

# 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 Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries referred to in the Other Matters section below, 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 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 consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity 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. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 ethical 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 obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, 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	How the key Audit Matter Was Addressed in the Audit
1	<b>Revenue Recognition: [Assertion- Cut off and Occurrence] and provision for sales return</b> Revenue recognition 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 recognized at point of time and provision for sales return. Cut-off and Occurrence is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods around the year end without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers". Additionally, there is risk that revenue recorded at point of sale did not occur and due to this revenue is overstated in the books. Also, Group has contracts with customers which entitles them to right of return. At year end, amount of expected returns that have not yet been settled with the customers are estimated and accrued. Estimating the amount of such accrual at year end is considered a key audit matter due to assumptions and judgments required to be made by management.	<b>Principal Audit Procedures Performed:</b> The details of audit procedure performed by us and Component auditors, are as follows: <ul style="list-style-type: none"> <li>Selected a sample 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, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>We obtained an understanding of process and evaluated the design and operating effectiveness of key controls over timing of revenue recognition, control over occurrence of revenue and calculating, reviewing and approving sales returns.</li> <li>Selected samples and performed the following procedures:                             <ul style="list-style-type: none"> <li>Read, analyzed and identified the distinct performance obligations in these contracts and compared these performance obligations with that identified and recorded by the Group.</li> <li>For the selected samples, tested with the performance obligations specified in the underlying contracts.</li> <li>Performed analytical procedures for reasonableness of revenues with comparative period.</li> <li>Analyzed historical trends for returns and held discussions with management to understand changes in provisioning norms/additional provisions</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	How the key Audit Matter Was Addressed in the Audit	Sr. No.	Key Audit Matter	How the key Audit Matter Was Addressed in the Audit
		<p>made based on management's assessment of market conditions and based on that, we have tested the estimates of returns related accruals with underlying documentation such as management approved norms, customer agreements, sales data and customer reconciliations, as applicable.</p> <ul style="list-style-type: none"> <li>• At the year end, we have performed early and late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales.</li> <li>• Performed substantive testing of samples for sales bookings from different stores and understanding the terms of contract for transfer of risk and rewards and verification of collection matching the collections.</li> </ul>		<p>future and judgments in the interpretation of tax regulations and tax positions adopted by the Group.</p>	<p>Consolidated Ind AS financial statements in accordance with the requirements of Ind AS 12 "Income Taxes". As informed to us by respective component auditors, following procedures are performed by them:-</p> <ul style="list-style-type: none"> <li>• Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".</li> <li>• Analyzed the performance of the component and assessed the reasonableness of assumptions used in forecast of future taxable profits, examined the consistency of projections used for assessing DTA and component's expected utilization of the unabsorbed business losses and unabsorbed depreciation, including understanding of management's estimate of business impact based on current market and economic conditions.</li> </ul>
2	<p><b>Recoverability of deferred tax assets</b></p> <p>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 utilized.</p> <p>The Component's ability to recover recognised deferred tax asset as well as previously unrecognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the applicable tax laws.</p> <p>The recognition and measurement of deferred tax assets is a key audit matter as its recoverability within the allowed time frame involves estimate of financial projections, availability of sufficient taxable income in the</p>	<p><b>Principal Audit Procedures Performed:</b></p> <p>Audit procedures performed by us, are as follows:</p> <ul style="list-style-type: none"> <li>• Assessed the Group accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".</li> <li>• Analyzed the performance of the component and assessed the reasonableness of assumptions used in forecast of future taxable profits, examined the consistency of projections used for assessing DTA and component's expected utilization of the unabsorbed business losses and unabsorbed depreciation, including understanding of management's estimate of business impact based on current market and economic conditions.</li> <li>• Assessed the disclosures in Note 24 (B) of the</li> </ul>		<p><b>Information Other than the Financial Statements and Auditor's Report Thereon</b></p> <ul style="list-style-type: none"> <li>• The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report including annexures thereof, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.</li> <li>• Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</li> <li>• In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and 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. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.</li> </ul>	

- 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 Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity 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 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 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 Parent, 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 ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities 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 Responsibility 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 control 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 Parent 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 the 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 or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors 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**

(a) We did not audit the financial statements of 4 subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 1,340.48 crores as at March 31, 2023, total revenues of Rs. 1,852.76 crores and net cash inflows amounting to Rs. 89.41 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

(b) The comparative financial information of the Group for the year ended March 31, 2022, were audited by the joint auditors including us, who had expressed an unmodified opinion thereon as per their reports dated August 18, 2022. Our report on the statement is not modified in respect of this matter.

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

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated 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, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 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 with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.
- 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 Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 25 to the consolidated financial statements.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education

- and Protection Fund by the Parent and its subsidiary companies incorporated in India.
- iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 40(iv)(i) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Parent or any of such subsidiaries from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (iv) (a) and (b) above, contain any material misstatement.
- v) As stated in note 47 to the consolidated financial statements, the Board of Directors of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent and such subsidiaries at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiaries which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor’s Report) Order, 2020 (“CARO”/“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:
- | <b>Name of the company</b>          | <b>CIN</b>             | <b>Nature of relationship</b> | <b>Clause Number of CARO report with qualification or adverse remark</b> |
|-------------------------------------|------------------------|-------------------------------|--|
| Arvind Youth Brands Private Limited | U52100GJ2020 PTC112995 | Subsidiary                    | Clause (xiv), (xvii)   |
- For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm’s Registration No. 117365W)
- Kartikeya Raval**  
(Partner)  
(Membership No.106189)  
(UDIN: 23106189BGVORY9420)  
Place : Ahmedabad  
Date : May 30, 2023

## 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 of even date)

### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Arvind Fashions Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India, 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements of the Parent, its subsidiary companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls With reference to consolidated financial statements**

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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.

#### **Inherent Limitations of Internal Financial Controls With reference to consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies 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.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 4 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Firm's Registration No. 117365W)

**Kartikeya Raval**

(Partner)  
(Membership No.106189)  
(UDIN: 23106189BGVORY9420)

Place : Ahmedabad

Date : May 30, 2023

# Consolidated Balance Sheet as at March 31, 2023

(₹ in Crores)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, Plant and Equipment	5	<b>105.04</b>	113.30
(b) Capital work-in-progress	5(a)	<b>1.80</b>	-
(c) Right-of-Use Asset	33	<b>608.04</b>	387.90
(d) Goodwill on consolidation	6	<b>111.23</b>	111.23
(e) Other Intangible assets	6	<b>40.63</b>	48.90
(f) Intangible assets under development	6(a)	<b>0.30</b>	-
(g) Financial assets			
(i) Loans	7(b)	<b>0.14</b>	0.80
(ii) Other financial assets	7(e)	<b>62.16</b>	61.85
(h) Deferred tax assets (net)	24	<b>412.00</b>	410.97
(i) Non-Current tax assets (net)	10	<b>33.63</b>	32.58
(j) Other non-current assets	8	<b>19.99</b>	63.12
<b>Total non-current assets</b>		<b>1,394.96</b>	1,230.65
<b>II. Current assets</b>			
(a) Inventories	9	<b>981.90</b>	830.81
(b) Financial assets			
(i) Trade receivables	7(a)	<b>559.51</b>	571.71
(ii) Cash and cash equivalents	7(c)	<b>177.77</b>	86.67
(iii) Bank balances other than (ii) above	7(d)	<b>22.54</b>	18.29
(iv) Loans	7(b)	<b>1.63</b>	4.29
(v) Others financial assets	7(e)	<b>43.89</b>	113.67
(c) Other current assets	8	<b>489.82</b>	405.51
(d) Assets Held for Sale	41	-	5.00
<b>Total current assets</b>		<b>2,277.06</b>	2,035.95
<b>Total Assets</b>		<b>3,672.02</b>	3,266.60
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	<b>53.13</b>	52.97
(b) Other equity	12	<b>856.51</b>	697.28
<b>Equity attributable to Equity holders of the Parent</b>		<b>909.64</b>	750.25
<b>Non controlling Interest</b>		<b>182.59</b>	100.16
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13(a)	<b>30.59</b>	71.71
(ii) Lease Liabilities	33	<b>508.86</b>	335.39
(iii) Other financial liabilities	13(c)	<b>121.95</b>	238.10
(b) Long-term provisions	14	<b>15.18</b>	14.37
(c) Other non current liabilities	15	<b>0.50</b>	0.48
<b>Total non-current liabilities</b>		<b>677.08</b>	660.05
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13(a)	<b>567.06</b>	430.02
(ii) Lease Liabilities	33	<b>158.52</b>	120.74
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13(b)	<b>54.75</b>	74.01
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13(b)	<b>964.75</b>	973.86
(iv) Other financial liabilities	13(c)	<b>45.77</b>	67.57
(b) Other current liabilities	15(a)	<b>102.19</b>	71.07
(c) Current tax liabilities	15(b)	<b>2.63</b>	3.73
(d) Short-term provisions	14	<b>7.04</b>	10.14
(e) Liabilities directly associated with Assets classified as held for sale	41	-	5.00
<b>Total current liabilities</b>		<b>1,902.71</b>	1,756.14
<b>Total Equity and Liabilities</b>		<b>3,672.02</b>	3,266.60
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated Financial Statements.  
As per our report of even date attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Kartikeya Raval**

Partner

**Place:** Ahmedabad  
**Date:** May 30, 2023

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

**Sanjay S. Lalbhai**

Chairman & Director

DIN: 00008329

**Place:** Ahmedabad

**Date:** May 30, 2023

**Girdhar Chitlangia**

Chief Financial Officer

**Place:** Bengaluru

**Date:** May 30, 2023

**Shailesh Chaturvedi**

Managing Director & CEO

DIN - 03023079

**Place:** Bengaluru

**Date:** May 30, 2023

**Lipi Jha**

Company Secretary

**Place:** Bengaluru

**Date:** May 30, 2023

# Consolidated Statement of profit and loss for the year ended March 31, 2023

(₹ in Crores)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
<b>I. Income</b>			
Revenue from operations			
Sale of Products	16	<b>4,369.83</b>	3,025.30
Sale of Services	16	<b>46.03</b>	27.10
Operating Income	16	<b>5.22</b>	3.64
Revenue from operations		<b>4,421.08</b>	3,056.04
Other income	17	<b>52.50</b>	66.88
<b>Total income (I)</b>		<b>4,473.58</b>	3,122.92
<b>II. Expenses</b>			
Purchases of stock-in-trade	18	<b>2,442.78</b>	1,764.09
Changes in inventories of stock-in-trade	19	<b>(151.09)</b>	(54.28)
Employee benefits expense	20	<b>268.16</b>	236.76
Finance costs	21	<b>138.38</b>	123.92
Depreciation and amortisation expense	22	<b>238.73</b>	233.00
Other expenses	23	<b>1,408.59</b>	929.31
<b>Total expenses (II)</b>		<b>4,345.55</b>	3,232.80
<b>III. Profit/(Loss) before tax (I-II)</b>		<b>128.03</b>	(109.88)
<b>IV. Tax expense</b>	24		
Current tax		<b>39.68</b>	11.27
(Excess)/short provision related to earlier years		<b>0.99</b>	2.06
Deferred Tax charge/(credit)		<b>(0.56)</b>	(19.13)
<b>Total tax expense</b>		<b>40.11</b>	(5.80)
<b>V. Profit/(Loss) for the year from Continuing Operations (III-IV)</b>		<b>87.92</b>	(104.08)
<b>Discontinued Operations</b>			
A. Profit/(Loss) before tax for the year from Discontinued Operations	41	<b>(0.96)</b>	(132.62)
B. Tax expense/(Credit) on Discontinued Operations			
<b>VI. Profit/(Loss) for the year from Discontinued Operations (A-B)</b>		<b>(0.96)</b>	(132.62)
<b>VII. Profit/(Loss) for the year from Continuing and Discontinued Operations (V+VI)</b>		<b>86.96</b>	(236.70)
<b>VIII. Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/(losses) on defined benefit plans	29	<b>(2.03)</b>	(0.98)
Income tax effect on above	24	<b>0.67</b>	0.25
Net other comprehensive income/(loss) not to be reclassified to profit or loss (A)		<b>(1.36)</b>	(0.73)
<b>B. Items that will be reclassified to profit or loss:</b>			
Net gains/(loss) on hedging instruments in a cash flow hedge		<b>0.80</b>	0.39
Income tax effect on above		<b>(0.20)</b>	(0.09)
<b>Net other comprehensive income/(loss) that will be reclassified to profit or loss (B)</b>		<b>0.60</b>	0.30
<b>Total other comprehensive income/(loss) for the year, net of tax (A+B)</b>		<b>(0.76)</b>	(0.43)
<b>IX. Total comprehensive income for the year, net of tax (VII+VIII)</b>		<b>86.20</b>	(237.12)
<b>Profit / (Loss) for the year attributable to:</b>			
Equity holders of the parent		<b>36.71</b>	(267.40)
Non-controlling interest-P		<b>50.25</b>	30.70
<b>Other Comprehensive Income/(Loss) for the year attributable to:</b>		<b>86.96</b>	(236.70)
Equity holders of the parent		<b>(1.01)</b>	(0.47)
Non-controlling interest		<b>0.25</b>	0.04
<b>X. Total comprehensive income/(loss) attributable to:</b>		<b>(0.76)</b>	(0.43)
Equity holders of the parent		<b>35.70</b>	(267.87)
Non-controlling interest		<b>50.50</b>	30.74
<b>XI. Earnings per equity share</b>	31	<b>86.20</b>	(237.13)
Nominal Value per share - Rs. 4 (Previous Year Rs. 4)			
<b>Continuing Operations</b>			
-Basic Rs.		<b>2.84</b>	(11.04)
-Diluted Rs		<b>2.83</b>	(11.04)
<b>Discontinued Operations</b>			
-Basic Rs.		<b>(0.07)</b>	(10.86)
-Diluted Rs		<b>(0.07)</b>	(10.86)
<b>Continuing and Discontinued Operations</b>			
-Basic Rs.		<b>2.77</b>	(21.90)
-Diluted Rs		<b>2.76</b>	(21.90)
Significant Accounting Policies	3		

