Sanjaybhai Srenikbhai Lalbhai	Non Executive Director	
Jayesh Kantilal Shah	Non Executive Director	
Renuka Ramnath	Non Executive Director	
Nithya Easwaran	Non Executive Director	
Kulin Lalbhai	Non Executive Director	
Nilesh Shah	Non Executive Director	
Kamal Singal	Non Executive Director	
Abanti Sankaranarayanan	Non Executive Director	
Vallabh Bhanshali	Non Executive Director	
Nagesh Pinge	Non Executive Director	
Achal Bakeri	Non Executive Director	

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

Notes to Standalone Financial Statements

a Disclosure in respect of Related Party Transactions :

Nature of Transactions	Up to 29/11/18	From 30/11/18	Year Ended March 31st 2019	Year Ended March 31st 2018
Purchase of Goods and Materials				
Arvind Limited	3.23	1.60	4.83	9.32
Arvind Goodhill Suit Manufacturing Private Limited	6.81	0.80	7.60	9.81
Arvind Lifestyle Brands Limited	-	-	-	0.70
Arvind Ruf & Tuf Pvt Ltd	-	13.02	13.02	-
Sales of Goods and Materials				
Arvind Limited	3.79	0.06	3.84	5.39
Arvind Lifestyle Brands Limited	-	-	316.88	224.87
Arvind Goodhill Suit Manufacturing Private Limited				0.01
Return of Sales of Goods and Materials				
Arvind Limited	2.77	7.83	10.60	-
Remuneration and Sitting Fees				
Key Managerial Personnel	-	-	4.48	1.53
Receiving of Services	-	-	-	-
Arvind Limited	-	-	-	-
Processing charges	-	0.19	0.19	0.08
Shared Service	-	1.37	1.37	-
Arvind Goodhill Suit Manufacturing Private Limited	-	0.52	0.52	-
Arvind Lifestyle Brands Limited				
Shared Service	-	-	4.35	7.75
Agent Commission	-	-	0.02	0.01
Royalty	-	-	42.53	33.39
Rendering of Services				
Arvind Limited				
Shared Service	-	(Rs. 5915)	(Rs. 5915)	-
Royalty	1.88	-	1.88	2.22
Arvind Lifestyle Brands Limited				
Guarantee Commission			1.48	0.39
Purchase of Assets			-	-
Arvind Lifestyle Brands Limited			3.97	0.65
Arvind Limited	0.03		0.03	
Interest Income				
Arvind Beauty Brands Retail Private Limited			0.04	
Investments (Net)				
Arvind Lifestyle Brands Limited			100.00	250.00
Arvind Beauty Brands Retail Private Limited				12.00
Calvin Klein Arvind Fashion Private Limited				28.94
Tommy Hilfiger Arvind Fashion Pvt Ltd				86.27
Receivable in respect of Loan				
Arvind Beauty Brands Retail Private Limited			31.03	
Receivable in respect of Current Assets				
Arvind Limited			4.71	3.79
Arvind Beauty Brands Retail Private Limited			0.01	0.00
Arvind Lifestyle Brands Limited			154.32	15.33
Arvind True Blue Limited			0.02	
Arvind Premium Retail Limited			0.13	
Mr Kannan Soundarajan				1.00
Arvind Goodhill Suit Manufacturing Private Limited			0.16	2.93
Calvin Klein Arvind Fashion Pvt Ltd			0.00	

Notes to Standalone Financial Statements

b Disclosure in respect of Related Party Transactions :

₹ in Crores

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries		Enterprise having significant influence by Key Management Personnel and Non Executive Directors		Trusts		Key Managerial Personnel and Non Executive Directors	
	Year ended		Year ended		Year ended		Year ended		Year ended		Year ended	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Transactions during the year												
Purchase of Goods and Materials	**3.23**	9.32		0.70	**6.81**	9.81	**15.42**					
Purchase of Fixed Assets	**0.03**		**3.97**	0.65								
Sales of Goods and Materials	**3.79**	5.39	**316.88**	224.87		0.01	**0.06**					
Sales Return of Goods and Materials	**2.77**						**7.83**					
Sale of Fixed Assets												
Shared Services Expenses		0.08	**4.35**	7.75			**2.09**					
Commission Expenses			**0.02**	0.01								
Royalty Expenses			**42.53**	33.39								
Contribution Given for Employee Benefit Plans									**1.94**	2.47		
Shared Services Income	**1.88**	2.22										
Interest Income			**0.04**									
Interest Expense		0.29										
Remuneration											**4.43**	1.50
Sitting Fees											**0.05**	0.03
Transfer of Assets under scheme of Arrangements	**462.22**											
Guarantee commission			**1.48**	0.39								
Loan Taken'												
Loan Given			**31.00**									
Investments Made			**102.78**	292.95								
Issue of Equity shares under scheme of Arrangements (Note No. 40)							**7.64**					
Share Capital Cancelled under scheme of Arrangements (Note No. 40)	**20.78**											

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries		Enterprise having significant influence by Key Management Personnel and Non Executive Directors		Trusts		Key Managerial Personnel and Non Executive Directors	
	Year ended		Year ended		Year ended		Year ended		Year ended		Year ended	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Balances as at year end												
Guarantees			**385.79**	260.42								
Trade and Other Receivable		3.79	**154.32**	15.33			**0.15**					
Loan Given			**31.03**									1.00
Investment			**1,243.99**	1,141.20								
Trade and Other Payable		10.13	**0.00**			2.93	**4.88**					

Notes to Standalone Financial Statements

(₹in Crores)

d Disclosure pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 read with section 186 (4) of the Companies Act, 2013

Loans and Advances in the nature of loans

List of Related Parties	Purpose	Balance as at March 31, 2019	Balance as at March 31, 2018	Maximum Outstanding during March 31, 2019	Maximum Outstanding during March 31, 2018
Loans and Advances					
Arvind Beauty Brands Retail Private Limited	Genaral Business Purpose	31.03	-	31.03	-
Corporate Guarantee given on behalf of					
Arvind Lifestyle Brands Limited	Facilitate Trade Finance	385.79	260.42		

e **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.
2) Loans given to related party carries interest rate of 8.5% (March 31, 2018 : NA)
3) Financial guarantee given to Bank on behalf of subsidiaries carries no charge and are unsecured.
4) No repayment schedule has been fixed in case of above mentioned Loans in the nature of loan given to Subsidiary Company and are repayable on demand.

f **Commitments with related parties**

The Company has not provided any commitment to the related party as at March 31, 2019 (March 31, 2018: Rs. Nil)

g **Transactions with key management personnel**

Compensation of key management personnel of the Company

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Short-term employee benefits	3.86	1.42
Termination benefits	0.38	0.04
Share based payments	0.19	0.04
Total compensation paid to key management personnel	4.43	1.50

Note 32 : Earning per share

Particulars		Year Ended / As at March 31, 2019	Year Ended / As at March 31, 2018
Earning per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	Rs. Crores	61.51	53.39
Total no. of equity shares at the end of the year	Nos.	5,79,94,673	5,79,25,727
Weighted average number of equity shares			
For basic EPS		5,77,96,491	5,68,19,060
For diluted EPS		5,91,38,299	5,83,02,984
Nominal value of equity shares	Rs.	4	4
Basic earning per share	Rs.	10.64	9.40
Diluted earning per share	Rs.	10.40	9.16
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS		5,77,96,491	5,68,19,060
Effect of dilution: Share options		13,41,808	14,83,924
Weighted average number of equity shares adjusted for the effect of dilution		5,91,38,299	5,83,02,984

Notes to the Standalone Financial Statements

Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOS 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. The following table sets forth the particulars of the options issued during the Financial Year 2018-19 under ESOP 2016 and ESOP 2018

Scheme	ESOP 2016		ESOP 2018	
Date of grant	03-May-18	12-Nov-18	12-Feb-19	12-Feb-19
Number of options granted	83,886	5,00,000	1,80,000	1,35,200
Exercise price per option	Rs. 106	Rs. 690.54	Rs. 669.51	Rs. 1,057.11
Vesting period	Over a period of 4 years		Vested	Vesting on 30-Apr-19
Vesting requirements	Performance based vesting	Time based vesting	Time based vesting	
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.		5 years from the date of vesting	3 years from the date of vesting
Method of settlement	Equity		Equity	

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

Particulars	ESOP 2016		ESOP 2018	
	2018-19	2017-18	2018-19	2017-18
Options				
Outstanding at the beginning of the period	34,72,179	33,94,114	-	-
Issued during the year	5,83,886	78,065	3,15,200	-
Forfeited during the period	(83,886)	-	-	-
Exercised during the period	(5,97,822)	-	-	-
Reduction in options due to consolidation of shares	(16,87,164)	-	-	-
Outstanding at the end of the period	16,87,193	34,72,179	3,15,200	-
Exercisable at the end of the period	6,85,396	16,24,706	1,80,000	-
Weighted average exercise price per option (Rs.)	**343.41**	**76.96**	**890.86**	**-**

Share Options Exercised during the year

Option Series	No. of Options	Exercise Date	Weighted Average Share Price
ESOS 2016	5,97,822	09-Nov-18	486.00

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 4.3 years (as at March 31, 2018: 4.5 years). The range of exericse price is from Rs. 105.58 to Rs. 1381.08

The share options outstanding at the end of the year under ESOP 2018 have a weighted average remaining contractual life of 3.26 years (as at March 31, 2018: NIL). The range of exericse price is from Rs. 669.51 to Rs. 1057.11

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date (INR per share)	Rs. 431.41	Rs. 1017.40
Expected volatility	18.47%	18.77%
Expected life (years)	4 years	1 year
Dividend yield	0%	0%
Risk-free interest rate (%)	7.58%	6.93%

Notes to the Standalone Financial Statements

(₹in Crores)

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	**Year Ended March 31, 2019**	Year Ended March 31, 2018
Share based payment to Employees	**0.72**	0.16
Total employee share based payment expense	**0.72**	0.16

Note 34 : 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 31,2019**	March 31,2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	**-**	-
Later than one year and not later than five years	**-**	-
Later than five years	**-**	-
Lease Payment recognised in Statement of Profit and Loss	**11.13**	9.58

Note 35 : Corporate Social Responsibility (CSR) Activities

(a) The Company is required to spend Rs. 0.46 crores (March 31, 2018 - Rs Nil) on CSR Activities under section 135 of the Act
(b) Amount spent during the year on :

Particulars		Year Ended					
		March, 31, 2019			**March, 31, 2018**		
		In Cash	**Yet to be paid in cash**	**Total**	**Yet to be paid in cash**	**In Cash**	**Total**
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purposes other than (i) above	0.46	-	0.46	-	-	-

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, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
Financial assets				
Investments measured at fair value through OCI	**(Rs. 13,090)**	(Rs. 18,375)	**(Rs. 13,090)**	(Rs. 18,375)
Total	**(Rs. 13,090)**	(Rs. 18,375)	**(Rs. 13,090)**	(Rs. 18,375)
Financial liabilities				
Borrowings	**72.70**	46.39	**72.70**	46.39
Total	**72.70**	46.39	**72.70**	46.39

Notes to the Standalone Financial Statements

(₹in Crores)

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 is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

For financial assets and financial liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2019					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	March 31, 2019	(Rs. 13,090)	(Rs. 13,090)		
As at March 31, 2018					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	March 31, 2018	(Rs. 18,375)	(Rs. 18,375)		

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31,3019 and March 31 ,2018.

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31,2019					
Liabilities disclosed at fair value					
Borrowings	March 31, 2019	72.70		72.70	
As at March 31, 2018					
Liabilities disclosed at fair value					
Borrowings	March 31, 2018	46.39		46.39	

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.

Notes to the Standalone Financial Statements

(₹in Crores)

Market risk

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

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis 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 31,2019 and March 31 ,2018 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 31,2019, after taking into account the effect of interest rate swaps, approximately 39% of the Company's Borrowings are at fixed rate of interest (March 31, 2018 : 46%)

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
March 31, 2019	
Increase in 50 basis points	**(0.22)**
Decrease in 50 basis points	**0.22**
March 31, 2018	**(0.13)**
Increase in 50 basis points	**0.13**
Decrease in 50 basis points	

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.