The accompanying notes are an integral part of these Consolidated Financial Statements

As per our report of even date attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Kartikeya Raval**

Partner

**Place:** Ahmedabad  
**Date:** May 30, 2023

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

**Sanjay S. Lalbhai**

Chairman & Director

DIN: 00008329

**Place:** Ahmedabad

**Date:** May 30, 2023

**Girdhar Chitlangia**

Chief Financial Officer

**Place:** Bengaluru

**Date:** May 30, 2023

**Shailesh Chaturvedi**

Managing Director & CEO

DIN - 03023079

**Place:** Bengaluru

**Date:** May 30, 2023

**Lipi Jha**

Company Secretary

**Place:** Bengaluru

**Date:** May 30, 2023

# Consolidated Statement of cash flows for the year ended March 31, 2023

(₹ in Crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>A Operating activities</b>		
<b>Profit/(Loss) Before taxation from</b>		
Continuing Operations	<b>87.92</b>	(104.08)
Discontinued Operations	<b>(0.96)</b>	(132.62)
<b>Net Profit/(Loss) for the period from Continuing Operations and Discontinued Operations</b>	<b>86.96</b>	<b>(236.70)</b>
<b>Adjustments to reconcile profit after tax to net cash flows:</b>		
Depreciation and Amortisation	<b>238.73</b>	260.92
Interest Income	<b>(15.69)</b>	(6.99)
Tax Expenses	<b>40.11</b>	(5.80)
Finance Cost	<b>138.38</b>	136.93
Allowance of doubtful deposits and advances	<b>0.25</b>	2.32
Allowance of doubtful debts	<b>18.48</b>	6.37
Unclaimed liability written back	<b>(9.07)</b>	(4.08)
Provisions of doubtful debts written back	<b>(6.18)</b>	(6.30)
Allowance for other receivables	<b>0.22</b>	0.27
Gain on reassessment of lease and Lease Concessions	<b>(13.59)</b>	(110.72)
Adjustment on Consolidation	-	1.07
Stamp Duty on Demerger	-	(5.50)
Property, Plant & Equipment written off	-	1.08
(Profit)/Loss on Sale of Property, Plant & Equipment (Net)	<b>2.89</b>	(5.05)
Share based payment expense	<b>4.98</b>	5.97
Provision for Non-moving Inventory and Returnable assets	<b>(30.39)</b>	34.64
<b>Operating Profit before Working Capital Changes</b>	<b>456.08</b>	68.43
Adjustment for Changes in Working Capital :		
(Increase)/Decrease in Inventories	<b>(115.71)</b>	9.13
(Increase)/Decrease in Trade receivables	<b>(6.77)</b>	81.17
(Increase)/Decrease in Other assets	<b>(66.79)</b>	(0.65)
(Increase)/Decrease in Other financial assets	<b>86.78</b>	46.82
Increase/(Decrease) in Trade payables	<b>(33.37)</b>	97.17
Increase/(Decrease) in Other liabilities	<b>31.13</b>	8.54
Increase/(Decrease) in Other financial liabilities	<b>12.73</b>	4.37
Increase/(Decrease) in Provisions	<b>(3.52)</b>	(3.04)
<b>Net Changes in Working Capital</b>	<b>(95.52)</b>	243.51
<b>Cash Generated from Operations</b>	<b>360.56</b>	311.94
Direct Taxes paid (Net of Income Tax refund)	<b>(43.29)</b>	(11.82)
<b>Net Cash flow received/ (used in) Operating Activities (A)</b>	<b>317.27</b>	300.12
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment and Intangible assets	<b>(63.24)</b>	16.60
Proceeds from disposal of Property, Plant & Equipment	<b>1.96</b>	-
Changes in Capital Advances	<b>25.24</b>	(25.56)
Changes in other bank balances not considered as cash and cash equivalents	<b>(4.25)</b>	(6.32)
Loans (given)/received back (net)	<b>3.33</b>	(0.28)
Interest Received	<b>8.47</b>	7.05
<b>Net Cash flow received/ (used in) Investing Activities (B)</b>	<b>(28.49)</b>	(8.51)
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	<b>5.42</b>	494.82
(Repayment) of long term borrowings	<b>(41.12)</b>	(85.55)
Proceeds/(repayment) from short term borrowings (net)	<b>137.04</b>	(355.75)
Repayment towards lease liabilities	<b>(212.89)</b>	(175.13)
Finance Cost Paid	<b>(86.12)</b>	(87.60)
Payment for Unpaid Fractional Shares	<b>(0.01)</b>	-
<b>Net Cash flow received/ (used in) Financing Activities (C)</b>	<b>(197.68)</b>	(209.21)
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>91.10</b>	82.40
Cash & Cash equivalent at the beginning of the year	<b>86.67</b>	4.27
Cash & Cash equivalent at the end of the year	<b>177.77</b>	86.67
Figures in brackets indicate outflows.		

## Consolidated Statement of cash flows for the year ended March 31, 2023

(₹ in Crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash and cash equivalents comprise of:</b>		
Cash on Hand	<b>0.17</b>	0.01
Balances with Banks	<b>177.60</b>	86.66
<b>Cash and cash equivalents</b>	<b>177.77</b>	86.67

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 April 1, 2022	Net cash flows	Non Cash Changes		As at March 31, 2023				
				Impact of IND AS 116	Other changes *					
<b>As at March 31, 2023</b>										
<b>Borrowings:</b>										
Long term borrowings	13 (a)	71.71	(41.12)	-	-	30.59				
Short term borrowings	13 (a)	430.02	137.04	-	-	567.06				
Lease Liability	35	456.12	(212.89)	424.15	-	667.38				
Interest accrued on borrowings	13 (c)	11.62	(11.62)	-	8.05	8.05				
<b>Total</b>		<b>969.47</b>	<b>(128.58)</b>	<b>424.15</b>	<b>8.05</b>	<b>1,273.08</b>				

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

### Notes:

- The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of cash flows."

As per our report of even date attached

### For Deloitte Haskins & Sells

Chartered Accountants

### Kartikeya Raval

Partner

**Place:** Ahmedabad  
**Date:** May 30, 2023

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

#### Sanjay S. Lalbhai

Chairman & Director

DIN: 00008329

**Place:** Ahmedabad

**Date:** May 30, 2023

#### Girdhar Chitlangia

Chief Financial Officer

**Place:** Bengaluru

**Date:** May 30, 2023

#### Shailesh Chaturvedi

Managing Director & CEO

DIN - 03023079

**Place:** Bengaluru

**Date:** May 30, 2023

#### Lipi Jha

Company Secretary

**Place:** Bengaluru

**Date:** May 30, 2023

# Consolidated Statement of changes in equity for the year ended March 31, 2023

## Consolidated Statement of Changes in Equity

₹ in Crores

Particulars	Amount Note 11
<b>As at April 1, 2021</b>	<b>42.43</b>
Add: Issue of fully paid up shares (Refer Note 11.5)	7.32
Add: Issue of partly paid up shares (Refer Note 11.6)	2.95
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan (Refer Note 32)	0.27
<b>As at March 31, 2022</b>	<b>52.97</b>
Add: Issue of partly paid up shares (Refer Note 11.6)	0.01
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan (Refer Note 32)	0.15
<b>As at March 31, 2023</b>	<b>53.13</b>

## B. Other equity

Particulars	Attributable to the equity holders of Parent											
	Reserves and Surplus				Items of Other Comprehensive Income				Total equity			
	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12	Note 12
	Share based payment reserve	Securities premium	Retained Earnings	Capital Reserve	Capital Reserve on Consolidation	Cash Flow hedge Reserve	Net gain / (loss) on FVOCI equity instruments	Other Equity	Total Other Equity	Non Controlling interest	Controlling interest	Total equity
<b>Balance as at April 1, 2021</b>	<b>1,651.88</b>	<b>(1,081.81)</b>	<b>45.39</b>	<b>(237.08)</b>	<b>(0.22)</b>	<b>90.16</b>	<b>479.55</b>	<b>69.42</b>	<b>548.97</b>	<b>(236.70)</b>	<b>30.70</b>	<b>548.97</b>
Profit/(Loss) for the year	-	(267.40)	-	-	-	-	(267.40)	0.04	0.04	(0.52)	-	(0.52)
Other comprehensive income for the year	-	(0.56)	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	<b>1,651.88</b>	<b>(1,349.77)</b>	<b>45.39</b>	<b>(237.08)</b>	<b>(0.22)</b>	<b>90.16</b>	<b>211.59</b>	<b>100.16</b>	<b>311.75</b>	<b>-</b>	<b>499.85</b>	<b>-</b>
Additional during the year	-	-	-	-	-	-	-	-	-	-	-	-
Utilised during the year	5.95	493.62	-	(5.50)	-	0.28	-	499.85	-	(5.50)	-	(5.50)
Share of Non Controlling Interest	-	-	0.86	-	-	(0.19)	-	(0.19)	-	(0.19)	-	(0.19)
Adjustment on Consolidation	-	-	(9.33)	-	-	-	-	-	-	0.86	-	0.86
Equity issue expenses adjusted during the year (Refer Note 11.6)	-	-	-	-	-	-	-	-	-	(9.33)	-	(9.33)
Transfer to securities premium	(4.36)	-	-	-	-	-	-	-	-	(4.36)	-	(4.36)
Transfer from share based payment reserve	-	4.36	-	-	-	-	-	-	-	-	4.36	-
<b>Balance as at March 31, 2022</b>	<b>2,140.53</b>	<b>(1,348.91)</b>	<b>39.89</b>	<b>(237.08)</b>	<b>(0.13)</b>	<b>90.16</b>	<b>697.28</b>	<b>100.16</b>	<b>797.44</b>	<b>-</b>	<b>50.25</b>	<b>797.44</b>
<b>Balance as at April 1, 2022</b>	<b>2,140.53</b>	<b>(1,348.91)</b>	<b>39.89</b>	<b>(237.08)</b>	<b>(0.13)</b>	<b>90.16</b>	<b>697.28</b>	<b>100.16</b>	<b>797.44</b>	<b>-</b>	<b>50.25</b>	<b>86.96</b>
Profit/(Loss) for the year	-	-	36.71	-	-	-	-	36.71	-	(1.06)	-	(1.06)
Other comprehensive income for the year	-	-	(1.31)	-	-	-	-	(1.31)	0.25	-	-	-
<b>Total Comprehensive income for the year</b>	<b>12.82</b>	<b>2,140.53</b>	<b>(1,313.51)</b>	<b>39.89</b>	<b>(237.08)</b>	<b>(0.13)</b>	<b>90.16</b>	<b>732.68</b>	<b>150.66</b>	<b>883.34</b>	<b>-</b>	<b>883.34</b>
Additional during the year	4.97	5.26	-	-	-	0.60	-	10.83	-	-	-	-
Reclassification of Compulsorily Convertible Preference Shares (Refer Note 13 (c))	-	-	-	-	-	-	-	-	-	-	145.23	145.23
Movement between Non-Controlling Interest and Equity holders of the parent (Refer Note 13(c))	-	-	113.30	-	-	-	-	-	-	-	-	-
Share of Non Controlling Interest	(1.66)	-	-	-	-	(0.30)	-	(0.30)	-	(0.30)	-	(0.30)
Transfer to securities premium	-	1.66	-	-	-	-	-	(1.66)	-	(1.66)	-	(1.66)
Transfer from share based payment reserve	-	-	-	-	-	-	-	1.66	-	1.66	-	1.66
<b>Balance as at March 31, 2023</b>	<b>16.13</b>	<b>2,147.45</b>	<b>(1,200.21)</b>	<b>39.89</b>	<b>(237.08)</b>	<b>0.17</b>	<b>90.16</b>	<b>856.51</b>	<b>182.59</b>	<b>1,039.10</b>	<b>-</b>	<b>1,039.10</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

As per our report of even date attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kartikeya Raval**  
Partner

**Place:** Ahmedabad  
**Date:** May 30, 2023

As per our report of even date attached

**For Sanjay S. Lalbhai**  
Chairman & Director

DIN: 00008329  
**Place:** Bengaluru  
**Date:** May 30, 2023

As per our report of even date attached

**Girdhar Chitlangia**  
Chief Financial Officer

DIN: 03023079  
**Place:** Bengaluru  
**Date:** May 30, 2023

As per our report of even date attached

**Lipi Jha**  
Company Secretary

**Place:** Bengaluru  
**Date:** May 30, 2023

# Notes to the Consolidated Financial Statements For The Year Ended March 31, 2023

## 1. Corporate Information

Arvind Fashions Limited (“the Company” or “the Parent Company”) is a public limited company incorporated in India under the provisions of the Companies Act, 2013 and has its registered office at Arvind Limited Premises, Naroda Road, Ahmedabad – 380025 having CIN L52399GJ2016PLC085595. The Company has its primary listings on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited (“the Stock Exchanges”).

Arvind Fashions Limited together with its consolidated Subsidiaries is herein referred to as “the Group”.

The Group is operating in branded apparels, beauty and accessories. The Group is having a portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Calvin Klein, Sephora and others.

The Group has diversified business by brands (power, emerging 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 Group’s Consolidated Financial Statements have been approved by Board of Directors in the meeting held on May 30, 2023.

## 2. Statement of Compliance and Basis of Preparation

### 2.1 Basis of Preparation and Presentation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), read with Section 133 of the Companies Act, 2013 (“the Act”) and presentation requirements of Division II of Schedule III of the Act and other relevant provisions of the Act as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except certain assets and liabilities, which have been measured at fair value as required by the relevant Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated Financial Statements comprising of Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including other comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows as at March 31, 2023 have been prepared in accordance with Indian Accounting

Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to Consolidated Financial Statement.

The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013 and the amendments are applicable for financial periods commencing from April 1, 2021. The Previous year numbers are regrouped or reclassified, where necessary to comply with the amendment. The Group has evaluated the effect of the amendments on its financial statements and complied with the same.

### 2.2 Historical Cost Convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the followings:

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

### 2.3 Rounding off

The Consolidated Financial Statements are prepared in Indian Rupees (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 Statement comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses including unrealized gain /loss and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained

- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### **3. Summary of Significant Accounting Policies**

The following are the significant accounting policies applied by the Group in preparing its Consolidated 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. For the purpose of current/non-current classification of assets, the Group has ascertained its normal operating cycle as twelve months.

#### **3.2 Non-Current Assets classified as held for sale**

The Group classifies non-current assets as held for sale if

their carrying amounts are recoverable principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

### **Discontinued operation**

A discontinued operation is a business of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

### **3.3 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.

### **3.4 Business combinations and goodwill**

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

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying

economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Group after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### **3.5 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.

### **3.6 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.

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

Management 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)

### **3.7 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. 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.

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.

<b>Asset</b>	<b>Estimated Useful Life</b>
Buildings	30 Years
Plant & Machinery	6 to 15 Years
Office Equipment	6 to 8 Years
Furniture & Fixture	6 to 9 Years
Motor Cars	4 Years

However, Leasehold Improvements have been depreciated considering the lease term or useful life whichever is lower.

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 life 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.

#### **3.8 Leases**

The Group's lease asset classes primarily consist of leases for buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such

cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **Covid-19-Related Rent Concessions**

The Ministry of Corporate Affairs vide notification dated July 24, 2020, issued an amendment to Ind AS 116 - Leases, by inserting a practical expedient w.r.t. "Covid-19- Related Rent Concessions" effective from the period beginning on or after April 01, 2020 and vide notification dated June 18, 2021, extended practical expedient upto June 30, 2022.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.
- (iii) There is no substantive change to other terms and conditions of the lease

Pursuant to the above amendment, the Group has applied the practical expedient with effect from April 01, 2020. The Group has accounted the unconditional rent concessions in "Other Income" in the Consolidated Statement of Profit and Loss.

#### **3.9 Borrowing cost**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year. Capitalisation of borrowing costs is suspended and charged to the statement of profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

All other borrowing costs are expensed in the period in which they occur.

#### **3.10 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.

Intangible assets under development comprises cost of development cost and other operating cost incurred during development phase and ready for their intended use at the balance sheet date..

### **Amortisation**

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight Line basis over the period of 5 years.

Value of License Brands/License fees acquired under demerger scheme has been amortized on Straight Line basis over the period of 10 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).

Technical Process Development has been amortized on Straight Line basis over the period of 6 years and Product Development has been amortized on Straight Line basis over the period of 3-5 years.

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).

### **3.11 Inventories**

Trims and Accessories, Stock-in-trade and Packing Materials 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:

- Trims and Accessories: 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.

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.

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

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an

asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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.

### **3.13 Revenue Recognition**

The Group derives revenues primarily from sale of traded goods and related services. Revenue from contracts with customers is recognised when control of the goods or

services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements except for the agency services because it typically controls the goods before transferring them to the customer and sales under sale or return basis arrangements.

**a) Sale of goods**

Revenue from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer.

**Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and discounts. The rights of return and discounts give rise to variable consideration.

**i. Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

**ii. Discounts**

Discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future discounts, the Group applies the expected value method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

**b) Contract balances**

**i. Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**ii. Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (3.14) Financial instruments – initial recognition and subsequent measurement.

**iii. Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**c) Assets and liabilities arising from returns**

**i. Returnable Asset**

Returnable asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decrease in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**ii. Refundable liabilities**

A refundable liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refundable liabilities (and the corresponding change

in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

**d) 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.

**e) 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.

**f) 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

**g) 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.

**h) 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.

**i) Insurance claims**

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

**j) Export Incentive**

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.

**3.14 Financial instruments – initial recognition and subsequent measurement**

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

**a) Financial assets**

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

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

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

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

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

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

**• Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

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

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

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

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

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

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

FVTPL is a residual category for financial assets.

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

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

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

**b) Equity instruments:**

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

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

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

**(iii) Derecognition of financial assets**

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

#### **(iv) Reclassification of financial assets**

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

#### **(v) Impairment of financial assets**

##### **a) 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 109 and Ind AS 115

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 109 and Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 109 and Ind AS 115 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- Right Of Use Assets resulting from transactions within the scope of Ind AS 116

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 ROU 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 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 or loss.

## **c) Derivative financial instruments and hedge accounting**

### **Initial recognition and subsequent measurement**

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

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or

liability or an unrecognised firm commitment

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

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

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

### **(i) Fair value hedges**

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

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

hedged.

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

#### **(ii) Cash flow hedges**

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

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

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

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

#### **d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right

to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **3.15 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

#### **3.16 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 reassessed 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 Benefit**

#### **a) Short Term Employee Benefits**

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

#### **b) Post-Employment Benefits**

##### **(i) Defined contribution plan**

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

##### **(ii) Defined benefit plan**

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding

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

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

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

**d) Termination Benefits :**

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

**3.18 Share-based payments**

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

**Equity-settled transactions**

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the

grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

**3.19 Earnings per share**

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

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

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### **3.20 Provisions and Contingencies**

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 Non-current assets held for sale/ distribution to owners and discontinued operations**

The Group classifies non-current assets (or disposal group) as held for sale if their carrying amounts are recoverable principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to

a plan to sell the asset,

- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less cost to sell. A gain is recognised for any subsequent increases in the fair value less cost to sell of an assets but not in excess of the cumulative impairment loss previously recognised. A gain or loss previously not recognised by the date of sale of the non-current assets is recognised on the date of de-recognition.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A discontinued operation qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in Consolidated Statement of Profit and Loss.

### **3.22 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### **3.23 Events after the reporting period**

Adjusting events are events that provide further evidence

of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

### **3.24 Exceptional Items**

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

### **Critical accounting Judgements and key source of estimation uncertainty**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **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.

### **Customer loyalty program reward points**

Customer loyalty program reward points having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the reward point credits granted. The consideration allocated to the reward point credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Group at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

### **Provision for discount and sales return**

The Group provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Group reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.

### **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 29.

#### **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 35 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.

#### **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 32.

#### **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 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 24.

#### **Inventories**

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

#### **Useful lives of Property, Plant and Equipment and Intangible assets**

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended March 31, 2023, there were no changes in useful lives of property plant and equipment and intangible assets other than (a) useful lives of leasehold improvements which have been considered lower of the lease term or useful life and (b) those resulting from store closures / shifting of premises.

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

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

#### **Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of

money is material, provisions are determined by discounting the expected future cash flows.

The Group has capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group.

Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Consolidated Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer Note 14 and 25).

**Lease Term**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 5 : Property, plant and equipment

Particulars	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Leasehold Improvements	Office Equipment	Computer, server & network	Total
<b>Gross Carrying Value</b>								
<b>As at April 1, 2021</b>	<b>6.94</b>	<b>111.51</b>	<b>238.49</b>	<b>5.58</b>	<b>295.36</b>	<b>41.47</b>	<b>64.49</b>	<b>763.84</b>
Additions	-	1.62	10.35	1.16	14.16	0.57	5.15	33.01
Deductions	-	77.42	86.54	-	105.36	20.95	11.30	301.57
Deductions due to Discontinued Operation (Refer Note 41)	-	6.12	16.21	2.19	30.05	4.25	31.74	90.56
<b>As at March 31, 2022</b>	<b>6.94</b>	<b>29.59</b>	<b>146.09</b>	<b>4.55</b>	<b>174.11</b>	<b>16.84</b>	<b>26.60</b>	<b>404.72</b>
Additions	-	2.76	17.62	1.32	22.73	1.88	6.81	53.12
Deductions	-	2.08	6.03	1.52	20.69	2.61	0.75	33.68
<b>As at March 31, 2023</b>	<b>6.94</b>	<b>30.27</b>	<b>157.68</b>	<b>4.35</b>	<b>176.15</b>	<b>16.11</b>	<b>32.66</b>	<b>424.16</b>
<b>Accumulated Depreciation</b>								
<b>As at April 1, 2021</b>	<b>0.47</b>	<b>93.39</b>	<b>176.54</b>	<b>2.71</b>	<b>207.83</b>	<b>33.21</b>	<b>50.43</b>	<b>564.58</b>
Depreciation for the year	0.21	4.04	13.22	1.09	28.58	2.67	7.59	57.40
Depreciation for the year Discontinued Operation (Refer Note 41)	-	1.77	10.37	-	5.80	0.48	0.36	18.78
Deductions	-	5.87	15.42	1.26	28.63	4.15	31.65	86.98
Deductions due to Discontinued Operation (Refer Note 41)	-	69.04	77.82	-	86.34	18.85	10.31	262.36
<b>As at March 31, 2022</b>	<b>0.68</b>	<b>24.29</b>	<b>106.89</b>	<b>2.54</b>	<b>127.24</b>	<b>13.36</b>	<b>16.42</b>	<b>291.42</b>
Depreciation for the year	0.22	3.11	19.10	0.86	25.09	1.80	6.34	56.52
Deductions	-	1.62	4.39	1.39	18.48	2.24	0.70	28.82
<b>As at March 31, 2023</b>	<b>0.90</b>	<b>25.78</b>	<b>121.60</b>	<b>2.01</b>	<b>133.85</b>	<b>12.92</b>	<b>22.06</b>	<b>319.12</b>
<b>Net Carrying Value</b>								
<b>As at March 31, 2023</b>	<b>6.04</b>	<b>4.49</b>	<b>36.08</b>	<b>2.34</b>	<b>42.30</b>	<b>3.20</b>	<b>10.60</b>	<b>105.04</b>
<b>As at March 31, 2022</b>	<b>6.26</b>	<b>5.30</b>	<b>39.20</b>	<b>2.01</b>	<b>46.87</b>	<b>3.48</b>	<b>10.18</b>	<b>113.30</b>

### Notes:

- 1) No Borrowing costs are capitalised on property plant and equipment during the year
- 2) For Properties pledge as security Refer Note 13(a).
- 3) Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### Note 5 (a) : Capital work-in-progress ageing schedule:

#### As at March 31, 2023

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	1.80	-	-	-	-
<b>Total</b>	<b>1.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### As at March 31, 2022

Particulars	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 6: Intangible assets

Particulars	Computer Software	Brand Value & License Brands	Distribution Network	Technical Process development	Product Development	Trademark License Fee	Website	Total Intangible Assets	Goodwill on Consolidation
<b>Gross Carrying Value</b>									
<b>As at April 1, 2021</b>	<b>73.70</b>	<b>20.75</b>	<b>2.09</b>	<b>40.21</b>	<b>18.60</b>	<b>36.89</b>	<b>2.46</b>	<b>194.70</b>	<b>111.23</b>
Additions	6.68	-	-	-	-	-	-	6.68	-
Deductions	33.89	-	-	8.00	7.75	-	-	49.64	-
Deductions due to Discontinued Brand (Refer Note 4i)	0.82	-	2.09	-	1.27	-	-	4.18	-
<b>As at March 31, 2022</b>	<b>45.67</b>	<b>20.75</b>	<b>-</b>	<b>32.21</b>	<b>9.58</b>	<b>36.89</b>	<b>2.46</b>	<b>147.56</b>	<b>111.23</b>
Additions	5.74	-	-	2.32	-	-	-	8.06	-
Deductions	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>51.41</b>	<b>20.75</b>	<b>-</b>	<b>34.53</b>	<b>9.58</b>	<b>36.89</b>	<b>2.46</b>	<b>155.62</b>	<b>111.23</b>
<b>Amortisation</b>									
<b>As at April 1, 2021</b>	<b>45.03</b>	<b>20.75</b>	<b>2.09</b>	<b>31.26</b>	<b>6.61</b>	<b>17.06</b>	<b>2.06</b>	<b>124.86</b>	-
Amortisation for the Year	12.07	-	-	5.24	6.72	3.08	0.40	27.51	-
Deductions	33.89	-	-	8.00	7.75	-	-	49.64	-
Deductions due to Discontinued Brand (Refer Note 4i)	1.22	-	2.09	-	0.76	-	-	4.07	-
<b>As at March 31, 2022</b>	<b>21.99</b>	<b>20.75</b>	<b>-</b>	<b>28.50</b>	<b>4.82</b>	<b>20.14</b>	<b>2.46</b>	<b>98.66</b>	-
Amortisation for the Year	10.45	-	-	1.36	1.44	3.08	-	16.33	-
Deductions	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>32.44</b>	<b>20.75</b>	<b>-</b>	<b>29.86</b>	<b>6.26</b>	<b>23.22</b>	<b>2.46</b>	<b>114.99</b>	-
<b>Net Carrying Value</b>									
<b>As at March 31, 2023</b>	<b>18.97</b>	<b>-</b>	<b>-</b>	<b>4.67</b>	<b>3.32</b>	<b>13.67</b>	<b>-</b>	<b>40.63</b>	<b>111.23</b>
<b>As at March 31, 2022</b>	<b>23.68</b>	<b>-</b>	<b>-</b>	<b>3.71</b>	<b>4.76</b>	<b>16.75</b>	<b>-</b>	<b>48.90</b>	<b>111.23</b>

### Note:

- 1) On March 23, 2018, one of the Group Company has entered into an addendum to the license agreements dated December 1, 2015 and March 19, 2014 with Calvin Klein Inc., to add certain product categories to licensed products for a consideration of Rs. 7.14 Crores (equivalent to USD 1.1 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets". The initial term of license shall end on December 31, 2023. However, the same can be renewed for a further period of 10 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Group would renew the license agreement for a further period of 10 years. Accordingly, the Group is amortising the trademark license fee over remaining term of license agreement (including renewal period) till December 31, 2033.
- 2) On September 7, 2011, one of the Group Company has entered into a License Agreement with Tommy Hilfiger Europe BV and obtained an exclusive and assignable license to use the Trademark Tommy Hilfiger, in connection with the manufacture, import, distribution, promotion, advertising and sale of Tommy Hilfiger products in India for a consideration of Rs. 37.80 Crores (equivalent to USD 7.5 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets". The ownership of aforesaid Trademark rests with Tommy Hilfiger Europe BV.

Under the aforesaid agreement, that Company must achieve certain minimum sales level with respect to the licensed products and pay royalty on higher of the actual and minimum sales value of license products. As per the agreements entered by the Company with sub-franchisees, certain minimum sales level with respect to the licensed products must be achieved by the sub-franchisees and royalty is earned on the higher of the actual and minimum sales value of the licensed products.