Notes to the Standalone Financial Statements

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.28

Foreign currency sensitivity

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

Particulars	Change in USD rate	Effect on profit before tax
March 31, 2019	+2%	(0.35)
	-2%	0.35
March 31, 2018	+2%	(0.39)
	-2%	0.39

(b) Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 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 as each reporting date. Refer Note 7 for details on the impairment of trade receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31,2019 and March 31,2018 is the carrying amount as disclosed in Note 36.

(c) Liquidity risk

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

Notes to the Standalone Financial Statements

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

Particulars	Less than one year	More than one year
Year ended March 31, 2019		
Interest bearing borrowings*	53.76	18.94
Trade payables	373.98	-
Other financial liabilities#	18.49	1.20
	446.23	**20.14**
Year ended March 31, 2018		
Interest bearing borrowings*	46.14	0.25
Trade payables	216.22	-
Other financial liabilities#	9.39	2.07
	271.75	**2.32**

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

Other financial liabilities includes interest accrued but not due of Rs.2.23 Crores (March 31, 2018 : Rs.1.57 Crores).

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	Year ended March 31, 2019	Year ended March 31, 2018
Interest-bearing loans and borrowings (Note 13)	**72.70**	46.39
Less: cash and cash equivalent (including other bank balance and book overdraft)	**(1.19)**	(8.08)
Net debt	**71.51**	38.31
Equity share capital (Note 11)	**23.20**	23.17
Other equity (Note 12)	**1,326.65**	1,207.88
Total capital	**1,349.85**	1,231.05
Capital and net debt	**1,421.36**	1,269.36
Gearing ratio	**5.03%**	3.02%

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 year ended March 31,2019 and March 31, 2018.

Loan covenants

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

Notes to the Standalone Financial Statements

Note 40 : Business Combination

The National Company Law Tribunal, Ahmedabad Bench vide its order dated October 26, 2018 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to the Company with effect from November 30,2018 (the appointed date). Pursuant to the Scheme, all the assets, liabilities, income and expenses of the Branded Apparel undertaking has been transferred to the Company from the appointed date. Investments held by Branded Apparel Undertaking in the Company stand cancelled and adjusted against Capital Reserve. The Company's exisiting shares issued to Arvind were cancelled and fresh shares were issued to shareholders of Arvind Limited in the ratio of 1:5 as on the appointed date.

Details of Net Asset acquired :

Particulars	Rs. In Crores
Assets:	
Property Plant and Equipments	16.52
Current Assets	76.67
Investment	416.92
Total Assets acquired (A)	**510.11**
Liabilities:	
Current Liabilities	29.19
Borrowing	18.71
Total Liabilities assument (B)	**47.90**
Net Identifiable Assets Acquired (A-B)	**462.21**
Total Identifiable assets acquired	462.21
Investment adjusted as per the Scheme	(416.92)
Cancellation of Shares as per the Scheme	20.78
Allotement of Shares pursuent to the Scheme	(20.69)
Capital Reserve	**45.38**

Note 41 : Standards Issued but not effective

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

Note 42 : Regrouped, Recast, Reclassified

Previous period's figures in the financial statements, including the notes thereon, have been regrouped or reclassified wherever required to conform to the current period's presentation/classification.

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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Independent Auditor's Report

TO THE MEMBERS OF ARVIND FASHIONS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arvind Fashions Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and the notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)**
	The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, estimate of variable consideration, reduction of revenue on the basis of consideration payable to customers in the form of loyalty points, determination of Principal versus agent consideration, recognition of contract assets and refund liability. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
	Refer Note 16 to the Consolidated Financial Statements
		<u>Principal Audit Procedures</u>
		We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
		• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
		• Selected a sample of continuing and new contracts and performed the following procedures:
		  • Read, analysed and identified the distinct performance obligations in these contracts.
		  • Compared these performance obligations with that identified and recorded by the Company.
		  • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
		  • Considered the terms of contracts for determination of Principal versus

Sr. No.	Key Audit Matter	Auditor's Response
		agent consideration, recognition of contract assets and refund liability including historical trend of returns. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings. • We reviewed the collation of information to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
2	**Valuation of Inventory** Valuation of inventory requires (a) measurement of cost to be recognised as an inventory and carried forward until the related revenues are recognised; (b) any write-down to net realisable value; (c) identification of slow moving stock; and (d) accuracy of expected selling prices, particularly for products with significant time lapse between manufacture and ultimate date of sale of product to the consumer. These include inherently subjective judgements about forecast future demand and estimated net realisable value at the time the product is expected to be sold. Refer Note 9 to the Consolidated Financial Statements	**Principal Audit Procedures** We assessed the Company's process to identify and measurement of all costs which comprise of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to identification and measurement of cost of inventory, slow moving goods and estimated net realisable value. • Selected sample of Inventory to verify the correctness of cost components. • Tested the relevant information technology systems generating report of slow moving goods. • Performed sample testing for accuracy of net realisable value of inventory including slow moving goods with sales invoices. • Validated cost write-down to estimated net realisable value.
3	**Evaluation of uncertain tax positions** The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 26 to the Consolidate Financial Statements	**Principal Audit Procedures** Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.
4	**Business Combination** During the year, Branded Apparel Division of Arvind Limited (Erstwhile Holding Company) was merged with the Company having net identifiable assets of Rs. 462.22 Crores resulting into creation of Capital Reserve of Rs. 45.39 Crores. As per the Scheme, the Company has issued shares to the shareholders of Arvind Limited and got listed on stock exchange. This requires significant management judgement. Thus it is considered to be key audit matter as this is significant event which has happened during the year and it required compliance of scheme and applicable Ind AS. Refer Note 40 to the Consolidated Financial Statements	**Principal Audit Procedures** We performed the following procedures in response to the key audit matter identified: • Completed a walkthrough of the merger process and obtained understanding of the transaction by reading the Scheme of Arrangement and the Listing Profile document; • Assessed the design and implementation of the key controls addressing the risk; • Evaluated management's assessment of the due diligence findings and the actions taken; • Risk assessed, appropriately scoped and tested the balances for the acquired business; • Reviewed the key underlying assumptions; • Reviewed the disclosures in the financial statements. • Tested the arithmetic accuracy of management's calculations for the giving effect of the scheme in standalone financial statements. • Tested the adjustment given in the reserves and surplus for net assets transferred

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The consolidated financial statement includes unaudited financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 509.75 Crores as at March 31, 2019, total revenue of Rs. 651.71, total net profit after tax of Rs. 9.74 Crores, total comprehensive income of Rs. 7.73 Crores and cash flows (net) of Rs. 0.88 Crores for the year ended March 31, 2019, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements.

Our opinion on the Statement is not modified in respect of the above matter

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and its subsidiaries and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

   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, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii. Provision has been made in the consolidated 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.

Chartered Accountants

Firm's Registration No. 110417W

CA. Chokshi Shreyas B.

Partner

Membership No.100892

Place : Ahmedabad

Date : May 16, 2019

Annexure "A" To The Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Arvind Fashions Limited ("the Holding Company") and its subsidiary companies incorporated in India, for the year ended March 31, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Holding 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 (" the 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding 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 Holding 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 Holding 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 Holding Company are being made only in accordance with authorisations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding 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, 2019, based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Place : Ahmedabad
Date : May 16, 2019

Consolidated Balance Sheet as at March 31, 2019

(₹in Crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	**373.10**	354.14
(b) Capital work-in-progress	5	**5.74**	0.64
(c) Goodwill on consolidation	6	**111.23**	111.23
(d) Intangible assets	6	**53.13**	66.59
(e) Intangible assets under development	6	**5.70**	-
(f) Financial assets			
(i) Investments	7	**0.02**	0.02
(ii) Loans	7	**0.31**	0.70
(iii) Other financial assets	7	**235.97**	221.35
(g) Deferred tax assets (net)	25	**269.18**	236.20
(h) Other non-current assets	8	**11.04**	10.98
Total non-current assets		**1,065.42**	1,001.85
II. Current assets			
(a) Inventories	9	**986.28**	727.29
(b) Financial assets			
(i) Trade receivables	7	**878.72**	784.48
(ii) Cash and cash equivalents	7	**7.72**	12.30
(iii) Bank balance other than (iii) above	7	**4.35**	16.13
(iv) Loans	7	**3.65**	4.36
(v) Others financial assets	7	**27.82**	23.66
(c) Current tax assets (net)	10	**30.23**	14.51
(d) Other current assets	8	**520.15**	590.99
Total current assets		**2,458.92**	2,173.72
Total Assets		**3,524.34**	3,175.57
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**23.20**	23.17
Other equity	12	**1,106.21**	1,036.61
Equity attributable to Equity holders of the Parent		**1,129.41**	1,059.78
Non controlling Interest		**91.17**	87.31
Total equity		**1,220.58**	1,147.09
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**86.30**	80.63
(ii) Other financial liabilities	13	**66.94**	56.83
(b) Long-term provisions	14	**21.36**	18.59
Total non-current liabilities		**174.60**	156.05
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**704.50**	590.22
(ii) Trade payables	13		
a) total outstanding dues of micro enterprises and small enterprises		**135.41**	33.61
b) total outstanding dues of creditors other than micro enterprises and small enterprises		**1,103.55**	1,034.36
(iii) Other financial liabilities	13	**104.47**	157.76
(b) Other current liabilities	15	**59.94**	39.86
(c) Short-term provisions	14	**21.29**	16.62
Total current liabilities		**2,129.16**	1,872.43
Total Equity and Liabilities		**3,524.34**	3,175.57
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated 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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Consolidated Statement of profit and loss for the year ended March 31, 2019

(₹in Crores)

	Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
I	**Income**			
	Revenue from operations			
	Sale of Products	16	**4,589.80**	4,184.03
	Sale of Services	16	**30.14**	33.37
	Operating Income	16	**23.92**	1.50
	Revenue from operations		**4,643.86**	4,218.90
	Other income	17	**4.13**	12.45
	Total income (I)		**4,647.99**	4,231.35
II	**Expenses**			
	Cost of trims and accessories consumed	18	**5.85**	2.92
	Purchases of stock-in-trade	19	**2,541.19**	1,572.40
	Changes in inventories of stock-in-trade	20	**(258.32)**	403.59
	Employee benefits expense	21	**407.76**	366.88
	Finance costs	22	**126.21**	91.34
	Depreciation and amortisation expense	23	**153.16**	138.95
	Other expenses	24	**1,659.26**	1,643.70
	Total expenses (II)		**4,635.11**	4,219.78
III	**Profit before exceptional items and tax (I-II)**		**12.88**	11.57
IV	**Exceptional items**		**-**	-
V	**Profit before tax (III-IV)**		**12.88**	11.57
	Tax expense			
	Current tax	25	**21.16**	25.73
	Deferred Tax charge / (credit)	25	**(29.76)**	(27.08)
VI	**Total tax expense**		**(8.60)**	(1.35)
VII	**Profit for the year (V-VI)**		**21.48**	12.92
VIII	**Other comprehensive income**			
	A. Items that will not to be reclassified to profit or loss in subsequent periods:			
	Re-measurement gains / (losses) on defined benefit plans	12	**(6.58)**	(2.16)
	Income tax effect	25	**2.45**	0.71
			(4.13)	(1.45)
	Net gain / (loss) on FVOCI equity instruments	12	**(Rs. -5,283)**	90.16
	Income tax effect	25	**-**	-
			(Rs. -5,283)	90.16
	Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (A)		**(4.13)**	88.71
	B. Items that will be reclassified to profit or loss in subsequent periods:			
	Net gains / (loss) on hedging instruments in a cash flow hedge	12	**(3.32)**	-
	Income tax effect		**0.77**	-
	Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (B)		**(2.55)**	-
	Total other comprehensive income/(loss) for the period, net of tax (A+B)		**(6.68)**	88.71
IX	**Total comprehensive income for the period, net of tax (VII+VIII)**		**14.80**	101.63
X	**Profit / (Loss) for the year attributable to:**			
	Equity holders of the parent		**16.61**	14.47
	Non-controlling interest		**4.87**	(1.55)
			21.48	12.92
XI	**Other Comprehensive Income/(Loss) for the year attributable to:**			
	Equity holders of the parent		**(5.67)**	88.82
	Non-controlling interest		**(1.01)**	(0.11)
			(6.68)	88.71
XII	**Total comprehensive income/(loss) attributable to:**			
	Equity holders of the parent		**10.94**	103.29
	Non-controlling interest		**3.86**	(1.66)
			14.80	101.63
XIII	**Earning per equity share [nominal value per share Rs.4/-]**			
	Basic	32	**2.87**	2.55
	Diluted	32	**2.81**	2.48
	Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated 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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Consolidated Statement of cash flows for the year ended March 31, 2019