The initial term of license is for a period of 10 years. However, the same can be renewed for a further period of 5 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Company would renew the license agreement for a further period of 5 years. Accordingly, the Company has amortised the trademark over a period of 15 years.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 6(a) : Intangible assets under development

As on 31st March, 2023

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	0.30	-	-	-	0.30
<b>Total</b>	<b>0.30</b>	-	-	-	<b>0.30</b>

As on 31st March, 2022

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in Progress	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 7 : Financial assets

### 7 (a) Trade receivables - Current

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	<b>983.48</b>	917.50
Credit Impaired	<b>62.85</b>	52.14
Less : Allowance for doubtful debts	<b>(62.85)</b>	(52.14)
	<b>983.48</b>	917.50
Less: Refundable Liability - (Refer Note 3 below)	<b>(423.97)</b>	(345.79)
<b>Total Trade receivables</b>	<b>559.51</b>	571.71

#### Note :

- 1) No trade receivables are due from directors or other officers of the Group either severally or jointly with any person nor any trade receivables are due from firms or private companies respectively in which any director is a director, a partner or a member.
- 2) Trade receivables are given as security for borrowings as disclosed under Note 13(a).
- 3) Refundable Liability are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers.

#### Allowance for doubtful debts

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

Movement in allowance for doubtful debt :

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>52.14</b>	52.07
Add: Allowance for the year (Refer Note 23)	<b>18.48</b>	6.37
Less : Utilised during the year	<b>(1.59)</b>	-
Less : Provision for doubtful debts written back (Refer Note 17)	<b>(6.18)</b>	(6.30)
<b>Balance at the end of the year</b>	<b>62.85</b>	52.14

## Notes to the Consolidated Financial Statements

### Trade Receivables Ageing Schedule: As at March 31, 2023

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
Undisputed Trade receivables -							
Considered Good	623.50	337.51	24.52	0.81	0.33	-	986.67
Undisputed Trade receivables -							
Credit impaired	-	-	30.89	5.79	3.93	7.52	48.13
Disputed Trade receivables -							
Considered Good	-	-	-	-	-	-	-
Disputed Trade receivables -							
Credit impaired	-	-	0.12	0.76	6.09	4.56	11.53
<b>Gross Trade Receivables</b>	<b>623.50</b>	<b>337.51</b>	<b>55.23</b>	<b>7.36</b>	<b>10.35</b>	<b>12.08</b>	<b>1,046.33</b>
Less: Allowance for doubtful debts							(62.85)
Less: Refundable Liability							(423.97)
<b>Net Trade Receivables</b>							<b>559.51</b>

### As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	more than 3 years	
Undisputed Trade receivables -							
Considered Good	665.74	230.33	18.17	3.23	0.03	-	917.50
Undisputed Trade receivables -							
Credit impaired	0.90	1.17	3.47	20.70	5.86	13.79	45.89
Disputed Trade receivables -							
Credit impaired	-	-	-	3.53	2.53	0.19	6.25
<b>Gross Trade Receivables</b>	<b>666.64</b>	<b>231.50</b>	<b>21.64</b>	<b>27.46</b>	<b>8.42</b>	<b>13.98</b>	<b>969.64</b>
Less: Allowance for doubtful debts							(52.14)
Less: Refundable Liability							(345.79)
<b>Net Trade Receivables</b>							<b>571.71</b>

### 7(b) Loans

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Loans to employees	0.14	0.80
	0.14	0.80
<b>Current</b>		
Loans to employees	1.63	4.29
	1.63	4.29
<b>Total Loans</b>	<b>1.77</b>	<b>5.09</b>

**Note :** 1) No loans are due from directors or promoters of the Group either severally or jointly with any person.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## 7 (c) Cash and cash equivalent

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	<b>0.17</b>	0.01
Balances with Bank		
In Current accounts and debit balance in cash credit accounts	<b>29.10</b>	31.66
In Fixed Deposits - with maturity of less than 3 months #	<b>148.50</b>	55.00
<b>Total cash and cash equivalents</b>	<b>177.77</b>	86.67

# - Deposits with banks earn interest at fixed bank deposit rates. Short-term deposits are made for a period of 91 days depending on the immediate cash requirement of the Company, and earn interest at the respective

## 7 (d) Other bank balance

Particulars	As at March 31, 2023	As at March 31, 2022
<b>In Deposit Account</b>		
Held as Margin Money*	<b>20.20</b>	17.22
Deposits with original maturity of more than three months but less than 12 months	<b>1.30</b>	0.02
Earmarked Balance - Unpaid Fractional Shares and Rights Issue	<b>1.04</b>	1.05
<b>Total other bank balances</b>	<b>22.54</b>	18.29

\* Under lien with bank as Security for Guarantee Facility given by the bankers.

## 7 (e) Other financial assets

(Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Security deposits	<b>59.69</b>	61.15
Doubtful	<b>0.62</b>	0.62
Less: Allowance for Doubtful Deposits	<b>(0.62)</b>	<b>(0.62)</b>
	<b>59.69</b>	61.15
Bank deposits with maturity of more than 12 months	<b>2.47</b>	0.70
	<b>62.16</b>	61.85
<b>Current</b>		
Security deposits- Current	<b>27.64</b>	60.59
Security deposits - considered doubtful	<b>2.16</b>	2.01
Less: Allowance for doubtful deposits	<b>(2.16)</b>	<b>(2.01)</b>
	<b>27.64</b>	60.59
Income receivable	<b>2.25</b>	0.81
Accrued Interest	<b>1.67</b>	0.45
Insurance claim receivable	<b>0.34</b>	0.31
Foreign Exchange Forward contracts ( Cash flow hedge)	<b>0.84</b>	-
Other Receivables		
- Considered Good	<b>11.15</b>	51.51
- Considered Doubtful	<b>0.60</b>	0.27
Less: Allowance for Doubtful receivables	<b>(0.60)</b>	<b>(0.27)</b>
	<b>43.89</b>	113.67
<b>Total other financial assets</b>	<b>106.05</b>	175.52

Other current financial assets are given as security for borrowings as disclosed under Note 13(a).

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Allowance for doubtful deposits

Movement in allowance for doubtful deposits:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>2.63</b>	0.55
Add: Allowance for the year (Refer note 23)	<b>0.15</b>	2.08
Less: Write off (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>2.78</b>	2.63

## Allowance for Doubtful Other Receivables

Movement in allowance for doubtful Other Receivables:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>0.27</b>	-
Add: Allowance for the year (Refer note 23)	<b>0.33</b>	0.27
Less : Write off (Net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>0.60</b>	0.27

## 7 (f) Financial assets by category

Particulars	FVTPL	FVOCI	Amortised cost
<b>March 31, 2023</b>			
Trade Receivables	-	-	559.51
Loans	-	-	1.77
Cash & Bank balance	-	-	200.31
Foreign Exchange Forward contracts (Cash flow hedge)		0.84	-
Other financial assets	-	-	106.05
<b>Total Financial Assets</b>	<b>-</b>	<b>0.84</b>	<b>867.64</b>
<b>March 31, 2022</b>			
Trade Receivables	-	-	571.71
Loans	-	-	5.09
Cash & Bank balance	-	-	104.96
Other financial assets	-	-	175.52
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>857.28</b>

### Notes :

Financial instruments risk management objectives and policies, refer Note 37

2) Fair value disclosure for financial assets and liabilities, refer note 35 and for fair value hierarchy disclosures refer note 36.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 8 : Other current

(Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Capital advances	<b>0.70</b>	25.94
Doubtful Capital Advances	<b>0.33</b>	0.33
Less: Provision for doubtful Capital advances	<b>(0.33)</b>	(0.33)
	<b>0.70</b>	25.94
Sales tax paid under protest	<b>16.06</b>	34.74
GST/Sales tax/VAT/service tax receivable (net)	<b>2.56</b>	1.98
Other Advances	<b>0.08</b>	-
Prepaid expenses-non current	<b>0.59</b>	0.46
	<b>19.99</b>	63.12
<b>Current</b>		
Advance to suppliers	<b>46.65</b>	33.16
Considered good	<b>2.20</b>	2.20
Considered doubtful	<b>(2.20)</b>	(2.20)
Less: Provision for doubtful advances	<b>46.65</b>	33.16
Balance with Government Authorities (Refer Note 1 below)	<b>210.68</b>	166.54
Export incentive receivable	<b>0.73</b>	0.70
Returnable Asset (Refer Note 3 below)	<b>148.97</b>	134.31
Prepaid expenses	<b>9.26</b>	8.68
Foreign Exchange Forward contracts (Cash flow hedge)	<b>-</b>	0.36
Advance to employee	<b>0.59</b>	-
Other Current Assets	<b>72.94</b>	61.76
	<b>489.82</b>	405.51
<b>Total</b>	<b>509.81</b>	468.63

## Note

1. Balance with Government Authorities mainly consist of input credit availed.
2. Other current assets are given as security for borrowings as disclosed under Note 13(a).
3. Returnable Asset are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers.
4. Advance to directors or to firm/private company where director is interested.
5. Returnable Asset are accounted, considering the nature of inventory expected to be received, ageing and net realisable value and Rs. 28.31 Crores (March 31, 2022 Rs. 19.36 Crores) has been provided. The changes in write downs are recognised as an expense in the Statement.
6. Other current assets includes Goods and Service Tax paid on primary sales / stock transfer of traded goods amounting Rs 70.15 Crores (March 31, 2022 Rs. 61.46 crores) on "Sale or Return basis" and tax on refund liability component. Balance outstanding as at year end will be adjusted against secondary sale of traded goods and actual credit note issued for sales returns.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Stock-in-trade (Garments, Cosmetics and Accessories)	<b>981.90</b>	830.81
<b>Total</b>	<b>981.90</b>	830.81

- 1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 129.66 Crores (March 31, 2022 Rs. 174.91 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(a).

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Tax Paid in Advance (Net of Provision)	<b>33.63</b>	32.58
<b>Total</b>	<b>33.63</b>	32.58

## Note 11 : Equity share capital:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised share capital</b> Equity shares of Rs. 4 each (March 31, 2022: Rs. 4 each)	<b>18,75,00,000</b>	<b>75.00</b>	18,75,00,000	75.00
<b>Issued and subscribed share capital</b> Equity shares of Rs. 4 each (March 31, 2022: Rs. 4 each)	<b>13,28,25,660</b>	<b>53.13</b>	13,24,61,813	52.97
<b>Subscribed and fully paid up</b> Equity shares of Rs. 4 each (March 31, 2022: Rs. 4 each)	<b>13,28,00,971</b>	<b>53.12</b>	13,24,10,948	52.96
<b>Subscribed and Partly paid up</b> Equity shares of Rs. 2 each (March 31, 2022: Rs. 2 each)	<b>24,689</b>	<b>(Rs.49,378/-)</b>	50,865	0.01
<b>Total</b>	<b>13,28,25,660</b>	<b>53.13</b>	13,24,61,813	52.97

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
<b>Outstanding at the beginning of the period</b>	<b>13,24,61,813</b>	<b>52.97</b>	<b>11,34,87,487</b>	<b>42.43</b>
Add: Amount received towards partly paid shares (Refer Note 11.6)	-	<b>0.01</b>	-	2.95
Add: Issue of fully paid up shares (Refer Note 11.5)	-	-	1,83,06,624	7.32
Add: Shares allotted pursuant to exercise of Employee Stock Option Plan (Refer Note 34)	<b>3,63,847.00</b>	<b>0.15</b>	6,67,702	0.27
<b>Outstanding at the end of the year</b>	<b>13,28,25,660</b>	<b>53.13</b>	13,24,61,813	52.97

### 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 after distribution of all preferential amounts, in proportion to their shareholding.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## 11.3. Number of Shares held by each shareholder holding more than 5% Shares in the Parent:

<b>Name of the Shareholder</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
	<b>No. of shares</b>	<b>% of share holding</b>	No. of shares	% of shareholding
Aura Securities Private Limited	<b>4,36,18,605</b>	<b>32.84%</b>	4,36,18,605	32.93%
ICICI Prudential Mutual fund - Through its various mutual fund schemes	<b>1,00,23,233</b>	<b>7.55%</b>	97,83,459	7.39%
Plenty Private Equity Fund I Limited	<b>75,10,649</b>	<b>5.65%</b>	75,10,649	5.67%
Akash Bhanshali	<b>73,17,553</b>	<b>5.51%</b>	80,09,153	6.05%

## 11.4. Shareholding of Promoters

<b>Promoter Name</b>	<b>As at March 31, 2023</b>			<b>As at March 31, 2022</b>		
	<b>No. of shares</b>	<b>% of shares</b>	<b>% change during the year</b>	No. of shares	% of shares	% change during the year
Aura Securities Private Limited	<b>4,36,18,605</b>	<b>32.84%</b>	<b>0%</b>	4,36,18,605	32.93%	1%
Aura Merchandise Private Limited	<b>18,30,701</b>	<b>1.38%</b>	<b>0%</b>	18,30,701	1.38%	4817534%
Atul Limited	<b>15,96,105</b>	<b>1.20%</b>	<b>0%</b>	15,96,105	1.20%	0%
Aura Business Ventures LLP	<b>10,36,706</b>	<b>0.78%</b>	<b>0%</b>	10,36,706	0.78%	231%
Aagam Holdings Private Limited	<b>7,25,553</b>	<b>0.55%</b>	<b>0%</b>	7,25,553	0.55%	0%
Anusandhan Investments Limited	<b>44,470</b>	<b>0.03%</b>	<b>0%</b>	44,470	0.03%	0%
Aayojan Resources Private Limited	<b>35,190</b>	<b>0.03%</b>	<b>0%</b>	35,190	0.03%	0%
Adhinami Investment Private Limited	<b>7,153</b>	<b>0.01%</b>	<b>0%</b>	7,153	0.01%	0%
Swati S Lalbhai	<b>3,754</b>	<b>0.00%</b>	<b>0%</b>	3,754	0.00%	0%
Hansa Niranjanbhai	<b>2,279</b>	<b>0.00%</b>	<b>0%</b>	2,279	0.00%	0%
Sunil Siddharth Lalbhai	<b>2,101</b>	<b>0.00%</b>	<b>0%</b>	2,101	0.00%	0%
Badlani Manini Rajiv	-	<b>0.00%</b>	<b>-100%</b>	1,644	0.00%	0%
Vimla S Lalbhai	<b>1,593</b>	<b>0.00%</b>	<b>0%</b>	1,593	0.00%	0%
Taral S Lalbhai	<b>1,573</b>	<b>0.00%</b>	<b>0%</b>	1,573	0.00%	0%
Punit Sanjaybhai Lalbhai	<b>1,544</b>	<b>0.00%</b>	<b>0%</b>	1,544	0.00%	0%
Sanjaybhai Shrenikbhai Lalbhai	<b>641</b>	<b>0.00%</b>	<b>0%</b>	641	0.00%	-1%
Astha Lalbhai	<b>385</b>	<b>0.00%</b>	<b>0%</b>	385	0.00%	0%
Vandana Gupta	-	<b>0.00%</b>	<b>-100%</b>	302	0.00%	0%
Jayshreeben Sanjaybhai Lalbhai	<b>152</b>	<b>0.00%</b>	<b>0%</b>	152	0.00%	0%
Utkarsh Bhikoobhai Shah	-	<b>0.00%</b>	<b>-100%</b>	96	0.00%	0%
Akshita Holdings Private Limited	<b>51</b>	<b>0.00%</b>	<b>0%</b>	51	0.00%	0%
Amit Gupta	-	<b>0.00%</b>	<b>-100%</b>	40	0.00%	-87%
Aura Business Enterprise Private Limited	<b>38</b>	<b>0.00%</b>	<b>0%</b>	38	0.00%	0%
Aura Securities Private Limited	<b>38</b>	<b>0.00%</b>	<b>0%</b>	38	0.00%	0%
Kalpanaben Shripalbhai Morakhia	<b>3</b>	<b>0.00%</b>	<b>0%</b>	3	0.00%	0%
Sunil Siddharth HUF	<b>3</b>	<b>0.00%</b>	<b>0%</b>	3	0.00%	0%
<b>Total</b>	<b>4,89,08,638</b>	<b>36.82%</b>		4,89,10,720	36.92%	

# Notes to the Consolidated Financial Statements

## **11.5. Issue of Equity Shares on preferential basis**

On 21st August 2021, the Board of Directors approved issuance of equity shares on a preferential basis to various investors. The Company received the approval of shareholders in the extra ordinary general meeting held on 16th September 2021. The Board of Directors approved allotment of 1,83,06,624 fully paid equity shares to various investors at Rs. 218.50 per equity share (of which Rs. 4/- is towards face value and Rs. 214.50 towards premium) on receipt of consideration. There has been no deviation in the use of proceeds of the Preferential Issue, from the Objects stated in the Offer Letter.

## **11.6. Issue of Shares under Right Issue**

On June 21, 2020, the Board of Directors of the Company had approved the revised size of Rights Issue of 3,99,79,347 shares of face value of Rs. 4 each (the "Rights Issue Shares") at a price of Rs. 100 per Rights Equity Shares (including premium of Rs. 96 per Rights Equity Share) in the ratio of 62:91, i.e. 62 Rights Equity Shares for every 91 existing Equity Shares held by the eligible equity shareholders on the record date, i.e. March 18, 2020. On July 24, 2020, the Company has approved the allotment of 3,99,79,347 equity shares of face value Rs. 4/- each to the eligible equity shareholders as fully paid up.

On February 03, 2021, the Board of Directors of the Company and subsequently on February 18, 2021, the Committee of Directors had approved the Rights Issue of 1,48,02,856 equity shares of face value of Rs. 4 each (the "Rights Issue Shares") at a price of Rs. 135 per Rights Equity Shares (including premium of Rs. 131 per Rights Equity Share) in the ratio of 3:20, i.e. 3 Rights Equity Shares for every 20 existing Equity Shares held by the eligible equity shareholders on the record date, i.e. February 24, 2021. On March 25, 2021, the Company has approved the allotment of 1,48,01,776 equity shares of face value Rs. 4/- each to the eligible equity shareholders as partly paid up for an amount of Rs. 70/- per Rights Issue Share received on application (of which Rs. 2/- was towards face value and Rs. 68/- towards premium). The allotment of 1,080 Rights Equity Shares has been kept in abeyance pending regulatory/other clearance. The third reminder to pay first and final call of Rs. 65/- was made in the month of August 2022 and the company has received Rs. 17,01,440/- against 26,176 equity shares (of which Rs. 2/- was towards face value and Rs. 63/- towards premium). As on date the First and Final call payment for 24,689 shares amounting to Rs.0.16 Crores is yet to be received.

Equity Issue expenses of Rs. Nil (March 31, 2022 - Rs. 9.33 Crores) has been adjusted against Securities Premium.

## **11.7. Shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the reporting date:**

1) The Company has allotted 5,17,23,414 Equity Shares pursuant to the scheme of arrangement during the year 2018-19.

## **11.8. Shares reserved for issue under options and contracts**

Refer Note 32 for details of shares to be issued under Employee Stock Option Schemes (ESOPs).

## **11.9. Objective, policy and procedure of capital management,**

Refer Note 38.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 12 : Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Capital reserve on Consolidation</b>		
Balance as per last financial statements	<b>(237.08)</b>	(237.08)
Balance at the end of the year	<b>(237.08)</b>	(237.08)
<b>Capital reserve</b>		
Balance as per last financial statements	<b>39.89</b>	45.39
Less: Utilised during the year (refer note b)	-	(5.50)
Balance at the end of the year	<b>39.89</b>	39.89
<b>Securities premium</b>		
Balance as per last financial statements	<b>2,140.53</b>	1,651.88
Add: Addition during the year	<b>5.26</b>	493.62
Add: Transfer from share based payment reserve	<b>1.66</b>	4.36
Less: Equity issue expenses adjusted during the year	-	(9.33)
Balance at the end of the year	<b>2,147.45</b>	2,140.53
<b>Share based payment reserve (Refer Note 32)</b>		
Balance as per last financial statements	<b>12.82</b>	11.23
Add: Addition during the year	<b>4.97</b>	5.95
Less: Transfer to Securities Premium Account	<b>(1.66)</b>	(4.36)
Balance at the end of the year	<b>16.13</b>	12.82
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	<b>(1,348.91)</b>	(1,081.81)
Add: Profit/(Loss) for the year	<b>36.71</b>	(267.40)
Add: Adjustment on consolidation	-	0.86
Add: Movement between Non-Controlling Interest and Equity holders of the parent	<b>113.30</b>	-
Add/(Less): OCI for the year	<b>(1.31)</b>	(0.56)
	<b>(1,200.21)</b>	(1,348.91)
<b>Total Reserves &amp; Surplus</b>	<b>766.18</b>	607.25
<b>Note 12.2 Other comprehensive income</b>		
<b>Net Gain/(Loss) on FVOCI Equity Instruments</b>		
Balance as per last financial statements	<b>90.16</b>	90.16
Balance at the end of the year	<b>90.16</b>	90.16
<b>Cash Flow Hedge reserve</b>		
Balance as per last financial statements	<b>(0.13)</b>	(0.22)
Add: Gain/(Loss) for the year	<b>0.80</b>	0.39
Add/(Less): Tax impact	<b>(0.20)</b>	(0.11)
Less: Share of Non Controlling Interest	<b>(0.30)</b>	(0.19)
Balance at the end of the year	<b>0.17</b>	(0.13)
<b>Total Other comprehensive income</b>	<b>90.33</b>	90.03
<b>Total Other equity</b>	<b>856.51</b>	697.28

# Notes to the Consolidated Financial Statements

## Note :

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. Utilisation during the previous year represents the stamp duty paid which is accounted as per the Composite scheme of arrangement for demerger of branded apparel undertaking.

### c Securities premium

Securities premium is created due to premium on issue of shares. This 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 erstwhile Holding Company's employee share option plan. Further information about share-based payments to employees is set out in Note 32.

### e Net Gain/(Loss) on FVOCI Equity Instruments

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 designated 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) Borrowings

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Long-term Borrowings (Refer Note 1(a) below)</b>		
<b>Secured (At amortised cost)</b>		
Term loan from Banks	<b>30.59</b>	71.71
<b>Total long-term borrowings</b>	<b>30.59</b>	71.71
<b>Short-term Borrowings</b>		
<b>Secured (At amortised cost)</b>		
Current maturities of Long-Term borrowings (Refer Note 1(a) below)	<b>40.77</b>	40.47
Working Capital Loans repayable on demand from Banks (Refer Note 1(b) below)	<b>526.29</b>	389.55
<b>Total short-term borrowings</b>	<b>567.06</b>	430.02
<b>Total borrowings</b>	<b>597.65</b>	501.73

## Notes to the Consolidated Financial Statements

### Note 13 (a) : Borrowings (Contd.)

#### I Secured Borrowings

##### a Long term including current maturities

(₹ in Crores)

Particulars	Rate of interest	As at March 31, 2023	As at March 31, 2022	Security	Terms of repayment
Rupee Loans	9.15%	10.88	14.69	Secured against first pari passu 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 22 quarterly installments beginning from September 2019
Rupee Loans	9.25% to 9.50%	25.79	34.38	1. Guaranteed By National Credit Guarantee Trustee Company Ltd. 2. Second Charge on all current assets of borrower both present and future 3. Extension of second ranking charge over existing primary and collateral securities created in favour of the bank including but not limited to hypothecation on present and future stock, book debts and movable fixed assets of the company and assets of the borrower created out of this Facility.	Repayable in 48 Monthly installments beginning from April 2022
Rupee Loans	10.50%	12.49	25.26	1. 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.	Repayable in 22 instalments in 5 years beginning from December, 2019
Rupee Loans	8.95%	20.94	35.71	2. Corporate Guarantee given by Arvind Fashions Limited	Repayable in 17 quarterly installments starting from March 31, 2020.
Hire Purchase loans	7.70% to 8.10%	1.27	2.14	Secured by hypothecation of related vehicles	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

#### (b) Short term

Particulars	Rate of interest	As at March 31, 2023	As at March 31, 2022	Security	Pledge of shares
Working Capital loans	8.20%	37.60	26.62		1. Secured against Pledge of 1,75,82,539 shares of Arvind Youth Brands Private Limited owned by Holding Company.
Working Capital loans	7.85%	28.00	15.00	First pari passu charge on entire Stock and Receivables of the Company both present and future.	No equity shares pledged
Working Capital loans	9.35%	29.15	-		1. Secured against Pledge of 43,75,000 shares of Arvind Lifestyle Brands Limited owned by Holding Company. 2. Secured against Pledge of 81,15,018 shares of Arvind Youth Brands Private Limited owned by Holding Company.

## Notes to the Consolidated Financial Statements

### Note 13 : Financial liabilities (Contd.)

#### (b) Short term

Particulars	Rate of interest	As at March 31, 2023	As at March 31, 2022	Security	Pledge of shares
Working Capital loans	8.2% to 8.56%	60.33	10.06	1. First and pari passu charge by way of Hypothecation of current assets of the borrowing Company to be shared with other lenders.  2. First and pari passu charge on all intangible fixed assets of the borrower to be shared with other lenders.  3. Joint Corporate Guarantee given by Arvind Fashions Limited and Arvind Lifestyle Brands Ltd upto the extent of total sanction limits of Rs. 105 Crores.	No equity shares pledged
Working Capital loans	8.37%- 9.85%	78.40	33.54	1. First and charge over entire stocks, receivables and other current assets and Second Charge over the entire fixed assets of the company both present and future of the Borrowing Company.  2. Corporate Guarantee given by Holding Company	Secured against pledge of 1,09,60,183 equity shares of Arvind Youth Brands Private Limited owned by Borrowing Company.
Working Capital loans	7.94%	156.05	175.73	1) Secured against pledge of 3,25,57,884 equity shares of Arvind Youth Brands Private Limited owned by Borrowing Company.  2) Secured against pledge of 4,63,51,265 equity shares of Arvind Lifestyle Brands Limited owned by Holding Company.	
Working Capital loans	7.95%	48.00	40.00		Secured against pledge of 43,84,074 equity shares of Arvind Youth Brands Private Limited owned by Borrowing Company.
Working Capital loans	0.00%	-	22.00		Secured against pledge of 61,37,703 equity shares of Arvind Youth Brands Private Limited owned by Borrowing Company.
Working Capital loans	9.55%	50.76	36.60		No equity shares pledged
Working Capital loans	7.85%	10.00	5.00	Corporate Guarantee given by Holding Company.	No equity shares pledged
Working Capital loans	8.95%	28.00	25.00	1. First charge on entire current assets of Borrowing Company.  2. Corporate guarantee by Holding Company.	No equity shares pledged

# Notes to the Consolidated Financial Statements

## Note 13 : Financial liabilities (Contd.)

### (b) Short term

2. All necessary charges or satisfaction are registered with ROC within the statutory period.
3. The Group has Fund based and Non-fund based limits of working capital from Banks and Financial Institutions. For the said facility, the revised submissions made by the group to its lead bankers based on closure of book of accounts at the year end, the revised quarterly returns or statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed, except for one of the subsidiary. Below tables show the current assets as per the statements filed with the banks by one of the subsidiary and as per books of account of that subsidiary, along with summary of reconciliation and reasons of material discrepancies, if any.

### Details of current assets as per the statements filed with the banks for the year ended March 31, 2022

Name of Bank(s)	Quarter ended	Particulars of securities provided	Amount as per statement filed by one of the subsidiary	Amount as per books of account of one of the subsidiary	Variance	Reasons of material discrepancies
HSBC and HDFC Bank	March 31, 2022	Trade receivables	67.50	67.50	-	
		Inventory	150.04	150.04	-	
HSBC and HDFC Bank	December 31, 2021	Trade receivables	234.94	114.78	120.16	Refer note a
		Inventory	118.97	136.29	(17.32)	Refer note b
HSBC and HDFC Bank	September 30, 2021	Trade receivables	307.12	147.02	160.10	Refer note a
		Inventory	108.61	157.81	(49.20)	Refer note b
HSBC and HDFC Bank	June 30, 2021	Trade receivables	238.34	151.39	86.95	Refer note a
		Inventory	128.58	151.40	(22.82)	Refer note b

(a) The trade receivable as per statements submitted to bank is:

- over-stated due to inclusion of sale or return ("SOR") receivable and return provision;
- understated due to exclusion of sublicensing fees and exclusion of receivable from certain online customers."