(₹in Crores)

	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A	**Operating activities**				
	Profit Before taxation		**12.88**		11.57
	Adjustments to reconcile profit before tax to net cash flows:				
	Depreciation /Amortization	**153.16**		138.95	
	Interest Income	**(2.21)**		(3.34)	
	Interest and Other Borrowing Cost	**126.21**		91.34	
	Allowance for doubtful advances	**0.19**		0.51	
	Allowance of doubtful debts	**2.41**		2.03	
	Provision for Litigation/Disputes	**4.30**		10.47	
	Sundry Credit Balances Appropriated	**-**		(5.59)	
	Foreign Exchange Difference	**(1.19)**		-	
	Property, Plant & Equipment written off	**0.50**		7.62	
	(Profit)/Loss on Sale of Property, Plant & Equipment /Intangible assets	**(0.07)**		(0.24)	
	Share based payment expense	**1.48**		0.69	
			284.78		242.44
	Operating Profit before Working Capital Changes		**297.66**		254.01
	Working Capital Changes:				
	Changes in Inventories	**(250.92)**		35.51	
	Changes in trade payables	**170.99**		223.49	
	Changes in other current liabilities	**(9.11)**		(53.86)	
	Changes in other financial liabilities	**(10.52)**		16.82	
	Changes in provisions	**(3.44)**		3.51	
	Changes in trade receivables	**(61.98)**		(428.26)	
	Changes in other current assets	**86.68**		(75.46)	
	Changes in other financial assets	**(19.17)**		(28.75)	
	Changes in Other Bank Balances	**11.78**		0.64	
	Net Changes in Working Capital		**(85.69)**		(306.36)
	Cash Generated from Operations		**211.97**		(52.35)
	Direct Taxes paid (Net of Income Tax refund)		**(36.88)**		(25.43)
	Net Cash from / (used in) Operating Activities		**175.09**		(77.78)
B	**Cash Flow from Investing Activities**				
	Purchase of Property, Plant & Equipment /Intangible assets (Net)	**(153.38)**		(170.07)	
	Changes in Capital Advances	**(0.06)**		(3.77)	
	Changes in Loans given	**1.10**		(3.26)	
	Changes in Non Controling Interest	**0.00**		25.04	
	Interest Income	**2.41**		3.07	
	Net cash flow from/ (used in) Investing Activities		**(149.93)**		(148.99)
C	**Cash Flow from Financing Activities**				
	Proceeds from Issue of share capital	**3.41**		300.00	
	Changes in Share application money	**8.51**		-	
	Changes in long term Borrowings	**(34.84)**		(25.90)	
	Changes in short term borrowings	**96.76**		39.67	
	Interest and Other Borrowing Cost Paid	**(119.78)**		(87.56)	
	Net Cash flow from/ (used in) Financing Activities		**(45.94)**		226.21
Net Increase/(Decrease) in cash & cash equivalents			**(20.78)**		(0.56)
Cash & Cash equivalent at the beginning of the year			**9.92**		6.36
Add : Adjustment due to Business Combination (Note No 40)			**18.10**		4.12
			28.02		10.48
Cash & Cash equivalent at the end of the year			**7.24**		9.92

Consolidated Statement of cash flows for the year ended March 31, 2019

(₹in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash and cash equivalents comprise of:		
Cash on Hand	**0.04**	0.08
Balances with Banks	**7.68**	12.22
Cash and cash equivalents as per Balance Sheet (Note 7)	**7.72**	12.30
Less: Book Overdraft (Note 13 c)	**0.48**	2.38
Cash and cash equivalents	**7.24**	9.92

The accompanying notes are an integral part of these Consolidated Financial Statements

Disclosure under Para 44A as set out in Ind As 7 on cash flow statements under Companies(Indian Accounting Standards) Rules,2015 (as amended)

Particulars of liabilities arising from financing activity	Note No.	As at March 31, 2018	Net cash flows	Non Cash Changes: Adjustment on account of Business Combination	Non Cash Changes: Effect of change in Foreign Currency Rates	Non Cash Changes: Other changes *	As at March 31, 2019
Borrowings:							
Long term borrowings	13(a)	154.46	(34.84)				119.62
Short term borrowings	13(a)	590.22	96.76	18.71	(1.19)		704.50
Interest accrued on borrowings	13(c)	16.92	(6.40)			12.83	23.35
Total		**761.60**	**55.52**	**18.71**	**(1.19)**	**12.83**	**847.47**

* The same relates to amount charged in statement of profit and loss accounts.

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: Ahmedabad
Date: 16th May, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayraman
Managing Director &CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: 16th May, 2019

Consolidated Statement of changes in equity for the year ended March 31, 2019

₹ in Crores

Statement of changes in Equity for the year ended March 31, 2019

A. Equity share capital

Balance	Amount Note 11
As at April 1, 2017	**21.74**
Issue of Equity Share capital (Rights issue)	0.91
Issue of Equity Share capital (Bonus issue)	0.52
As at March 31, 2018	**23.17**
Issue of Equity Share capital (On exercise of ESOP)	0.12
Cancellation of Shares shares under scheme of arrangement (Note No. 40)	(20.78)
Allotement of Shares pursuent to Scheme of Arrangement (Note No. 40)	20.69
As at March 31, 2019	**23.20**

B. Other equity

Particulars	Share Application Money Pending Allotment	Reserves and Surplus Attributable to Equity Share Holders					Other Reserves		Total Other Equity (A)	Non Controlling interest (B)	Total equity
		Share based payment reserve	Securities premium	Retained Earnings	Capital Reserve	Capital Reserve on Consolidation	Net gains / (loss) on hedging instruments in a cash flow hedge	Net gain / (loss) on FVOCI equity instruments			
	Note No. 12	Note No. 12	Note No. 12	Note No. 12	Note No. 12	Note No. 12	Note No. 12	Note No. 12			
Balance as at April 1, 2017	**-**	**0.67**	**858.57**	**14.22**	**-**	**(237.16)**	**-**	**(Rs -165)**	**636.30**	**-**	**636.30**
Profit for the year	-	-	-	14.47	-	-	-	-	14.47	(1.55)	12.92
Other comprehensive income for the year	-	-	-	(1.34)	-	-	-	90.16	88.82	(0.11)	88.71
Total Comprehensive income for the year	**-**	**0.67**	**858.57**	**27.35**	**-**	**(237.16)**	**-**	**90.16**	**739.59**	**(1.66)**	**737.93**
Addition during the year	-	1.41	299.09	-	-	-	-	-	300.50	88.97	389.47
Adjustment on Consolidation (Note No. 40)	-	-	-	(2.33)	-	0.08	-	-	(2.25)	-	(2.25)
Utilized during the year for bonus shares	-	-	(0.52)	-	-	-	-	-	(0.52)	-	(0.52)
Issue of Shares under Employee Stock Option to Holding Co.	-	-	-	(0.71)	-	-	-	-	(0.71)	-	(0.71)
Balance as at March 31, 2018	**-**	**2.08**	**1,157.14**	**24.31**	**-**	**(237.08)**	**-**	**90.16**	**1,036.61**	**87.31**	**1,123.92**
Balance as at April 1, 2018	**-**	**2.08**	**1,157.14**	**24.31**	**-**	**(237.08)**	**-**	**90.16**	**1,036.61**	**87.31**	**1,123.92**
Profit for the year	-	-	-	16.61	-	-	-	-	16.61	-	16.61
Other comprehensive income for the year	-	-	-	(4.36)	-	-	-	(Rs -5283)	(4.36)	-	(4.36)
Total Comprehensive income for the year	-	2.08	1,157.14	36.56		(237.08)	-	90.16	1,048.86	87.31	1,136.17
Addition during the year	8.51	1.67	3.29	-	-	-	(1.31)	-	12.16	3.86	16.02
Addition due to Business Combination (Note No. 40)	-	-	-	-	45.39	-	-	-	45.39	-	45.39
Transfer to securities premium	-	(0.16)	-	-		-	-	-	(0.16)	-	(0.16)
Transfer from share based payment reserve		-	0.16	-		-	-	-	0.16	-	0.16
Issue of Shares under Employee Stock Option to Holding Co.	-		-	(0.20)		-	-	-	(0.20)	-	(0.20)
Balance as at March 31, 2019	**8.51**	**3.59**	**1,160.59**	**36.36**	**45.39**	**(237.08)**	**(1.31)**	**90.16**	**1,106.21**	**91.17**	**1,197.38**

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No. 110417W
C.A. Chokshi Shreyas B.
Partner
Membership no. 100892
Place: Ahmedabad
Date: May 16, 2019

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

Sanjay S. Lalbhai
Chairman & Director
(DIN: 00008329)

Suresh Jayaraman
Managing Director & CEO
(DIN -03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B.S.
Company Secretary

Place: Ahmedabad
Date: May 16, 2019

Notes to the Consolidated Financial Statements For The Year Ended March 31, 2019

1. Corporate Information

Arvind Fashions Limited (formerly known as Arvind J&M Limited) ("the Group" or "the Company" or "the Parent Company") was incorporated under the provisions of the Companies Act, 2013 and has registered office at Arvind Limited Premises, Naroda Road, Ahmedabad - 380025.

The Group is among India's fastest-growing lifestyle companies operating in branded apparels, beauty and footwear space.

The Group is having a strong portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, GANT, Nautica, Unlimited, Sephora, Hanes, TCP and others.

The Group has diversified business by brands (power, emerging, value and speciality retail), gender (menswear, womenswear and kidswear), categories (denims, topwear, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online).

The financial statements were authorised for issue in accordance with the resolution passed by the Board of Directors of the Company at its meeting held on May 16, 2019.

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 following:

- 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 Rounding of Amount

Financial Statements are prepared in Indian Rupee (INR) and all the values are rounded to nearest crores as per the requirement of Schedule III, except when otherwise indicated. Figures less than Rs. 50,000 which are required to be shown separately, have been shown in actual brackets.

2.4 Principles of Consolidation of 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, 2019. 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 over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off 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, 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 off the related assets or liabilities

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 1st 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 in 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 acquire 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 to 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 discussion 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 to 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 of 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 the 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 following assets category as shown in Table below.

Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Leasehold Improvements	On Lease Term	5 to 9 Years
Buildings	30 Years	20 Years
Plant & Machinery	15 Years	6 to 15 Years
Office Equipment	5 Years	6 to 8 Years
Furniture & Fixture	10 Years	6 to 9 Years
Computer Software	-	5 Years
Motor Cars	6 Years	4 Years

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

Any change in useful file is applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (Major Components) and are depreciated over their useful lives or over the remaining useful life of the principal assets whichever is less.

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 cost 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 period 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 Fashion 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 and Website are depreciated over management estimate of its useful life of 5 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 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 cover 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

The Group derives revenues primarily from sale of traded goods and related services.

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

Effective from April 1, 2018, the Group has adopted Ind AS 115 – "Revenue from contracts with customers" under the full retrospective approach. Accordingly, the comparatives have been adjusted to give the effect of Ind AS 115. The effect on adoption of Ind AS 115 is insignificant on the Group's financial performance.

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. Therefore, a refund liability is recognized for the products expected to be returned.

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. Revenue from other services are recognised based on the services rendered in accordance with the terms of contacts on the basis of work performed.

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 into 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 to 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 recognized 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 and 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 cost 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 of 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 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. 16.33 Crores/- (March 31, 2018: Rs. 15.48 Crores/-).

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. 16.11 Crores/- (March 31, 2018: Rs. 9.83 Crores/-) of tax credits carried forward. The Group also has Rs. 89.38 Crores/- (March 31, 2018: Rs. 114.78 Crores/-) 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.4.97 Crores/- (March 31, 2018: Rs.7.39 Crores/-).

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 5 : Property, plant and equipment

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improve-ments	Office Equipment	Computer, server & network	Total	CWIP
Gross Carrying Amount									
As at April 1, 2017	**-**	**56.98**	**133.83**	**6.04**	**184.74**	**19.03**	**20.83**	**421.45**	**(₹47,100)**
Additions	-	25.05	43.65	1.90	68.89	8.18	10.13	157.80	0.51
Adjustment due to Business Combination (Note No 40)	-	1.52	8.62	0.76	29.47	1.14	2.12	43.63	0.13
Deductions	-	3.16	4.68	2.26	8.87	0.86	0.38	20.21	-
As at March 31, 2018	**-**	**80.39**	**181.42**	**6.44**	**274.23**	**27.49**	**32.70**	**602.67**	**0.64**
Additions	-	17.18	39.80	2.96	54.29	8.50	10.07	132.80	5.10
Adjustment due to Business Combination (Note No 40)	6.94	0.58	3.94	0.06	1.57	0.48	0.09	13.66	-
Deductions	-	3.88	6.95	1.29	14.33	0.99	1.15	28.59	-
As at March 31, 2019	**6.94**	**94.27**	**218.21**	**8.17**	**315.76**	**35.48**	**41.71**	**720.54**	**5.74**
Depreciation and Impairment									
As at April 1, 2017	**-**	**19.39**	**39.32**	**1.62**	**59.17**	**6.31**	**9.13**	**134.94**	**-**
Depreciation for the year	-	17.36	28.02	2.04	50.96	6.58	7.61	112.57	-
Adjustment due to Business Combination (Note No. 40)	-	0.86	3.25	0.44	6.26	0.57	1.05	12.43	-
Deductions	-	2.05	2.06	1.49	5.04	0.47	0.30	11.41	-
As at March 31, 2018	**-**	**35.56**	**68.53**	**2.61**	**111.35**	**12.99**	**17.49**	**248.53**	**-**
Depreciation for the year	0.06	20.39	37.38	2.06	50.58	6.69	8.94	126.10	-
Deductions	-	3.94	7.39	0.86	12.97	0.90	1.13	27.19	-
As at March 31, 2019	**0.06**	**52.01**	**98.52**	**3.81**	**148.96**	**18.78**	**25.30**	**347.44**	**-**
Net Carrying Value									
As at March 31, 2019	**6.88**	**42.26**	**119.69**	**4.36**	**166.80**	**16.70**	**16.41**	**373.10**	**5.74**
As at March 31, 2018	**-**	**44.83**	**112.89**	**3.83**	**162.88**	**14.50**	**15.21**	**354.14**	**0.64**

Notes:

1) Buildings include Rs. 6.94 Crores of properties (Previous year Rs. Nil) in respect of which registrtion is pending in favour of the Company.

2) W.e.f Oct 1, 2018, the Company has changed the useful life of certain Property, Plant & Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant & Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Had the Company continued with the previously assessed useful life of Property, Plant & Equipment, charge for depreciation for the year ended March 31, 2019 would have been higher by Rs 10.99 Crores.

3) Refer Note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4) For Properties pledge as security refer note 13

Notes to the Consolidated Financial Statements

(₹ in Crores)

Note 6: Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development	Trademark License Fee	Website	Total Intangible Assets	Intangible assets under development	Goodwill on Consolidation
Gross Carrying Value									
As at April 1, 2017	**13.23**	**42.01**	**2.09**	**24.74**	**-**	**-**	**82.07**	**-**	**-**
Additions	6.06	-	-	-	7.14	-	13.20	-	111.23
Adjustment due to Business Combination (Note No 40)	2.43	-	-	-	29.75	-	32.18	-	-
Deductions	0.01	-	-	-	-	-	0.01	-	-
As at March 31, 2018	**21.71**	**42.01**	**2.09**	**24.74**	**36.89**	**-**	**127.44**	**-**	**111.23**
Additions	2.75	-	-	8.00	-	-	10.75	5.70	-
Adjustment due to Business Combination (Note No 40)	0.39	-	-	-	-	2.46	2.85	-	-
Deductions	0.08	-	-	-	-	-	0.08	-	-
As at March 31, 2019	**24.77**	**42.01**	**2.09**	**32.74**	**36.89**	**2.46**	**140.96**	**5.70**	**111.23**
Amortisation and Impairment									
As at April 1, 2017	7.53	14.00	1.66	4.95	-	-	28.14	-	-
Amortisation for the Year	5.30	13.10	0.43	4.95	2.60	-	26.38	-	-
Adjustment due to Business Combination (Note No 40)	1.13	-	-	-	5.21	-	6.34	-	-
Deductions	0.01	-	-	-	-	-	0.01	-	-
As at March 31, 2018	**13.95**	**27.10**	**2.09**	**9.90**	**7.81**	**-**	**60.85**	**-**	**-**
Amortisation for the Year	3.47	13.98	-	6.00	3.08	0.53	27.06	-	-
Deductions	0.08	-	-	-	-	-	0.08	-	-
As at March 31, 2019	**17.34**	**41.08**	**2.09**	**15.90**	**10.89**	**0.53**	**87.83**	**-**	**-**
Net Carrying Value									
As at March 31, 2019	**7.43**	**0.93**	**-**	**16.84**	**26.00**	**1.93**	**53.13**	**5.70**	**111.23**
As at March 31, 2018	**7.76**	**14.91**	**-**	**14.84**	**29.08**	**-**	**66.59**	**-**	**111.23**

Note:

Intangible assets under development consists of capitalised development cost for internally developed software of Rs 5.70 Crores (Previous year Rs Nil)

Note 7 : Financial assets

7 (a) Investments

Particulars	Face Value	As at March 31, 2019	As at March 31, 2018
Non-current investment			
Investment in government securities			
National Saving Certificates		**0.02**	0.02
Investments in equity shares of others			
Quoted			
Arvind Smartspaces Limited (31st March 2019: 100, 31st March 2018: 100)	10	**(₹13,090)**	(₹18,375)
Total Investments		**0.02**	0.02
Total non-current investments		**0.02**	0.02
Total current investments		**-**	-
Total investments			
Agreegate amount of quoted investments		**(₹13,090)**	(Rs.18,375)
Agreegate amount of unquoted investments		**0.02**	0.02
Agreegate impairment in value of investment		**-**	-

Notes to the Consolidated Financial Statements

(₹in Crores)

7 (b) Trade receivables - Current

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	1,083.04	866.18
Credit impaired	16.33	15.48
Less : Allowance for doubtful debts	(16.33)	(15.48)
Less : Provision for Refundable liability	(204.32)	(81.70)
Total Trade and other receivables	**878.72**	784.48

Trade receivables are given as security for borrowings as disclosed under Note 13

Refundable Liability as on March 31,2018 is converted into Revenue from Operations.

Allowance for doubtful debts

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

Movement in allowance for doubtful debt :

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	15.48	7.50
Add : Adjustment on Consolidation/Business Combination (Note No 40)	4.53	5.95
Add : Allowance for the year (Note No 24)	2.41	2.03
Less : Write off of bad debts (Net of recovery)	(6.09)	-
Balance at the end of the year	**16.33**	15.48

7 (c) Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise stated		
Non-current		
Loans to employees	0.31	0.70
	0.31	0.70
Current		
Loans to employees	3.65	4.36
	3.65	4.36
Total Loans	**3.96**	5.06

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.04	0.08
Balance with Bank		
Current accounts and debit balance in cash credit accounts	7.67	10.19
In Deposit Account	0.01	2.03
Total cash and cash equivalents	**7.72**	12.30

7 (e) Other bank balance

Particulars	As at March 31, 2019	As at March 31, 2018
Held as Margin Money*	4.34	16.11
Lodged with Sales Tax Department	0.01	0.02
Total other bank balances	**4.35**	16.13

* Under lien with bank as Security for Guarantee Facility

Notes to the Consolidated Financial Statements

(₹in Crores)

7 (f) Other financial assets

Particulars	**As at March 31, 2019**	As at March 31, 2018
(Unsecured, consiered good unless otherwise stated)		
Non-current		
Security deposits	**234.50**	218.36
Doubtful	**0.02**	-
Less : Allowance for Doubtful Deposits	**(0.02)**	-
	234.50	218.36
Bank deposits with maturity of more than 12 months	**1.47**	2.99
	235.97	221.35
Current		
Security deposits	**4.25**	2.83
Doubtful	**0.93**	2.35
Less : Allowance for Doubtful Deposits	**(0.93)**	(2.35)
	4.25	2.83
Income receivable	**1.46**	1.04
Accrued Interest	**0.24**	0.44
Mark to market of derivative financial instruments	**-**	0.14
Insurance claim receivable	**1.17**	1.21
Other Receivables	**20.70**	18.00
	27.82	23.66
Total other financial assets	**263.79**	245.01

Other current financial assets are given as security for borrowings as disclosed under Note 13

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, 2019**	As at March 31, 2018
Balance at the beginning of the year	**2.35**	2.00
Add : Adjustment due to Business Combination (Note No. 40)	**0.02**	-
Add : Allowance for the year (Note No 24)	**-**	0.51
Less : Write off of bad advances (Net of recovery)	**1.42**	0.16
Balance at the end of the year	**0.95**	2.35

Notes to the Consolidated Financial Statements

7 (g) Financial assets by category

(₹in Crores)

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2019			
Investments			
- Equity Shares	-	(Rs.13,090)	-
- Government Securities	-		0.02
Trade Receivables	-		878.72
Loans	-		3.96
Cash & Bank balance	-		12.07
Other financial assets	-		263.79
Total Financial Assets	**-**	**(Rs.13,090)**	**1,158.56**
March 31, 2018			
Investments			
- Equity Shares		(Rs.18,375)	-
- Government Securities			0.02
Trade Receivables			784.48
Loans			5.06
Cash & Bank balance			28.43
Other financial assets			245.01
Total Financial Assets		**(Rs.18,375)**	**1,063.00**

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, 2019	As at March 31, 2018
(Unsecured, consiered good unless otherwise stated)		
Non-current		
Capital advances	**8.51**	9.34
Prepaid expenses	**2.53**	1.64
	11.04	10.98
Current		
Advance to suppliers	**69.47**	36.39
Doubtful - Advance to suppliers	**4.26**	9.64
Less : Provision for doubtful advances	**(4.26)**	(9.64)
	69.47	36.39
GST/Sales tax / VAT / service tax receivable (net)	**125.68**	79.03
Export incentive receivable	**1.18**	0.81
Returnable Asset	**229.76**	366.04
Prepaid expenses	**13.08**	8.01
Sales tax paid under protest	**40.90**	47.31
Other Current Assets	**40.08**	53.40
	520.15	590.99
Total	**531.19**	601.97

Other current assets are given as security for borrowings as disclosed under Note 13

Returnable Asset as on March 31,2018 is converted into Trade Receivables.

Provision for Doubtful Advances

Movement in provision for doubtful advances:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	**9.64**	8.56
Add : Adjustment due to Consolidation	**-**	1.08
Less : Write off of doubtful advances	**5.38**	-
Balance at the end of the year	**4.26**	**9.64**

Notes to the Consolidated Financial Statements

(₹in Crores)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Trims and Accessories	**7.15**	6.08
Trims in transit	**3.92**	0.64
Stock-in-trade	**967.58**	709.26
Stock-in-trade in transit	**-**	4.82
Packing materials	**7.63**	6.49
Total	**986.28**	727.29

1) Inventory wirte downs are accounted, considering the nature of inventory, ageing and net realisable value for ₹ 47.18 Crores (March 2018 ₹ 45.20 Crores). The changes in write downs are recognised as an expense in the Statement of Profit and Loss.