(b) The inventory as per statement submitted with bank is understated due to exclusion of inventory lying with third party and overstated due to exclusion of inventory provisions on account of net realisable value ("NRV").

### 13 (b) Trade payable

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Acceptances	<b>193.62</b>	177.73
<b>Other Trade Payables</b>		
-Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	<b>54.75</b>	74.01
-Total outstanding dues other than micro enterprises and small enterprises	<b>771.13</b>	796.13
<b>Total</b>	<b>1,019.50</b>	1,047.87

Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2023. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors.

## Notes to the Consolidated Financial Statements

### Note 13 : Financial liabilities (Contd.)

#### (b) Short term

(₹ in Crores)

Particulars	As at <b>March 31, 2023</b>	As at March 31, 2022
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
i) Principal	<b>40.44</b>	57.32
ii) Interest	<b>14.32</b>	16.69
(b) the amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	<b>1.29</b>	5.41
(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 MSMED Act, 2006;	<b>14.32</b>	16.69
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	<b>14.32</b>	16.69
(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 MSMED Act, 2006	<b>14.32</b>	16.69

#### Trade Payables Ageing Schedule:

**As at March 31, 2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Micro, Small and Medium Enterprises	54.75	-	-	-	-	54.75
Others	878.96	65.52	4.84	4.45	10.98	964.75
<b>Total</b>	<b>933.71</b>	<b>65.52</b>	<b>4.84</b>	<b>4.45</b>	<b>10.98</b>	<b>1,019.50</b>

**As at March 31, 2022**

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Micro, Small and Medium Enterprises	39.99	34.02	-	-	-	74.01
Others	590.43	343.08	14.01	13.24	13.10	973.86
<b>Total</b>	<b>630.42</b>	<b>377.10</b>	<b>14.01</b>	<b>13.24</b>	<b>13.10</b>	<b>1,047.87</b>

# Notes to the Consolidated Financial Statements

## **13 (c) Other financial liabilities**

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Compulsory Convertible Preference Shares classified as debt (Refer Note 2 below)	-	145.23
Payable to employees	<b>7.50</b>	-
Security Deposit	<b>114.45</b>	92.87
	<b>121.95</b>	238.10
<b>Current</b>		
Security Deposit	<b>1.38</b>	2.94
Interest accrued and due on others	<b>1.99</b>	3.89
Interest accrued but not due on borrowings	<b>8.05</b>	11.62
Payable to employees	<b>22.29</b>	40.27
Payable for capital goods	<b>10.30</b>	7.74
Deposits from customers and others	<b>0.72</b>	0.06
Others (Refer Note 3 below)	<b>1.04</b>	1.05
	<b>45.77</b>	67.57
<b>Total</b>	<b>167.72</b>	305.67

Note 1: There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund (IEPF).

### **13 (d) Terms of Conversion of Compulsory Convertible Preference Shares (CCPS):**

During the year 2020-21, Arvind Youth Brands Private Limited (AYBPL), one of the Subsidiary Company issued 58,95,852 Compulsorily Convertible Non-Cumulative Preference Shares (“CCPS”) of Rs. 100 each fully paid-up. The CCPS shall be entitled to a preferential right to dividend at the rate of 0.001% per annum which shall accrue but shall be payable annually. The CCPS shall carry all voting rights as are permitted under applicable law.

In terms of Shareholders agreement dated July 9, 2020, during the year the Shareholders of the AYBPL approved the change in the conversion terms of CCPS whereby each CCPS shall be convertible to following number and class of shares on a fully diluted basis : a) 4,22,10,569 Equity shares and b) 90,12,593 Class A equity shares. Except Class A equity shares remaining equity share will carry the voting rights as permitted under applicable law. The above mentioned conversion has been fixed based on the adjusted EBITDA of the AYBPL as on March 31, 2022. The board resolution to this effect was passed on March 30, 2023 and on the reporting date, the CCPS has been classified as entirely equity in nature by AYBPL and this has no longer in the nature of Financial liability.

In Consolidated Financial Statement, Non-controlling Interest is recognized based on eventual exercise or rights to returns post conversion of the CCPS.

Note 3: This includes Unpaid Fractional Shares Amount of Rs.1.04 Crores (previous year Rs.1.04 Crores) and due for refund for the excess money received on Right Issue of Rs.(14,400) (previous year Rs.0.01 Crores)

### **13 (d) Financial liabilities by category**

Particulars	FVOCI	FVTPL	Amortised cost
<b>March 31, 2023</b>			
Borrowings	-	-	597.65
Trade payables	-	-	1,019.50
Compulsory Convertible Preference Shares classified as debt	-	-	-
Security Deposits	-	-	115.83
Payable to employees	-	-	29.79
Interest accrued but not due	-	-	8.05
Interest accrued and due	-	-	1.99
Payable in respect of Capital goods	-	-	10.30
Lease Liabilities	-	-	667.38
Deposits from customers and others	-	-	0.72
Others	-	-	1.04
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,452.25</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	FVOCI	FVTPL	Amortised cost
<b>March 31, 2022</b>			
Borrowings	-	-	501.73
Trade payables	-	-	1,047.87
Compulsory Convertible Preference Shares classified as debt	-	145.23	-
Security Deposits	-	-	95.81
Payable to employees	-	-	40.27
Interest accrued but not due	-	-	11.62
Interest accrued and due	-	-	3.89
Payable in respect of Capital goods	-	-	7.74
Lease Liabilities	-	-	456.13
Foreign Exchange Forward contracts (Cash flow hedge)	0.06	-	-
Others	-	-	1.05
<b>Total Financial liabilities</b>	<b>0.06</b>	<b>145.23</b>	<b>2,166.11</b>

1) Financial instruments risk management objectives and policies, refer Note 37

2) Fair value disclosure for financial assets and liabilities, refer note 35 and for fair value hierarchy disclosures refer note 36.

## Note 14: Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Long-term</b>		
<b>Provision for employee benefits (Refer Note 29)</b>		
Provision for leave encashment	<b>4.15</b>	4.64
Provision for Gratuity	<b>11.03</b>	9.73
	<b>15.18</b>	14.37
<b>Short-term</b>		
<b>Provision for employee benefits (Refer Note 29)</b>		
Provision for leave encashment	<b>4.51</b>	4.31
Provision for Gratuity	<b>0.47</b>	4.04
<b>Others</b>		
Short term provision for litigation/disputed matters (Refer Note a below)	<b>2.06</b>	1.79
	<b>7.04</b>	10.14
<b>Total</b>	<b>22.22</b>	24.51

### a. Provision for litigation/ disputed matters

The group has made provisions for pending disputed matters in respect of Indirect taxes like GST, Sales tax, Excise duty and Customs duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

### The movement in the provision account is as under :

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance as per last financial statements</b>		
Less: Adjusted during the year	<b>1.79</b>	2.12
<b>Balance as at the end of the year</b>	<b>0.27</b>	(0.33)
	<b>2.06</b>	1.79

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 15 (a) : Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Fair valuation of security deposits from customers	<b>0.50</b>	0.48
	<b>0.50</b>	0.48
<b>Current</b>		
Advance from customers	<b>69.61</b>	37.56
Statutory dues including provident fund and tax deducted at source etc	<b>23.67</b>	28.75
Fair valuation of security deposits from customers	<b>0.25</b>	0.24
Unaccrued Sale	<b>3.37</b>	1.31
Unaccrued Income On MEIS Certificate	-	0.01
Deferred income of loyalty program reward points (Refer note (a) below)	<b>4.65</b>	3.20
Deferred income on Gift voucher issued	<b>0.64</b>	-
	<b>102.19</b>	71.07
<b>Total</b>	<b>102.68</b>	71.55

### (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, 2023	As at March 31, 2022
Balance as per last financial statements	<b>3.20</b>	2.69
Add : Provision Made during the year (Net of expiry) (Refer Note 16)	<b>3.52</b>	5.31
Less: Redemption made during the year	<b>(2.07)</b>	(4.80)
<b>Balance at the end of the year</b>	<b>4.65</b>	3.20

### (b) Deferred income of Gift vouchers issued

The Group has deferred the revenue related to the gift voucher issued. The movement in deferred revenue for those gift vouchers are given below :

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as per last financial statements	-	-
Add : Provision Made during the year (Net of expiry) (Refer Note 16)	<b>0.64</b>	-
Less : Redemption made during the year (Net)	-	-
<b>Balance at the end of the year</b>	<b>0.64</b>	-

## Note 15 (b) : Current Tax liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Provision For Income Tax (Net of Advance Tax)	<b>2.63</b>	3.73
<b>Total</b>	<b>2.63</b>	3.73

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 16 : Revenue from operations

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	<b>4,369.83</b>	3,025.30
Sale of services	<b>46.03</b>	27.10
	<b>4,415.86</b>	<b>3,052.40</b>
<b>Operating income</b>		
Export incentives	<b>0.34</b>	0.14
Foreign Exchange fluctuation on Vendors and Customers (Net)	<b>3.21</b>	2.68
Royalty	-	0.17
Miscellaneous receipts	<b>1.67</b>	0.65
	<b>5.22</b>	<b>3.64</b>
<b>Total</b>	<b>4,421.08</b>	<b>3,056.04</b>

## I. Disaggregation of revenue from contracts with customers

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>A. Revenue based on Geography</b>		
i. Domestic	<b>4,396.40</b>	3,033.47
ii. Export	<b>24.68</b>	22.57
	<b>4,421.08</b>	<b>3,056.04</b>
<b>B. Revenue based on Business Segment</b>		
Branded Apparels and Accessories	<b>4,421.08</b>	<b>3,056.04</b>

## II. Reconciliation of Revenue from Operation with Contract Price

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Contract Price	<b>5,323.66</b>	4,084.02
Less:		
Sales Return	<b>588.79</b>	745.06
Schemes and Discounts	<b>310.27</b>	277.61
Customer Loyalty Program (Refer Note 15)	<b>3.52</b>	5.31
<b>Total Revenue from Operations</b>	<b>4,421.08</b>	<b>3,056.04</b>

## Note 17 : Other income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on financial assets recognised at amortised cost	<b>9.69</b>	1.52
Interest Income on fair value of security deposit	<b>6.00</b>	5.46
Gain on Reassessment of Lease (Refer Note 33)	<b>13.59</b>	5.20
Income due to Rent Waivers (Refer Note 33)	-	38.20
Profit on sale of Property, Plant & Equipment (Net)	-	5.05
Provision for doubtful debts written back	<b>6.18</b>	6.30
Provision no longer required	<b>9.07</b>	4.08
Miscellaneous income	<b>7.97</b>	1.06
<b>Total</b>	<b>52.50</b>	<b>66.88</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 18 : Purchases of stock-in-trade

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Branded Apparels and Accessories	<b>2,442.78</b>	1,764.09
<b>Total</b>	<b>2,442.78</b>	1,764.09

## Note 19 : Changes in inventories of stock-in-trade

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
<b>Stock at the end of the year</b>		
Stock-in-trade	<b>981.90</b>	830.81
<b>Stock at the beginning of the year</b>		
Stock-in-trade	<b>830.81</b>	776.53
<b>Total</b>	<b>(151.09)</b>	(54.28)

## Note 20 : Employee benefits expense

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 29)	<b>233.58</b>	205.86
Contribution to provident and other funds (Refer Note 29)	<b>10.47</b>	11.41
Welfare and training expenses	<b>19.13</b>	13.52
Share based payment to employees (Refer Note 32)	<b>4.98</b>	5.97
<b>Total</b>	<b>268.16</b>	236.76

## Note 21 : Finance costs

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Interest Expenses on financial liabilities measured at amortised cost		
Loans	<b>23.70</b>	45.56
Lease Liabilities (Refer Note 33)	<b>57.70</b>	43.09
Others	<b>36.71</b>	19.52
Change in Fair Value of Financial liability of CCPS	-	2.28
Exchange differences regarded as adjustment to borrowing cost	-	0.50
Other borrowing cost	<b>20.27</b>	12.97
<b>Total</b>	<b>138.38</b>	123.92

## Note 22 : Depreciation and amortization expense

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Depreciation of Property, Plant & Equipment (Refer Note 5)	<b>56.52</b>	57.40
Amortization of Intangible assets (Refer Note 6)	<b>16.31</b>	27.59
Depreciation of right-of-use-assets ( Refer Note 33)	<b>165.90</b>	148.01
<b>Total</b>	<b>238.73</b>	233.00

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 23 : Other expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Power and fuel	<b>14.78</b>	10.59
Insurance	<b>4.24</b>	5.15
Processing charges	<b>4.80</b>	4.29
Printing, stationery & communication	<b>8.28</b>	6.18
Rent :		
Short Term leases and leases of low-value assets (Refer Note 33)	<b>20.46</b>	29.14
Commission & Brokerage	<b>512.33</b>	238.71
Rates and taxes	<b>13.34</b>	11.45
Repairs:		
To Building	<b>9.92</b>	5.44
To Others	<b>29.10</b>	28.86
Royalty on Sales*	<b>195.34</b>	139.56
Freight, insurance & clearing charge	<b>80.40</b>	70.56
Legal & Professional charges	<b>37.89</b>	26.63
Housekeeping Charges	<b>3.75</b>	2.29
Security Charges	<b>3.54</b>	3.76
Computer Expenses	<b>16.54</b>	12.63
Conveyance & Travelling expense	<b>30.52</b>	11.22
Advertisement and Publicity	<b>136.74</b>	107.03
Packing Materials Expenses	<b>18.08</b>	14.09
Outsourced Services	<b>167.33</b>	141.09
Sales Promotion	<b>0.82</b>	0.35
Allowance for doubtful debts (Refer Note 7a)	<b>18.48</b>	6.37
Allowance for Doubtful Deposits (Refer Note 7e)	<b>0.26</b>	2.08
Provision for Doubtful Receivables (Refer Note 7e)	<b>0.22</b>	0.27
Unreconciled balances written off	<b>2.84</b>	-
Sampling and Testing Expenses	<b>9.44</b>	3.24
Director's Fee and Commission	<b>0.49</b>	0.03
Auditor's remuneration (Refer Note a below)	<b>1.31</b>	2.43
Business Conducting Fees	<b>6.34</b>	0.14
Bank charges	<b>16.54</b>	10.61
Warehouse Charges	<b>30.09</b>	12.68
Spend on CSR activities (Refer Note 34)	<b>0.34</b>	0.46
Sale or Discard of Property, Plant & Equipment	<b>2.89</b>	1.08
Donation towards Electoral Bonds	<b>3.00</b>	-
Miscellaneous expenses	<b>8.15</b>	20.90
<b>Total</b>	<b>1,408.59</b>	929.31

\*Royalty on Sales includes termination fees amounting to Rs. 7.93 Crores for one of the brands.