2) Inventories are given as security for borrowings as disclosed under Note 13

Note 10 : Current Tax Assets (Net) / Liabilities (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Tax Assets (Net)		
Tax Paid in Advance (Net of Provision)	**30.23**	14.51
Total	**30.23**	14.51

Note 11 : Equity share capital:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Authorised share capital Equity shares of ₹ 4 each	**18,75,00,000**	**75.00**	6,25,00,000	25.00
Issued and subscribed share capital Equity shares of ₹ 4 each	**5,79,94,673**	**23.20**	5,79,25,727	23.17
Subscribed and fully paid up Equity shares of ₹ 4 each	**5,79,94,673**	**23.20**	5,79,25,727	23.17
Total	**5,79,94,673**	**23.20**	5,79,25,727	23.17

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
At the beginning of the period	**5,79,25,727**	**23.17**	5,43,54,100	21.74
Add: Shares alloted pursuant to exercise of ESOP	**2,98,911**	**0.12**	-	-
Add: Issue of Share Capital	**-**	**-**	22,69,289	0.91
Add: Issue of Bonus Shares	**-**	**-**	13,02,338	0.52
Less: Cancellation of shares under scheme of arrangement (Note No 40)	**(5,19,53,379)**	**(20.78)**	-	-
Add: Allotement of Shares pursuent to Scheme of Arrangement (Note No 40)	**5,17,23,414**	**20.69**	-	-
Outstanding at the end of the period	**5,79,94,673**	**23.20**	5,79,25,727	23.17

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.4 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

11.3. Shares Held by Holding Company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	₹in Crores	No. of shares	₹in Crores
Arvind Limited - (along with nominees)	-	-	5,19,53,379	20.78

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, 2019		As at March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Limited (along with nominees)	-	-	5,19,53,379	89.69%
Aura Securities Pvt Limited	1,91,12,362	32.96%	-	-
Plenty Private Equity Fund I Limited	39,35,458	6.79%	39,35,458	6.79%

11.5. Consolidation of Shares

With effect from 26th Oct 2018, 2 shares of ₹ 2 each was consolidated into 1 share of ₹ 4 each pursuant to scheme of arrangement approved by NCLT, Ahmedabad. Number of shares for the previous year have been adjusted to give effect of this consolidation

11.6. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding year ended March 31, 2019

The Company has alloted 13,02,338 Equity Shares as bonus shares by capitalization of Securities premium during the year 2017-18.

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

Note 12 : Other Equity

(₹in Crores)

Balance	**As at March 31, 2019**	As at March 31, 2018
Note 12.1 Reserves & Surplus		
Capital reserve on Consolidation		
Balance as per last financial statements	**(237.08)**	(237.16)
Add: Adjustment due to business combination (Refer Note 40)	**-**	0.08
Balance at the end of the year	**(237.08)**	(237.08)
Capital reserve		
Balance as per last financial statements	**-**	-
Add: Addition due to business combination (Refer Note 40)	**45.39**	-
Balance at the end of the year	**45.39**	-
Share Application money		
Addition during the year	**8.51**	-
	8.51	-
Securities premium		
Balance as per last financial statements	**1,157.14**	858.57
Add: Addition during the year	**3.29**	299.09
Add: Transfer from share based payment reserve	**0.16**	-
Less: Utilized during the year	**-**	(0.52)
Balance at the end of the year	**1,160.59**	1,157.14
Share based payment reserve (Refer Note 33)		
Balance as per last financial statements	**2.08**	0.67
Add: Addition during the year	**1.67**	1.41
Less: Transfer to Securities Premium Account	**(0.16)**	
Balance at the end of the year	**3.59**	2.08
Surplus in statement of profit and loss		
Balance as per last financial statements	**24.31**	14.22
Add: profit/ (Loss) for the year	**16.61**	14.47
Adjustment on consolidation (Note No. 40)	**-**	(2.33)
Add / (Less): OCI for the year	**(4.36)**	(1.34)
	36.56	25.02
Less: Share based payment ot Employee Stock Option to Holding Co.	**0.20**	0.71
Balance at the end of the year	**36.36**	24.31
Total reserves & surplus	**1,017.36**	946.45
Note 12.2 Other comprehensive income		
Equity Instruments through OCI (net of tax)		
Balance as per last financial statements	**90.16**	(Rs-165)
Add: gain / (loss) during the year	**(Rs-5283)**	90.16
Balance at the end of the year	**90.16**	90.16
Cash Flow Hedge reserve		
Balance as per last financial statements	**-**	-
Add: gain / (loss) for the year	**(1.71)**	-
Add/(Less): Tax impact	**0.40**	-
Balance at the end of the year	**(1.31)**	-
Total Other comprehensive income	**88.85**	90.16
Total Other equity	**1,106.21**	1,036.61

Notes to the Consolidated Financial Statements

(₹in Crores)

The description of the nature and purpose of each reserve within equity is as follows:

a 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.

b Capital reserve

Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the Group

c Securities premium

Securities premium is created due to premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies, Act.

d 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.

e 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.

f Cash Flow Hedge Reserve

The hedge reserve represents the cumulative effect portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the desginated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Long-term Borrowings (refer note 1(a) below)		
Non-current portion		
Secured		
Term loan from Banks	**86.30**	30.64
Unsecured		
Non Convertible Debentures	**-**	49.99
	86.30	80.63
Current maturities		
Secured		
Term loan from Banks	**33.32**	48.85
Unsecured		
Non Convertible Debentures	**-**	24.98
	33.32	73.83
Total long-term borrowings	**119.62**	154.46
Short-term Borrowings (refer note 1(b) and 2(a) below)		
Secured		
Working Capital Loans repayable on demand from Banks	**611.00**	385.21
Unsecured		
Under Buyer's Credit Arrangement	**58.50**	45.28
Intercorporate Deposits		
From Related Parties	**-**	54.66
From Others	**-**	0.07
Commercial Paper	**35.00**	50.00
Working Capital Loans repayable on demand from Banks	**-**	55.00
Total short-term borrowings	**704.50**	590.22
Total borrowings	**824.12**	744.68

Notes to the Consolidated Financial Statements

(₹in Crores)

1. Secured Borrowings

(a) Long term

Particulars	Rupees in Crores	Rate of interest	Security	Terms of repayment
Rupee Loans	94.61	8.65% to8.95%	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. Guaranteed by Arvind Limited. 3. Loan of Rs 71.91 are gauranteed by Arvind Fashions Limited	Repayable in quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans
Rupee Loans	19.97	9.30%-9.35%	Secured against first charge over the entire fixed assets of the company both present and future , and second charge is created over the entire stock, receivables and other current assets of the company both present and future	Repayable in quarterly installments beginning from September 2019
Hire Purchase loans	5.03	9.25%	Secured by hypothecation of related vehicles	Payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

(b) Short term

Particulars	Rupees in Crores	Rate of interest	Security
Working Capital loans	401.11	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 Subsidiary Company both present and future. ii. Working Capital Loan of Rs.401.11 Cr is secured by Corporate Guarantee given by Arvind Limited. Loan of Rs 313.87 Crores are additionally guaranteed by Arvind Fashions Limited
Working Capital loans	24.62	9.75%	Secured against first charge on Stocks and Receivable
Working Capital loans	72.49	8.4% to 8.80%	The loans are secured by hypothecation of Subsidiary's entire stocks and receivables
Cash Credits	51.80	8.65% to 9.05%	
Working Capital loans	50.00	8.62%	Secured by(i) first exclusive charge over current assets both present & future; (ii) Corporate Guarantee from PVH Corp., USA for 50% of the Rs. 50 Crores (iii) letter of comfort from PVH Corp., USA.
Cash Credits	10.98	Bank MCLR	

2. Unsecured Borrowings

(a) Short Term

Particulars	Rupees	Rate of interest	Additional Information
Buyers' Credit	58.50	3.2% to 3.5%	-
Commercial papers	35.00	8.20%	-

Notes to the Consolidated Financial Statements

(₹in Crores)

13 (b) Trade payable

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Acceptances	**324.86**	251.70
Total outstanding dues of micro enterprises and small enterprises (refer note below)	**135.41**	33.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	**778.69**	782.66
Total	**1,238.96**	1,067.97

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

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:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;		
i) Principal	**135.41**	33.61
ii) Interest	**13.93**	6.40
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**-**	2.29
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	**13.93**	6.40
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	**13.93**	6.40
(e) the amount of 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, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**13.93**	6.40

13 (c) Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Security Deposit	**66.94**	56.83
	66.94	56.83
Current		
Security Deposit	**0.77**	0.29
Current maturity of long term borrowings	**33.32**	73.83
Interest accrued and due	**16.98**	6.40
Interest accrued but not due	**6.37**	10.52
Payable to employees	**23.16**	32.66
Book overdraft	**0.48**	2.38
Payable in respect of capital goods	**19.61**	25.28
Foreign Exchange Forward contracts (Cash flow hedge)	**3.32**	-
Other financial liabilities	**0.46**	6.40
	104.47	157.76
Total	**171.41**	214.59

Notes to the Consolidated Financial Statements

(₹in Crores)

13 (d) Financial liabilities by category

Particulars	FVOCI	Amortised cost
March 31, 2019		
Borrowings	-	790.80
Current maturity of long term borrowings	-	33.32
Trade payables	-	1,238.97
Security Deposits	-	67.71
Payable to employees	-	23.16
Interest accrued but not due	-	6.37
Interest accrued and due	-	16.98
Payable in respect of Capital goods	-	19.61
Book overdraft	-	0.48
Foreign Exchange Forward contracts (Cash flow hedge)	3.32	-
Other financial liabilities	-	0.46
Total Financial liabilities	**3.32**	**2,197.86**

Particulars	FVOCI	Amortised cost
March 31, 2018		
Borrowings	-	670.85
Current maturity of long term borrowings	-	73.83
Trade payables	-	1,067.98
Security Deposits	-	56.83
Payable to employees	-	32.66
Interest accrued but not due	-	10.52
Interest accrued and due	-	6.40
Payable in respect of Capital goods	-	25.28
Book overdraft	-	2.38
Other financial liabilities	-	6.40
Total Financial liabilities	**-**	**1,953.13**

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, 2019	As at March 31, 2018
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	**10.38**	9.27
Provision for Gratuity	**10.98**	9.32
	21.36	18.59
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	**5.31**	2.82
Provision for Gratuity	**0.20**	0.32
Others		
Provision for Wealth tax	**0.01**	0.01
Short term provision for litigation/disputed matters (Note (a))	**15.77**	13.47
	21.29	16.62
Total	**42.65**	35.21

Notes to the Consolidated Financial Statements

(₹in Crores)

a. Provision for litigation/disputed matters

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 povision account is as under :

Particulars	As at March 31, 2019	As at March 31, 2018
Balance as per last financial statements	13.47	3.00
Less: Adjusted during the year	(2.00)	-
Add: Provision during the year (Note No 24)	4.30	10.47
Balance as at the end of the year	15.77	13.47

Note 15 : Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Advance from customers	9.41	5.89
Statutory dues including provident fund and tax deducted at source	42.78	25.99
Fair valuation of security deposits from customers	0.68	0.59
Unaccrued Sale	2.10	-
Deferred income of loyalty program reward points (Refer note (a) below)	4.97	7.39
Total	59.94	39.86

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, 2019	As at March 31, 2018
Balance as per last financial statements	7.39	2.81
Add : Deferment/ (Reversed) during the year (Net)	(2.42)	3.78
Add : Additions due to consolidation		0.80
Balance at the end of the year	4.97	7.39

Note 16 : Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products	4,589.80	4,184.03
Sale of services	30.14	33.37
Operating income		
Export incentives	0.35	1.03
Gift Voucher Income	1.29	-
Exchange difference (net)	8.57	-
Royalty	5.61	-
Miscellaneous receipts	8.10	0.47
	23.92	1.50
Total	4,643.86	4,218.90

Notes to the Consolidated Financial Statements

(₹in Crores)

I. Disaggregation of revenue

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A.	**Revenue based on Geography**		
	i. Domestic	**4,618.89**	4,190.25
	ii. Export	**24.97**	28.65
		4,643.86	4,218.90
B.	**Revenue based on Business Segment**		
	Branded Apparels	**4,643.86**	4,218.90

II. Reconciliation of Revenue from Operation with Contract Price

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract Price	**5,297.93**	4,750.25
Less:		
Schemes and Discounts	**643.88**	513.10
Customer Loyalty Program	**10.19**	18.25
Bonus and Incentives		
Others		
Total Revenue from Operations	**4,643.86**	4,218.90

Note 17 : Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income	**2.21**	3.34
Profit on sale of fixed assets (Net)	**0.07**	-
Sundry credit balances appropriated	**-**	5.59
Exchange difference (net)	**-**	0.93
Miscellaneous income	**1.85**	2.59
Total	**4.13**	12.45

Note 18 : Cost of Trims and Accessories consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at the beginning of the year	**6.08**	6.19
Add : Purchases	**6.91**	2.81
	13.00	9.00
Less : Inventory at the end of the year	**7.15**	6.08
Total	**5.85**	2.92

Note 19 : Purchases of stock-in-trade

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Garments	**2,521.92**	1,488.06
Cosmetics & Accessories	**19.27**	84.34
Total	**2,541.19**	1,572.40

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 20 : Changes in inventories of stock-in-trade

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stock at the end of the year		
Stock-in-trade	967.58	709.26
Stock at the beginning of the year		
Stock-in-trade	**709.26**	927.59
Adjustment on consolidation	-	185.26
Total	**(258.32)**	403.59

Note 21 : Employee benefits expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	**342.06**	314.97
Contribution to provident and other funds	**31.35**	25.69
Welfare and training expenses	**32.87**	25.53
Share based payment to employees (Refer Note 33)	**1.48**	0.69
Total	**407.76**	366.88

Note 22 : Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expenses on		
Loans	**24.22**	20.25
Others	**70.55**	50.83
Other finance cost	**31.44**	20.26
Total	**126.21**	91.34

Note 23 : Depreciation and amortization expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Property, Plant & Equipment (Refer Note 5)	**126.10**	112.57
Amortization on Intangible assets (Refer Note 6)	**27.06**	26.38
Total	**153.16**	138.95

Notes to the Consolidated Financial Statements

Note 24 : Other expenses

(₹in Crores)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	43.31	35.95
Shared services	3.22	1.35
Insurance	5.11	4.67
Processing charges	4.60	3.64
Printing, stationery & communication	16.75	15.50
Rent Expenses (Note No. 34)	342.43	294.01
Commission &Brokerage	379.97	539.06
Rates and taxes	3.00	8.44
Repairs :		
To Building	2.10	1.48
To others	65.89	63.53
Royalty on Sales	170.77	153.10
Freight, insurance & clearing charge	60.24	44.35
Octroi	-	3.35
Legal & Professional charges	21.24	23.42
Housekeeping Charges	17.21	14.00
Security Charges	17.85	14.53
Computer Expenses	12.83	11.10
Conveyance & Travelling expense	37.48	28.64
Advertisement and publicity	174.78	142.47
Charges for Credit Card Transactions	14.52	15.06
Packing Materials Expenses	23.23	17.95
Contract Labour Charges	158.40	118.90
Provision for doubtful advances (net)	-	0.51
Sundry debits written off	0.19	-
Bad debt written off	10.50	-
Allowance for doubtful debts	2.41	2.03
Provision for Litigation/Disputed Matters	4.30	10.47
Sampling and Testing Expenses	12.66	19.81
Director's sitting fees	0.08	0.09
Auditor's remuneration	2.07	2.10
Business Conducting Fees	1.72	3.13
Bank charges	5.15	4.72
Warehouse Charges	19.32	18.81
Spend on CSR activities (Note No 35)	0.84	0.24
HVAC Charges	8.17	7.41
Property, Plant & Equipment written off	0.50	7.62
Exchange Difference Loss (Net)	-	1.04
Miscellaneous expenses	16.42	11.22
Total	**1,659.26**	1,643.70

Payments to Auditors (Net of taxes)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payment to Auditors as		
Auditors	1.51	1.48
For taxation matters	0.29	0.24
For Other certification work	0.15	0.30
For reimbursement of expenses	0.12	0.08
Total	**2.07**	2.10

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 25 : Income tax

The major component of income tax expense for the period and year ended March 31, 2019 and March 31, 2018:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statement of Profit and Loss		
Current tax		
Current income tax	21.16	25.73
Deferred tax		
Deferred tax expense/(credit)	(29.76)	(27.08)
Income tax expense reported in the statement of profit and loss	(8.60)	(1.35)

OCI section

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statement to Other comprehensive income (OCI)		
Deferred tax Charge/(Credit)	(3.22)	(0.71)
Deferred tax charged to OCI	(3.22)	(0.71)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31,2019 and March 31, 2018.

A) Current tax

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	12.88	11.57
Tax at 34.944% (March 31, 2018 28.84%)	4.50	3.34
Adjustments		
Expenses allowable over period	-	(0.42)
Difference in Tax Rates for certain entities of the Group	1.10	(8.08)
Expenditure not deductible for Tax	7.89	1.96
Additional Deduction on account of Employee Perquisite	(18.12)	-
Non-recognition of deferred tax assets due to absence of probable certainty of reversal in future	(0.06)	1.82
Others	(3.91)	0.03
At the effective income tax rate of -66.78% (March 31, 2018 : -11.7%)	(8.60)	(1.35)

Notes to the Consolidated Financial Statements

(₹in Crores)

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss and Other Comprehensive Income	
	2018-19	2017-18	2018-19	2017-18
Accelerated depreciation for tax purposes	92.32	72.08	20.24	28.07
Expenditure allowable on payment basis(43 B/40a)	14.09	9.29	4.80	2.51
Expenditure allowable over the period (Section 35D / 35DD)	0.01	0.03	(0.02)	0.43
Expenses on Employee Stock Option	0.30	0.09	0.21	0.09
Unused losses available for offsetting against future taxable income	89.38	114.78	(25.40)	(15.91)
Allowance for Doubtful Receivables/Advances	2.10	0.17	1.93	(5.61)
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	16.12	9.83	6.29	-
Deferred Tax on unrealised profit	48.36	27.26	21.10	15.78
Others	6.50	2.67	3.83	2.43
Deferred tax (Charge)/Credit			**32.98**	**27.79**
Net deferred tax assets/(liabilities)	**269.18**	**236.20**		

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as at April 1	**236.20**	211.45
Adjustment on Consolidation	**-**	(3.04)
Deferred Tax income/(expense) during the period recognised in profit or loss	**29.76**	27.08
Deferred Tax income/(expense) during the period recognised in OCI	**3.22**	0.71
Closing balance as at March 31	**269.18**	236.20

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

Note 26 : Contingent liabilities/Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities not provided for		
a. Bills discounted	**36.75**	15.73
b. Claims against the Group not acknowledged as debts	**9.87**	6.66
c. Disputed demands in respect of		
Excise/Customs duty	**25.16**	14.55
Sales tax/ GST	**68.03**	209.64
Income tax	**8.60**	4.04
Textile Committee Cess	**0.11**	0.11
Provident Fund	**0.80**	0.76
d. Guarantee given by bank on behalf of the group	**0.87**	15.15

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) Disputed demand for Sales Tax and VAT includes demand raised mainly due to non-submission of various statutory forms to appropriate authority. Subsequent to the demand, the Company has collected forms covering substantial amount of demand. The Company is in the process of collecting balance forms and hence no provision is considered necessary for the same.

Note 27 : Capital commitment and other commitments

Particulars	As at March 31, 2019	As at March 31, 2018
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	**9.80**	22.66

Notes to the Consolidated Financial Statements

(₹in Crores)

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

Nature of exposure	Currency	As at March 31, 2019		As at March 31, 2019	
		In FC	₹ in Crores	In FC	₹ In Crores
Forward contracts					
Purchase	USD	1.74	204.75	0.43	27.85

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

B. Exposure Not Hedged

Nature of instrument	Currency	As at March 31, 2019		As at March 31, 2018	
		In FC	₹ in Crores	In FC	₹ In Crores
Receivables	USD	0.10	6.70	0.12	8.02
Payable towards borrowings	USD	0.62	43.15	0.54	35.39
Payable to creditors	USD	0.31	21.57	0.37	24.44
	EURO	0.01	0.45	0.03	2.07
	SEK	0.10	0.74	0.01	0.07

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	Year ended / As at March 31, 2019	Year ended / As at March 31, 2018
Segment Revenue*		
a) In India	**4,618.89**	4,190.25
b) Rest of the world	**24.97**	28.65
Total Sales	**4,643.86**	4,218.90
Carrying Cost of Segment Assets**		
a) In India	**3,517.91**	3,167.55
b) Rest of the world	**6.43**	8.02
Total	**3,524.34**	3,175.57
Carrying Cost of Segment Non Current Assets@**		
a) In India	**559.94**	543.60
b) Rest of the world	**-**	-
Total	**559.94**	543.60

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax assets.

Note :

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

Note 30 : Disclosure pursuant to Employee benefits

(A) Defined contribution plans:

An amount of Rs. 19. 43 Crores (March 31, 2018 - Rs. 17.84 Crores) is recognised as expense and included in the note 21 "Employee benefit expenses"

Particulars	As at March 31, 2019	As at March 31, 2018
Provident Fund	**10.82**	11.13
Contributory Pension Scheme	**8.61**	6.52
Superannuation Fund	**(Rs. 24,986)**	0.19
	19.43	17.84

Notes to the Consolidated Financial Statements

(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 GratuiyAct, 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 31,2019: Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	April 1, 2018	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	Contri-butions by employer	March 31, 2019
		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)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	14.45	4.52	1.05	5.57	(2.80)	-	(0.55)	2.35	0.63	2.43	0.53	-	20.18
Fair value of plan assets	(4.81)	-	(0.51)	(0.51)	2.33	0.24	-	-	-	0.24	-	(6.25)	(9.00)
Total benefit liability	**9.64**	**4.52**	**0.54**	**5.06**	**(0.47)**	**0.24**	**(0.55)**	**2.35**	**0.63**	**2.67**	**0.53**	**(6.25)**	**11.18**

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

Particulars	April 1, 2017	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	Contri-butions by employer	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)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI			
Gratuity													
Defined benefit obligation	10.15	4.54	0.66	5.20	(1.71)	-	-	(0.32)	1.13	0.81	-	-	14.45
Fair value of plan assets	(4.04)	-	(0.25)	(0.25)	1.65	(1.53)	-	0.01	-	(1.52)	-	(0.65)	(4.81)
Total benefit liability	**6.11**	**4.54**	**0.41**	**4.95**	**(0.06)**	**(1.53)**	**0.00**	**(0.31)**	**1.13**	**(0.71)**	**-**	**(0.65)**	**9.64**

* includes adjustments due to consolidation

Notes to the Consolidated Financial Statements

₹ in Crores

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

Particulars	Year ended 31, 2019 (%) of total plan assets	Year ended March 31, 2018 (%) of total plan assets
Others (Insurance company Products)	**100%**	100%
(%) of total plan assets	**100%**	100%

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	**6.8%-7.75%**	7.31% to 7.60%
Future salary increase	**6.6%-13%**	5% to 12%
Expected rate of return on plan assets	**6.8%-7.3%**	7.31% to 7.60%
Attrition rate	**10.4%-39.9%**	7% to 20%
Morality 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:

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March 31, 2019	Year ended March 31, 2018
Gratuity			
Discount rate	50 basis points increase	**(0.57)**	(1.11)
	50 basis points decrease	**0.51**	0.06
Salary increase	50 basis points increase	**0.49**	0.61
	50 basis points decrease	**(0.46)**	(0.57)
Attrition rate	50 basis points increase	**(0.12)**	0.04
	50 basis points decrease	**0.12**	(0.05)

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	**3.12**	1.02
Between 2 and 5 years	**16.38**	8.11
Beyond 5 years	**23.04**	22.05
	42.54	**31.18**

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity	**3 years to 12.73 years**	5.29 years to 11 years

C. Leave encashment

Salaries, Wages and Bonus include Rs. 6.66 Crores (Previous Year Rs. 5.13 Crores) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