# Notes to the Consolidated Financial Statements

**Note 23 : Other expenses (Contd.)**

(₹ in Crores)

**Note 23(a): Breakup of Auditor's remuneration**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Payment to Auditors as :</b>		
Statutory Auditor Fees	<b>1.25</b>	1.25
Taxation Matters	-	0.46
Corporate law matters	-	0.34
Certification Fee	<b>0.02</b>	0.32
For reimbursement of expenses	<b>0.04</b>	0.06
<b>Total</b>	<b>1.31</b>	2.43

**Note 24 : Income tax**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income Tax Expenses recognised in Statement of Profit &amp; Loss from Continuing Operation</b>		
<b>Current tax</b>		
Current tax	<b>39.68</b>	11.27
(Excess)/Short provision related to earlier years	<b>0.99</b>	2.06
<b>Deferred Tax</b>		
Deferred tax Charge/(Credit)	<b>(0.56)</b>	(19.13)
<b>Income tax expense reported in the statement of consolidated profit &amp; loss</b>	<b>40.11</b>	(5.80)

**OCI section**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Statement to Other comprehensive income (OCI)</b>		
Deferred tax Charge/(Credit)	<b>(0.47)</b>	(0.17)
<b>Deferred tax charged to OCI</b>	<b>(0.47)</b>	(0.17)

**Reconciliation of tax expense and the accounting profit multiplied by Company's tax rate:**

**A) Current tax**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Accounting profit/(loss) before tax from Continuing and discontinuing operations</b>	<b>127.07</b>	<b>(242.50)</b>
Tax Rate	<b>34.944%</b>	34.944%
Current Tax Expenses on Profit before tax at the enacted income tax rate in India	<b>44.40</b>	(84.74)
<b>Adjustments</b>		
Difference in Tax Rates for certain entities of the Group	<b>(10.70)</b>	12.47
Expenditure not deductible for Tax	<b>(2.85)</b>	-
Share based payment expense	-	0.37
Deferred tax assets not recognised as realisation is not probable	<b>3.52</b>	62.31
Others	<b>5.72</b>	3.79
<b>At the effective income tax</b>	<b>40.09</b>	(5.80)
<b>Effective Income Tax Rate %</b>	<b>31.55%</b>	2.39%

## Notes to the Consolidated Financial Statements

### Note 24 : Income tax (Contd.)

(₹ in Crores)

#### B) Deferred tax

<b>Particulars</b>	<b>Consolidated Balance Sheet</b>	<b>Consolidated Statement of Profit &amp; Loss and Other Comprehensive Income</b>	<b>Adjustment on Consolidation</b>	<b>Consolidated Balance Sheet</b>	<b>Consolidated Statement of Profit &amp; Loss and Other Comprehensive Income</b>	
					<b>As at March 31, 2023</b>	<b>Year Ended March 31, 2023</b>
Accelerated depreciation for tax purposes	134.52	(1.06)	-	135.58	9.47	
Expenditure allowable on payment basis/over the period	11.41	(0.78)	-	12.19	(0.10)	
Expenses on Employee Stock Option	2.04	(0.14)	-	2.18	1.31	
Unused losses available for offsetting against future taxable income	176.17	0.03	-	176.14	20.39	
Allowance for Doubtful Receivables/Advances	2.31	(2.43)	-	4.74	2.20	
Unused tax credit available for offsetting against future taxable income (MAT credit entitlement)	12.68	(3.11)	-	15.79	-	
Deferred Tax on unrealised profit	26.90	(4.05)	-	30.95	7.86	
Impact on adoption of Ind AS 116	30.52	4.49	-	26.03	(21.63)	
Others	15.45	8.07	-	7.37	(0.21)	
<b>Net deferred tax assets/(liabilities)</b>	<b>412.00</b>	<b>1.02</b>	<b>-</b>	<b>410.97</b>	<b>19.29</b>	

#### Note :

- (i) Some of the group companies have stopped recognizing additional deferred tax asset until it becomes probable that sufficient taxable profits will be available.
- (ii) The Group has unused carried forward losses of Rs. 1456.62 Crores as at March 31, 2023 (March 31, 2022: Rs. 1303.86 Crores). Out of the same, tax credits on losses of Rs. 998.82 Crores (March 31, 2022: Rs. 852.44 Crores) have not been recognized on the basis that recovery is not probable in the foreseeable future. The Group 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.
- (iii) Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that earnings of the subsidiary will not be distributed in the foreseeable future and the Parent controls the timing of reversal of this temporary differences.

#### Reconciliation of deferred tax assets / (liabilities), net

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
<b>Opening balance as at April 1</b>	<b>410.97</b>	391.90
Adjustment on Consolidation	<b>(4.04)</b>	(0.22)
Deferred Tax income/(expense) during the period recognised in profit or loss for Continuing Operations	<b>4.60</b>	19.13
Deferred Tax income/(expense) during the period recognised in OCI	<b>0.47</b>	0.16
<b>Closing balance as at March 31</b>	<b>412.00</b>	410.97

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 25 : Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Contingent liabilities not provided for</b>		.
a. Claims against the Group not acknowledged as debts	<b>1.40</b>	5.63
b. Disputed demands in respect of		
Excise/Customs duty (Refer Note d below)	<b>38.98</b>	38.98
Sales tax/GST (Refer Note e below)	<b>34.10</b>	58.39
Income tax	<b>40.73</b>	34.00
Labour regulation	<b>0.22</b>	0.22
c. Guarantee given by bank on behalf of the group	<b>0.40</b>	1.41

### Notes :

- (a) It is not practical for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- (b) The Group does not expect any reimbursements in respect of the above Contingent liabilities.
- (c) The Group believes that the ultimate outcome of these proceedings will not have a material adverse effect on is considered necessary for the same.
- (d) Two of the Group companies had received demand cum show cause notice under section 28(4) read with section 124 of the Customs Act, 1962 from the Directorate of Revenue Intelligence ('DRI'), for short payment of duty due to non-inclusion of certain payments to vendors for determining assessable value for payment of Custom Duty. The Group is confident that it's position will likely be upheld in the appellate process against the above demand. However, the Group had deposited Rs.1.69 Crores under protest.
- (e) 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 26 : Capital commitment

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Capital commitments</b> Estimated amount of Contracts remaining to be executed on capital account and not provided for	<b>10.39</b>	0.19

## Note 27 : Foreign Exchange Derivatives and Exposures not hedged

### A. Foreign Exchange Derivatives

Nature of Instrument	Average Exchange rate (in equivalent Rs.)	In FC USD In Crores	Rs. in Crores
<b>Forward contracts - Purchase</b>			
As at March 31, 2023	82.17	2.10	172.76
As at March 31, 2022	75.92	0.86	65.29

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

### B. Exposure Not Hedged

Nature of Instrument	In FC USD In Crores	Rs. in Crores	In FC EURO In Crores	Rs. in Crores	In FC SEK In Crores	Rs. in Crores	In FC AED In Crores	Rs. in Crores
<b>Receivables</b>								
As at March 31, 2023	0.09	7.15	-	-	-	-	-	-
As at March 31, 2022	0.11	7.90	-	-	-	-	-	-
<b>Payable to creditors</b>								
As at March 31, 2023	1.21	99.83	0.01	1.16	0.06	0.44	0.00	0.08
As at March 31, 2022	1.24	94.69	0.05	4.11	0.05	0.44	-	0.10

# Notes to the Consolidated Financial Statements

## Note 28 : Segment Reporting

(₹ in Crores)

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 Apparels (Garments, Cosmetics 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, 2023	Year Ended / As at March 31, 2022
<b>Segment Revenue from continuing operation*</b>		
a) In India	<b>4,396.40</b>	3,033.47
b) Rest of the world	<b>24.68</b>	22.57
<b>Total Sales</b>	<b>4,421.08</b>	3,056.04
<b>Segment Revenue from discontinued operation*</b>		
a) In India	<b>4.04</b>	189.33
b) Rest of the world	-	-
<b>Total Sales</b>	<b>4.04</b>	189.33
<b>Carrying Cost of Segment Assets from continuing operation**</b>		
a) In India	<b>3,664.87</b>	3,254.97
b) Rest of the world	<b>7.15</b>	7.90
<b>Total</b>	<b>3,672.02</b>	3,266.60
<b>Carrying Cost of Segment Assets from discontinued operation**</b>		
a) In India	-	-
b) Rest of the world	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Carrying Cost of Segment Non Current Assets from continued operation**@</b>		
a) In India	<b>920.66</b>	757.03
b) Rest of the world	-	-
<b>Total</b>	<b>920.66</b>	757.03
<b>Carrying Cost of Segment Non Current Assets from continued operation**@</b>		
a) In India	-	-
b) Rest of the world	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\* Based on location of Customers

\*\* Based on location of Assets

\*\*@ Excluding Financial Assets and Deferred Tax Assets

### Information about major customers (revenues from single external customer more than 10% of total revenue):

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

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 29 : Disclosure pursuant to Employee benefits

### A. Defined Contribution Plans

The following amounts are recognised as expense and included in Note 21 "Employee benefit expenses"

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Contribution to Provident Fund	<b>10.05</b>	10.59
Contribution to National Pension Scheme	<b>0.26</b>	0.26
Contribution to ESI	<b>0.14</b>	0.55
Contribution to Labour Welfare Fund	<b>0.02</b>	0.02
	<b>10.47</b>	11.42

### Note

- (a) Employees of the Group receive benefits from a provident fund, which is a defined contribution plan. The eligible employees and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the employees' salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The remaining portion is contributed to the government-administered pension fund. Employees of the Group receive benefits from a government administered provident fund, which is a defined contribution plan. The Group has no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.

### (b) Defined Benefit Plans

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

#### Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group make annual contribution to the gratuity scheme administered by the Life Insurance Corporation of India.

The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligations recognized in other comprehensive income.

# Notes to the Consolidated Financial Statements

Particulars	April 1, 2022			Cost charged to statement of profit and loss			Remeasurement gains/(losses) in other comprehensive income			Contribu- tions by employer	March 31, 2023
	Service cost	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination/transfer		
<b>Gratuity</b>											
Defined benefit obligation	(6.51)	(2.14)	(0.80)	(2.94)	5.50	-	(0.18)	(0.44)	(1.55)	(2.17)	-
Fair value of plan assets	2.75	-	0.18	(5.50)	0.16	(0.02)	-	-	0.14	-	(16.13)
<b>Total benefit liability</b>	<b>(13.76)</b>	<b>(2.14)</b>	<b>(0.62)</b>	<b>(2.76)</b>	<b>-</b>	<b>0.16</b>	<b>(0.20)</b>	<b>(0.44)</b>	<b>(1.55)</b>	<b>(2.03)</b>	<b>7.06</b>

## March 31, 2022: Changes in defined benefit obligation and plan assets

Particulars	April 1, 2021			Cost charged to statement of profit and loss			Remeasurement gains/(losses) in other comprehensive income			Contribu- tions by employer	March 31, 2022
	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 20)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Experience adjustments	Sub-total included in OCI	Increase (decrease) due to effect of business combination/transfer		
<b>Gratuity</b>											
Defined benefit obligation	(19.43)	(2.61)	(0.93)	(3.53)	6.85	-	(0.19)	(0.84)	0.13	(0.90)	-
Fair value of plan assets	5.96	-	0.34	(6.77)	(0.08)	-	-	(0.08)	-	3.30	2.75
<b>Total benefit liability</b>	<b>(13.47)</b>	<b>(2.61)</b>	<b>(0.59)</b>	<b>(3.19)</b>	<b>0.08</b>	<b>(0.08)</b>	<b>(0.19)</b>	<b>(0.84)</b>	<b>0.13</b>	<b>(0.98)</b>	<b>0.50</b>

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

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Others (Insurance company Products)	100%	100%
<b>(% of total plan assets)</b>	<b>100%</b>	<b>100%</b>

## Notes to the Consolidated Financial Statements

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

(₹ in Crores)

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Discount rate	7.40%	5.2% to 7.1%
Future salary increase	8.3% to 12%	4.32% to 12%
Expected rate of return on plan assets	7.30%	5.2% to 5.7%
Attrition rate	18% to 54%	13% to 48.6%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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

<b>Particulars</b>	<b>Sensitivity level</b>	<b>Increase / (decrease) in defined benefit obligation (Impact)</b>	
		<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
<b>Gratuity</b>			
Discount rate	50 basis points increase	(0.07)	(0.18)
	50 basis points decrease	0.07	0.15
Salary increase	50 basis points increase	0.04	0.12
	50 basis points decrease	(0.05)	(0.13)
Attrition rate	50 basis points increase	(0.01)	(0.04)
	50 basis points decrease	0.01	0.01

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

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

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
<b>Gratuity</b>		
Within the next 12 months (next annual reporting period)	4.16	4.90
Between 2 and 5 years	13.50	12.95
Beyond 5 years	10.78	7.73
<b>Total expected payments</b>	<b>28.45</b>	<b>25.58</b>

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

<b>Particulars</b>	<b>Year ended March 31, 2023</b>	Year ended March 31, 2022
Gratuity	<b>2 years to 7 years</b>	2 years to 7 years