Notes to the Consolidated Financial Statements

Note 31 :Related Party Transactions

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

Name of Related Parties	Nature of Relationship :	Period
Arvind Limited	Holding Company	Upto 29/11/2018
	Enterprise having significant influence by Non-Executive Director	From 30/11/2018
Arvind Ruf & Tuf Pvt.Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key Managerial Personnel	From 30/11/2018
Arvind True Blue Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key Managerial Personnel	From 30/11/2018
Arvind Premium Retail Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Key Managerial Personnel	From 30/11/2018
Arvind Goodhill Suit Manufacturing Private Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Non-Executive Director	From 30/11/2018
Arvind Envisol Limited	Fellow Subsidiary Company	Upto 29/11/2018
	Enterprise having significant influence by Non-Executive Director	From 30/11/2018
Aura Securities Private Limited	Enterprise having significant influence by Non-Executive Director	
Multiples Private Equity Fund II LLP	Enterprise having significant influence by Non-Executive Director	
PVH Singapore Private Limited	Joint Venture Partners /LLP of the Company	
Tommy Hilfiger Europe B.V.	Joint Venture Partners /LLP of the Company	
PVH B.V.	Joint Venture Partners /LLP of the Company	
PVH Corp.	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Tommy Hilfiger (HK) Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Tommy Hilfiger Asia Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Tommy Hilfiger Licensing LLC	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Hongkong Services Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Hongkong Sourcing Service Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Asia Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Far East Limited	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Europe, Inc	Owned/ controlled by the joint ventures partners directly/ Indirectly	
PVH Neckwear Inc.	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Calvin Klein Inc.	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Calvin Klein Europe BV	Owned/ controlled by the joint ventures partners directly/ Indirectly	
Suresh Jayaraman, Managing Director	Key Managerial Personnel	
Kannan S., Chief Financial Officer	Key Managerial Personnel	
Vijay Kumar BS , Company Secretary	Key Managerial Personnel	
Sanjaybhai Srenikbhai Lalbhai	Non Executive Director	
Jayesh Kantilal Shah	Non Executive Director	
Renuka Ramnath	Non Executive Director	
Nithya Easwaran	Non Executive Director	
Kulin Lalbhai	Non Executive Director	
Nilesh Shah	Non Executive Director	
Kamal Singal	Non Executive Director	
Abanti Sankaranarayanan	Non Executive Director	
Vallabh Bhanshali	Non Executive Director	
Nagesh Pinge	Non Executive Director	
Achal Bakeri	Non Executive Director	
Arvind Fashions Limited Employee Group Gratuity Trust	Trust	
Arvind Lifestyle Brands Limited Employee Group Gratuity Trust	Trust	
Arvind Beauty Brands Retail Private Limited Employee Group Gratuity Trust	Trust	

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

Notes to the Consolidated Financial Statements

(b) Transactions and Balances :

₹ in Crores

Particulars	Holding Company		Fellow Subsidiaries		Key Managerial Personnel and Non Executive Directors		Enterprise having significant influence by Key Managerial Personnel and Non-Executive Director		Joint Venture Partners/ LLP of the Company		Owned/ Controlled by the joint venture partners directly/ indirectly		Trust	
	Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Transactions														
Purchase of Goods and Materials	**17.21**	25.10	**7.28**	10.40		-	**20.26**		**0.43**	0.46	**65.61**	40.57		-
Purchase Return of Goods and Materials	**2.69**													
Purchase of Fixed Assets	**0.31**	0.17		-		-	**0.32**			-		7.14		-
Sales of Goods and Materials	**6.80**	13.23		0.01		-	**0.10**			-		-		-
Sales Return of Goods and Materials	**4.35**	0.24		0.57			**9.79**							
Sale of Fixed Assets							**0.08**							
Receiving of Services-Royalty									**30.78**	24.58	**12.96**	11.47		
Receiving of Services-Shared services	**7.66**	4.99					**5.02**		**2.30**	2.65	**1.44**	6.87		
Receiving of Services-Commission	**1.08**	1.61					**2.68**	0.91						
Receiving of Services-Rent	**0.35**	0.48					**-**							
Receiving of Services-others	**0.01**			0.91			**0.71**							
Rendering of Services-Royalty	**4.48**	4.84												
Rendering of Services-Commission & Incentive	**0.08**		**0.12**	0.06			**0.37**							
Rendering of Services-Shared service	**10.12**	3.69	**0.73**	0.25			**2.82**							
Rendering of Services-Rent		0.11	**0.30**	0.56			**0.18**							
Interest Expense	**0.04**	7.34	**11.41**	0.16			**6.39**							
Remuneration					**4.43**	1.50								
Sitting Fees					**0.05**	0.03								
Other Expenses									**2.30**					
Interest Income				0.05										
Contribution Given for Employee Benefit Plans													6.00	10.16
Loan Taken/(Repayment of Loan)	**(1.02)**	135.19	**256.49**	53.50			**(310.14)**							
Share Capital Cancelled under scheme of Arrangements	**20.78**													
Issue of Equity shares under scheme of Arrangements							**7.64**							
Issue of Shares		269.07						2.16						
Issue of Shares in Controlled Joint Venture									-	27.60				
Transfer of Assets under scheme of Arrangements	**462.22**											-		-
Liability no longer required, written back							**0.21**					5.59		

Particulars	Holding Company		Fellow Subsidiaries		Key Managerial Personnel and Non Executive Directors		Enterprise having significant influence by Key ManagerialPersonnel and Non-Executive Director		Joint Venture Partners/ LLP of the Company		Owned/ Controlled by the joint venture partners directly/ indirectly		Trust	
	Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at		Year ended/as at	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018	**March 31, 2019**	March 31, 2018
Balances as at year end														
Trade and Other Receivable		12.45		0.10		1.00	4.50							
Receivable/(Payable) in respect of Loans		(1.02)		(53.69)										
Trade and Other Payable		40.84		3.27		0.78	5.05		8.13	6.98	21.87	15.35		

Notes to the Consolidated Financial Statements

₹ in Crores

c 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.

2) Loan given by related party carry interest rate of 8.5 % (March 31, 2018 : 8%)

d Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2019 (March 31, 2018: Rs.Nil)

e Transactions with key managerial personnel

Compensation of key management personnel of the Company

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits	3.86	1.42
Termination benefits	0.38	0.04
Share based payments	0.19	0.04
Total compensation paid to key management personnel	**4.43**	1.50

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

Note 32 : Earning per share:

Particulars	Year ended / as at March 31, 2019	Year ended / as at March 31, 2018
Earning per share (Basic and Diluted)		
Profit attributable to ordinary equity holders	16.61	14.47
Total no. of equity shares at the end of the year	5,79,94,673	5,79,25,727
Weighted average number of equity shares		
For basic EPS	5,77,96,491	5,68,19,060
For diluted EPS	5,91,38,299	5,83,02,984
Nominal value of equity shares	4	4
Basic earning per share	2.87	2.55
Diluted earning per share	2.81	2.48
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	5,77,96,491	5,68,19,060
Effect of dilution: Share options	13,41,808	14,83,924
Weighted average number of equity shares adjusted for the effect of dilution	5,91,38,299	5,83,02,984

Notes to the Consolidated Financial Statements

₹ in Crores

Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 (“ESOP 2016”) and Employee Stock Option Scheme 2018 (“ESOP 2018”), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOS 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. The following table sets forth the particulars of the options issued during the Financial Year 2018-19 under ESOP 2016 and ESOP 2018

Scheme	ESOP 2016		ESOP 2018	
Date of grant	03-May-18	12-Nov-18	12-Feb-19	12-Feb-19
Number of options granted	83,886	5,00,000	1,80,000	1,35,200
Exercise price per option	₹ 106	₹ 690.54	₹ 669.51	₹ 1,057.11
Vesting period	Over a period of 4 years		Vested	Vesting on 30-Apr-19
Vesting requirements	Performance based vesting	Time based vesting	Time based vesting	
Exercise period		At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.	5 years from the date of vesting	3 years from the date of vesting
Method of settlement	Equity		Equity	

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

Particulars	ESOP 2016 2018-19	ESOP 2016 2017-18	ESOP 2018 2018-19	ESOP 2018 2017-18
Options				
Outstanding at the beginning of the period	34,72,179	33,94,114	-	-
Issued during the year	5,83,886	78,065	3,15,200	-
Vested but not exercised at the beginning of the period				
Granted during the period				
Forfeited during the period	(83,886)	-	-	-
Exercised during the period	(5,97,822)	-	-	-
Reduction in options due to consolidation of shares	(16,87,164)	-	-	-
Outstanding at the end of the period	16,87,193	34,72,179	3,15,200	-
Exercisable at the end of the period	6,85,396	16,24,706	1,80,000	-
Weighted average exercise price per option (Rs.)	**343.41**	**76.96**	**890.86**	**-**

Share Options Exercised during the year:

Option Series	No. of Options	Exercise Date	Weighted Average Share Price
ESOS 2016	5,97,822	09-Nov-18	486.00

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 4.3 years (as at March 31, 2018: 4.5 years). The range of exericse price is from Rs. 105.58 to Rs. 1381.08

The share options outstanding at the end of the year under ESOP 2018 have a weighted average remaining contractual life of 3.26 years (as at March 31, 2018: NIL). The range of exericse price is from Rs. 669.51 to Rs. 1057.11

Particulars	ESOP 2016	ESOP 2018
Share price as at measurement date (INR per share)	Rs. 431.41	Rs. 1017.40
Expected volatility	18.47%	18.77%
Expected life (years)	4 years	1 year
Dividend yield	0%	0%
Risk-free interest rate (%)	7.58%	6.93%

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	2018-19	2017-18
Employee option plan	**1.48**	0.69
Total employee share based payment expense	**1.48**	0.69

Notes to the Consolidated Financial Statements

₹ in Crores

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:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	**52.37**	63.54
Later than one year and not later than five years	**82.05**	75.89
Later than five years	**13.43**	6.45
Lease Payment recognised in Statement of Profit and Loss	**336.29**	287.71

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:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	**6.40**	6.25
Later than one year and not later than five years	**9.67**	15.55
Later than five years	**-**	-
Lease Payment recognised in Statement of Profit and Loss	**6.14**	6.30

Sub-lease income includes receipt towards office premises, and Sub-lease agreement is for a period of 60 months. Sub-lease income received (or receivable) recognized in the Statement of Profit and Loss amounts to Rs.Nil (Previous Year Rs.0.11 Crores)

Note 35 : Corporate Social Responsibility (CSR) Activities

(a) The group is required to spend Rs.0.84 Crores (March 31, 2018: Rs 0.24 Crores) on CSR Activities

(b) Amount spent during the year on :

Particulars	Year ended March, 2019			Year ended March, 2018		
	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	**0.84**	**-**	**0.84**	0.24	-	0.24

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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets				
Investments measured at fair value through OCI	(Rs.13,090)	(Rs.18,735)	(Rs.13,090)	(Rs.18,735)
Total	**(Rs.13,090)**	**(Rs.18,735)**	**(Rs.13,090)**	**(Rs.18,735)**
Financial liabilities				
Borrowings	669.88	602.52	669.88	603.03
Total	**669.88**	**602.52**	**669.88**	**603.03**

Notes to the Consolidated Financial Statements

₹ in Crores

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.

Note 37 : Fair value hierarchy

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

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2019					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	March 31, 2019	(Rs. 13,090)	(Rs.13,090)	-	-
As at March 31, 2018					
Assets measured at fair value					
Fair value through Other Comprehensive Income					
Investment in Equity shares, quoted	March 31, 2018	(Rs. 18,735)	(Rs.18,735)	-	-

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.

Notes to the Consolidated Financial Statements

₹ in Crores

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, 2019 and March 31, 2018 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, 2019, approximately 60% of the Group's Borrowings are at fixed rate of interest (March 31, 2018 : 33%)

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:

Particulars	Effect on profit before tax
March 31, 2019	
Increase in 50 basis points	(2.45)
Decrease in 50 basis points	2.45
March 31, 2018	
Increase in 50 basis points	(2.51)
Decrease in 50 basis points	2.51

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

Notes to the Consolidated Financial Statements

₹ in Crores

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD ,EUR, SEK and SGD 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	Effect on profit before tax
March 31, 2019	+2% -2%	(1.59) 1.59
March 31, 2018	+2% -2%	(1.61) 1.61

Particulars	Change in EUR rate	Effect on profit before tax
March 31, 2019	+2% -2%	(0.04) 0.04
March 31, 2018	+2% -2%	(0.09) 0.09

Particulars	Change in SEK rate	Effect on profit before tax
March 31, 2019	+2% -2%	(0.01) 0.01
March 31, 2018	+2% -2%	(₹ -14,910) (₹ 14,910)

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, 2019, the exposure to listed equity securities at fair value was Rs. 13,090 A decrease of 10% on the BSE market index could have an impact of approximately Rs. 1,309 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

Notes to the Consolidated Financial Statements

₹ in Crores

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 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, 2019 and March 31, 2018 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	Less than 1 year	1 year or more
As at March 31, 2019		
Interest bearing borrowings*	737.82	86.30
Trade payables	1,238.96	-
Security deposits from customers	0.77	66.94
Other financial liabilities#	103.70	-
	2,081.25	**153.24**
As at March 31, 2018		
Interest bearing borrowings*	664.05	80.63
Trade payables	1,083.90	-
Security deposits from customers	0.29	13.03
Other financial liabilities#	83.70	43.80
	1,831.94	**137.46**

* 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. 6.37 Crores (March 31, 2018 : Rs. 10.18 Crores)

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).

Amount in ₹

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest-bearing loans and borrowings (Note 13)	**824.12**	744.68
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft)	**(13.06)**	(29.04)
Net debt	**811.06**	715.64
Equity share capital (Note 11)	**23.20**	23.17
Other equity (Note 12)	**1,106.21**	1,036.61
Total capital	**1,129.41**	1,059.78
Capital and net debt	**1,940.47**	1,775.42
Gearing ratio	**41.80%**	40.31%

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, 2019 and March 31, 2018

Loan covenants

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

Note 40 : Business Combination

The National Company Law Tribunal, Ahmedabad Bench vide its order dated October 26,2018 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to Arvind Fashions Limited with effect from November 30,2018 (the appointed date). The Scheme became effective from November 30,2018. Pursuant to the Scheme, all the assets, liabilities, income and expenses of the Branded Apparel undertaking has been transferred to the Company from the appointed date. Additionally, Investments of Company were written off against Capital Reserve. Company's exsisting shares issued to Arvind Limited were cancelled and fresh shares were issued to shareholders of Arvind Limited in the ratio of 1:5 as on the appointed date.

Amount in

Particulars	**₹ In Crores**
Assets:	
Property Plant and Equipments	16.53
Current Assets	76.67
Investment	416.92
Total Assets acquired (A)	**510.12**
Liabilities:	
Current Liabilities	29.19
Borrowing	18.71
Total Liabilities assument (B)	**47.90**
Net Identifiable Assets Acquired (A-B)	**462.22**

Particulars	**Rs. In Crores**
Total Identifiable assets acquired	462.22
Investment writeen off as per Scheme	(416.92)
Cancellation of shares under scheme of arrangement	20.78
Allotement of Shares pursuent to Scheme of Arrangement	(20.69)
Capital Reserve	**45.39**

(II) Summary of acquisition during the year ended March 31, 2018

(a) Effective from 1st April 2017, in accordance with the amendment in the contractual terms and without consideration, the group have consolidated Tommy Hilfiger Arvind Fashion Private Limited and Calvin Klein Arvind Fashion Private Limited as subsidiaries. Investment in the acquiree was previously accounted as equity method in accordance with Ind AS 28 which is discontinued on obtaining of control.

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.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 Goodwill/Capital Reserve on acquisition of controlling interest including gain till the acquisition of control in accordance with the requirement of Ind AS.

(b) During the year ended on March 31, 2018, Group acquired 9714 equity shares of Calvin Klein Arvind Fashion 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 Fashion Private Limited and consequently, the change of Rs. 2.33 Crores/- is recognised directly in equity as attributable to the equity shareholders of the Group.

Notes to the Consolidated Financial Statements

Note 41 : Standards issued but not yet effective

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Group is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

Note 42 : Interest in Other Entities

(1) The Consolidated Financial Sttements present the consolidated accounts of Arvind Fashions Limited with its subsidiaries and controlled joint ventures

Sl. No.	Name of Entities	Country of Incorporation	Activities	Proportion of ownership of interest As at March 31, 2019	As at March 31, 2018
	Subsidiaries				
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%	50%
4	Tommy Hilfiger Arvind Fashion Private Limited	India	Branded Garments	50%	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 intersts that are material to the Group.

Notes to the Consolidated Financial Statements

Note 43 : Disclosures Mandated by Schedule III of Companies Act 2013

Name of Entities	2018-19							
	Net Assets i.e. Total Assets minus Total Labilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores
Parent :								
Arvind Fashions Limited	55%	1,349.85	99%	61.51	21%	-1.42	108%	60.09
Subsidiaries/Control Joint Venture :								
Arvind Beauty Brands Retail Pvt Limited	3%	69.07	-8%	(4.81)	0%	0.01	-9%	-4.80
Arvind Lifestyle Brands Limited	34%	841.83	-7%	(4.20)	49%	-3.25	-13%	-7.45
Calvin Klein Arvind Fashion Pvt Ltd	2%	36.79	2%	1.06	10%	-0.68	1%	0.38
Tommy Hilfiger Arvind Fashion Private Limited	6%	145.56	14%	8.68	20%	-1.34	13%	7.34
Sub Total	**100%**	**2,443.10**	**100%**	**62.24**	**100%**	**(6.68)**	**100%**	**55.56**
Inter Company Eliminations and Consolidations Adjustment		(1,313.69)		(45.63)		1.01		(44.62)
Total		**1,129.41**		**16.61**		**(5.67)**		**10.94**
Non Controlling Interest in Subsidiaries		91.17		4.87		(1.01)		3.86
Grand Total		**1,220.58**		**21.48**		**(6.68)**		**14.80**

Name of Entities	2017-18							
	Net Assets i.e. Total Assets minus Total Labilities		Share in Profit		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores	As a % of consoli-dation net assets	₹ In Crores
Parent :								
Arvind Fashions Limited	55%	1,231.05	125%	53.39	4%	(0.06)	129%	53.33
Subsidiaries/Control Joint Venture :								
Arvind Beauty Brands Retail Pvt Limited	3%	73.56	-9%	(3.73)	-1%	0.01	-9%	(3.72)
Arvind Lifestyle Brands Limited	34%	748.83	-10%	(4.09)	81%	(1.16)	-13%	(5.25)
Calvin Klein Arvind Fashion Pvt Ltd	2%	36.41	-15%	(6.31)	9%	(0.13)	-16%	(6.44)
Tommy Hilfiger Arvind Fashion Private Limited	6%	138.21	8%	3.43	7%	(0.10)	8%	3.33
Sub Total	**100%**	**2,228.06**	**100%**	**42.69**	**100%**	**(1.44)**	**100%**	**41.25**
Inter Company Eliminations and Consolidations Adjustment		(1,168.28)		(28.22)		90.26		62.04
Total		**1,059.78**		**14.47**		**88.82**		**103.29**
Non Controlling Interest in Subsidiaries		87.31		(1.55)		(0.11)		(1.66)
Grand Total		**1,147.09**		**12.92**		**88.71**		**101.63**

Note 44 : Regrouped, Recast, Reclassified

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

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 and Controlled Joint Ventures

Amount in ₹

Sr. no.	Particulars	Name of the subsidiary			
		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	91,27,87,230	7,68,94,880	29,89,43,180	1,00,92,960
4.	Reserves & surplus	7,50,55,45,585	61,37,82,391	1,15,65,92,956	35,77,65,744
5.	Total assets	24,59,38,24,187	1,30,91,75,845	3,54,72,95,694	1,55,01,75,909
6.	Total Liabilities	16,17,54,91,373	61,84,98,574	2,09,17,59,558	1,18,23,17,205
7.	Investments	1,50,000	-	-	-
8.	Turnover (Total Income)	31,53,23,80,763	1,82,63,27,882	4,20,50,78,950	2,23,81,74,866
9.	Profit/(Loss) before taxation	4,41,31,981	(6,48,92,983)	13,54,31,856	1,05,97,523
10.	Provision for taxation	8,61,42,197	(1,68,64,775)	4,85,98,885	-
11.	Profit/(Loss) after taxation	(4,20,10,216)	(4,80,28,208)	8,68,32,971	1,05,97,523
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 Board of Directors

Sanjay S. Lalbhai
Director (DIN: 00008329)

Suresh Jayaraman
Director (DIN: 03033110)

Pramod Kumar Gupta
Chief Financial Officer

Vijay Kumar B S
Company Secretary

Date : May 16, 2019
Place : Ahmedabad

Office Locations For The Year 2018-19

Office Locations

SOUTH	NORTH
Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001	Lalbhai House, 8th Community Centre, Saket, New Delhi - 110017
EAST	**WEST**
Unit-1002, 10th Floor, DN-51 Merlin Infinite, Sector - 5, Salt Lake, Kolkata, West Bengal– 700091	Unit No. - A/402, Everest Chambers, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra – 400059

Subsidiaries for Joint Ventures Offices

Arvind Lifestyle Brands Limited	Arvind Beauty Brands Retail Private Limited
Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001	Trinity Circle, 17, MG Road, Craig Park Layout, Ashok Nagar, Bengaluru, Karnataka - 560001
Tommy Hilfiger Arvind Fashion Private Limited	**Calvin Klein Arvind Fashions Private Limited**
No.4, 1st Cross, Brunton Road, Residency Road, Bengaluru, Karnataka - 560025,	9th Floor, Vayudooth Chambers, Trinity Circle, MG Road, Bangalore – 560001

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Arvind Fashions Limited

CIN: L52399GJ2016PLC085595
Registered Office: Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.
Email: investor.relations@arvindbrands.co.in Website: www.arvindfashions.com
Phone: 079-30138000 Fax: 079-30138668

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint shareholders may obtain additional slip at the venue of the meeting.

LEDGER FOLIO or DP/CLIENT ID no.- ____________________

NUMBER OF SHARES HELD - ____________________

NAME OF THE MEMBER /PROXY - ____________________

ADDRESS OF THE MEMBER /PROXY ____________________

I hereby record my presence at the 4th Annual General Meeting of the Company held on Friday, August 09, 2019 at 10.00 a.m. at H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 India.

____
Signature of the Member/Proxy/Representative*

* Strike out whichever is not applicable.

Arvind Fashions Limited

PROXY FORM

CIN: L52399GJ2016PLC085595
Registered Office: Arvind Limited Premises, Naroda Road, Ahmedabad-380025, Gujarat, India.
Email: investor.relations@arvindbrands.co.in Website: www.arvindfashions.com
Phone: 079-30138000 Fax: 079-30138668

Form No. MGT-11

[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 member(s):

Registered address:

E-mail Id:

Ledger Folio No. / DP / Client ID:

I/We, being the member (s) of above named Company, hold ____________ shares hereby appoint

1. Name: ____________ Address: ____________
   E-mail Id: ____________ Signature: ____________ or failing him;
2. Name: ____________ Address: ____________
   E-mail Id: ____________ Signature: ____________ or failing him;
3. Name: ____________ Address: ____________
   E-mail Id: ____________ Signature: ____________

as my/Our proxy to attend and vote (on a poll) for me and on my behalf at the 4th Annual General Meeting of the Company, to be held on Friday, August 09, 2019 at 10.00 a.m. at H T Parekh Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 India and at any adjournment thereof in respect of such resolutions as indicated below

Resolution No.	RESOLUTIONS	Optional *	
Ordinary Business		For	Against
1	Ordinary Resolution for adoption of Audited Financial Statements including Consolidated Financial Statements for the financial year ended 31st March, 2019 and Reports of Directors and Auditors thereon.		
2.	Ordinary Resolution for re-appointment of Mr. Sanjay Lalbhai as Director of the Company, liable to retire by rotation.		

Resolution No.	RESOLUTIONS	Optional*	
Special Business		For	Against
3	Ordinary Resolution to regularize appointment of Ms. Nithya Easwaran (DIN: 03605392) as a Director of the Company		
4	Ordinary Resolution to regularize appointment of Mr. Punit Sanjay Lalbhai (DIN: 05125502) as a Director of the Company		
5	Ordinary Resolution to Appoint Ms. Abanti Sankaranarayanan (DIN: 01788443) as an Independent Director of the Company.		
6	Ordinary Resolution to Appoint Mr. Achal Anil Bakeri (DIN: 00397573) as an Independent Director of the Company		
7	Ordinary Resolution to Appoint Mr. Nagesh Dinkar Pinge (DIN: 00062900) as an Independent Director of the Company.		
8	Ordinary Resolution to Appoint Mr. Vallabh Roopchand Bhanshali (DIN: 00184775) as an Independent Director of the Company.		
9	Ordinary Resolution to Appoint Ms. Vani Kola (DIN: 01827653) as an Independent Director of the Company		
10	Special Resolution to ratify the Arvind Fashions Limited - Employee Stock Option Scheme – 2016 (“ESOS – 2016” or “The Scheme”).		

Signed this________ day of____________,2019

Signature of Shareholder_______________________________

Signature of Proxy holder(s)____________________________

Affix
Revenue
Stamp

Notes:

1. 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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 4th 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.

Fashioning Possibilities

If undelivered, please return to :
Arvind Fashions Limited
Main Building, Arvind Limited Premises,
Naroda Road, Ahmedabad – 380 025