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## C. Leave encashment

The Group has a policy on leave encashment which are both accumulating and non-accumulating in nature. The expected cost of accumulating leave encashment is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. The liability of leave encashment is funded through Life Insurance Corporation.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Leave encashment	4.74	3.34
	4.74	3.34

# Notes to the Consolidated Financial Statements

## Note 30 : Related Party Transactions

- a** As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS 24), the related parties of the Group are as follows :

Name of Related Parties	Nature of Relationship
Arvind Limited	Enterprise on which Non-Executive Director exercise significant influence
Arvind Sprots Fashion Private Limited (Earlier known as Arvind Ruf & Tuf Private Limited)	Enterprise on which Non-Executive Director exercise significant influence
Arvind Polymer Textiles Limited (Previously known as Arvind True Blue Limited)	Enterprise on which Non-Executive Director exercise significant influence
Arvind Premium Retail Limited	Enterprise on which Non-Executive Director exercise significant influence
Arvind Suit Manufacturing Private Limited (Previously known as Arvind Goodhill Suit Manufacturing Private Limited)	Enterprise on which Non-Executive Director exercise significant influence
Arvind Internet Limited	Enterprise on which Non-Executive Director exercise significant influence (up to June 30, 2022)
Arvind Smart Textile Limited	Enterprise on which Non-Executive Director exercise significant influence
Arvind Envisol Limited	Enterprise on which Non-Executive Director exercise significant influence
Aura Securities Private Limited	Enterprise on which Non-Executive Director exercise significant influence
Multiples Private Equity Fund II LLP	Enterprise on which Non-Executive Director exercise significant influence
J Suresh Consults	Enterprise on which Non-Executive Director exercise significant influence
Suresh Jayaraman	Additional Director of the Company up to August 22, 2021 and Non-executive director w.e.f August 23, 2021.
Shailesh Shyam Chaturvedi	Key Management Personnel, Managing Director & CEO
Pramod Kumar Gupta, Chief Financial Officer	Key Management Personnel, (Up to February 11, 2022)
Piyush Gupta, Chief Financial Officer	Key Management Personnel, (w.e.f. February 12, 2022 to January 5, 2023)
Girdhar Chitlangia, Chief Financial Officer	Key Management Personnel, (w.e.f. January 6, 2023)
Vijay Kumar B S, Company Secretary	Key Management Personnel, (Up to March 31, 2022)
Lipi Jha, Company Secretary	Key Management Personnel, (w.e.f. May 27, 2022)
Sanjaybhai S. Lalbhai, Chairman	Non Executive Director
Nithya Easwaran	Non Executive Director
Kulin S. Lalbhai, Vice Chairman	Non Executive Director
Punit S. Lalbhai	Non Executive Director
Nilesh D. Shah	Non Executive Director
Abanti Sankaranrayanan	Non Executive Director (up to March 10, 2023)
Ananya Thripati	Non Executive Director (w.e.f March 14, 2023)
Vallabh R. Bhansali	Non Executive Director
Nagesh D. Pinge	Non Executive Director
Achal A. Bakeri	Non Executive Director
Vani Kola	Non Executive Director (Upto July 1, 2022)
Manoj Nakra	Non Executive Director, (w.e.f July 1, 2022)

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

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## b Transactions with related parties for the year ended March 31, 2023 and years ended March 31, 2022

Particulars	Key Managerial Personnel and Non Executive Directors	Enterprise on which Non-Executive Director exercise significant influence
<b>Purchase of Goods and Materials (Net)</b>		
March 31, 2023	-	30.20
March 31, 2022	-	61.24
<b>Purchase of Property, Plant &amp; Equipment and Intangible Assets</b>		
March 31, 2023	-	-
March 31, 2022	-	-
<b>Sales of Goods and Materials</b>		
March 31, 2023	-	0.08
March 31, 2022	-	(0.12)
<b>Receipt of Services-Shared services and Others</b>		
March 31, 2023	-	9.02
March 31, 2022	-	17.59
<b>Rendering of Services-Shared service</b>		
March 31, 2023	-	2.09
March 31, 2022	-	1.85

## c Transactions with related parties for the year ended March 31, 2023 and years ended March 31, 2022.

Particulars	Key Managerial Personnel and Non Executive Directors	Enterprise on which Non-Executive Director exercise significant influence
<b>Remuneration</b>		
March 31, 2023	1.50	-
March 31, 2022	13.82	-
<b>Directors' Sitting Fees and Commission</b>		
March 31, 2023	0.49	-
March 31, 2022	0.38	-
<b>Consultancy charges</b>		
March 31, 2023	-	1.50
March 31, 2022	-	-

# Notes to the Consolidated Financial Statements

(₹ in Crores)

**d Balances**

Particulars	Key Managerial Personnel and Non Executive Directors	Enterprise on which Non-Executive Director exercise significant influence
<b>Trade and Other Receivable</b>		
March 31, 2023	-	5.97
March 31, 2022	-	2.54
<b>Trade and Other Payable</b>		
March 31, 2023	-	21.85
March 31, 2022	-	11.99
<b>Payable in respect of Loans</b>		
March 31, 2023	-	-
March 31, 2022	-	-
<b>Payable in respect of advance from customers</b>		
March 31, 2023	-	-
March 31, 2022	-	0.10

**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.

**f Commitments with related parties**

The Group has not provided any commitment to the related party (March 31, 2022: Rs. Nil)

**g Transactions with key management personnel**

Compensation of key management personnel of the Group

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	<b>8.57</b>	9.17
Termination benefits	-	0.09
Share based payments	<b>2.52</b>	6.25
<b>Total compensation paid to key management personnel</b>	<b>11.09</b>	15.51

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. The amount recognised as an expense during the year for share based payment in respect of Key Management Personnel is Rs 2.52 Crores (March 31, 2022 Rs. 2.96 Crores)

# Notes to the Consolidated Financial Statements

## Note 31 : Earnings per share - EPS (Basic and Diluted)

(₹ in Crores) #

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total no. of equity shares at the end of the year	<b>13,28,25,660</b>	13,24,61,813
Nominal value of equity shares	<b>4</b>	4
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	<b>13,26,93,378</b>	12,20,97,731
Effect of dilution: Share options	<b>3,45,653</b>	4,69,045
Weighted average number of equity shares adjusted for the effect of dilution	<b>13,30,39,031</b>	12,25,66,776
<b>A. EPS - Continuing Operations</b>		
Profit/(Loss) attributable to ordinary equity holders	<b>36.71</b>	(267.40)
Add/Less: (Profit)/Loss before tax from Discontinued Operations	<b>0.96</b>	132.62
Adjusted Profit/(Loss) for the year for EPS Calculation	<b>37.67</b>	(134.78)
<b>Weighted average number of equity shares</b>		
For basic EPS	<b>13,26,93,378</b>	12,20,97,731
For diluted EPS	<b>13,30,39,031</b>	12,25,66,776
Basic earnings per share	<b>2.84</b>	(11.04)
Diluted earnings per share	<b>2.83</b>	(11.04)
<b>B. EPS - Discontinued Operations</b>		
Profit/(Loss) before tax for the year from Discontinued Operations	<b>(0.96)</b>	(132.62)
<b>Weighted average number of equity shares</b>		
For basic EPS	<b>13,26,93,378</b>	12,20,97,731
For diluted EPS	<b>13,30,39,031</b>	12,25,66,776
Basic earnings per share	<b>(0.07)</b>	(10.86)
Diluted earnings per share	<b>(0.07)</b>	(10.86)
<b>C. EPS - Continuing and Discontinued Operations</b>		
Total Profit/(Loss) attributable to ordinary equity holders	<b>36.71</b>	(267.40)
Adjusted Profit/(Loss) for the year for EPS Calculation	<b>36.71</b>	(267.40)
<b>Weighted average number of equity shares</b>		
For basic EPS	<b>13,26,93,378</b>	12,20,97,731
For diluted EPS	<b>13,30,39,031</b>	12,25,66,776
Basic earnings per share	<b>2.77</b>	(21.90)
Diluted earnings per share	<b>2.76</b>	(21.90)

Pursuant to Ind AS 33 - Earnings Per Share, basic and diluted earnings per share for the previous year have been restated for the bonus element in respect of right issue.

#All numbers are in Rs. Crores except weighted average number of equity shares, nominal value of Shares and Basic and Diluted EPS.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 32 : Share based payments

### Arvind Fashions Limited (AFL)

The Company has instituted Employee Stock Option Scheme 2016 (“ESOP 2016”) and Employee Stock Option Scheme 2018 (“ESOP 2018”), Employee Stock Option Scheme 2022 (“ESOP 2022”) pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018, September 26, 2022 respectively. Up to March 31, 2023, the Company has granted 42,63,049 options under ESOP 2016, 3,15,200 options under ESOS 2018 in lieu of demerger under the Scheme and 1,15,000 options under Employee Stock Option Scheme 2022 (“ESOP 2022”) convertible into equal number of Equity Shares of face value of Rs. 4 each. The following table sets forth the particulars of the options granted during the year ended 31st March 2023 under ESOS 2016 and ESOS 2022.

**The following table sets forth the particulars of ESOP 2016 & ESOP 2022:**

Scheme	March 31, 2023		March 31, 2022	
	ESOP 2016	ESOP 2022	ESOP 2022	ESOP 2016
Date of grant	10-Aug-22	05-Jan-23	14-Feb-23	03-Jun-21
Number of options granted	2,30,000	85,000	1,15,000	2,50,000
Exercise price per option	Rs. 293.50	Rs. 349.75	306.10	Rs. 148.20
Vesting period	Up to 5 years from the date of grant	Up to 5 years from the date of grant	Up to 5 years from the date of grant	Up to 5 years from the date of grant
Vesting requirements	Time based vesting	Time based vesting	Time based vesting	Time based vesting
Exercise period	5 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	5 years from the date of vesting
Method of settlement	Equity	Equity	Equity	Equity

**The following tables set forth a summary of the activity of options:**

Particulars	ESOP 2016			
	March 31, 2023	Weighted average exercise price per option (Rs.) #	March 31, 2022	Weighted average exercise price per option (Rs.)
<b>Options</b>				
Outstanding at the beginning of the year	18,69,274	302.64	19,85,522	302.64
Granted during the year	3,15,000	308.68	7,00,000	237.17
Forfeited during the year	(73,700)	284.35	(1,48,546)	137.50
Exercised during the year	(3,63,847)	143.93	(6,67,702)	123.93
Outstanding at the end of the year	17,46,727	333.30	18,69,274	302.64
Exercisable at the end of the year	9,15,377	468.43	7,44,674	466.01

# Price adjusted due to Right Issue bonus factor of Rs. 56.73 per option outstanding

# Notes to the Consolidated Financial Statements

**Note 32 : Share based payments (Contd.)**

(₹ in Crores)

<b>Particulars</b>	<b>ESOP 2018</b>			
	<b>March 31, 2023</b>	<b>Weighted average exercise price per option (Rs.) #</b>	<b>March 31, 2022</b>	<b>Weighted average exercise price per option (Rs.)</b>
<b>Options</b>				
Outstanding at the beginning of the year	3,15,200	834.13	3,15,200	834.13
Vested but not exercised at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	(3,15,200)	834.13	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	3,15,200	834.13
Exercisable at the end of the year	-	-	3,15,200	834.13

# Price adjusted due to Right Issue bonus factor of Rs. 56.73 per option outstanding

<b>Particulars</b>	<b>ESOP 2022</b>			
	<b>March 31, 2023</b>	<b>Weighted average exercise price per option (Rs.)</b>	<b>March 31, 2022</b>	<b>Weighted average exercise price per option (Rs.)</b>
<b>Options</b>				
Outstanding at the beginning of the year	-	-	-	-
Vested but not exercised at the beginning of the year	-	-	-	-
Granted during the year	1,15,000	306.10	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	1,15,000	306.10	-	-
Exercisable at the end of the year	-	-	-	-

## Share Options Exercised Year ending March 31, 2023

<b>Option Series</b>	<b>No. of Options</b>	<b>Exercise Date</b>	<b>Exercise Price</b>
ESOS 2016	1,00,000	21-Apr-22	153.17
ESOS 2016	15,000	14-Jun-22	153.17
ESOS 2016	21,000	14-Jun-22	137.32
ESOS 2016	52,500	04-Aug-22	136.02
ESOS 2016	52,500	04-Aug-22	137.32
ESOS 2016	7,500	04-Aug-22	148.20
ESOS 2016	7,500	17-Aug-22	46.02
ESOS 2016	21,700	17-Aug-22	148.20
ESOS 2016	35,000	20-Sep-22	148.20
ESOS 2016	15,000	07-Oct-22	39.29
ESOS 2016	8,500	28-Nov-22	286.70
ESOS 2016	9,000	28-Nov-22	148.20
ESOS 2016	1,075	28-Nov-22	44.87
ESOS 2016	2,558	28-Nov-22	117.19
ESOS 2016	520	28-Nov-22	128.93
ESOS 2016	6,000	10-Feb-23	286.70
ESOS 2016	3,600	10-Feb-23	148.20
ESOS 2016	4,894	10-Feb-23	128.93

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 32 : Share based payments (Contd.)

### Share Options Exercised Year ending March 31, 2022

Option Series	No. of Options	Exercise Date	Exercise Price
ESOS 2016	18,000	26-Oct-21	39.29
ESOS 2016	1,279	26-Oct-21	128.93
ESOS 2016	1,279	26-Oct-21	128.93
ESOS 2016	1,279	26-Oct-21	128.93
ESOS 2016	78,750	26-Oct-21	137.32
ESOS 2016	8,000	26-Oct-21	137.32
ESOS 2016	20,000	30-Sep-21	39.29
ESOS 2016	11,250	30-Sep-21	46.02
ESOS 2016	2,82,348	30-Sep-21	128.93
ESOS 2016	90,632	30-Sep-21	128.93
ESOS 2016	35,165	30-Sep-21	128.93
ESOS 2016	1,279	30-Sep-21	128.93
ESOS 2016	78,750	30-Sep-21	136.02
ESOS 2016	30,000	30-Sep-21	137.32
ESOS 2016	6,000	09-Feb-22	39.29
ESOS 2016	3,691	09-Feb-22	128.93

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 5.99 years (March 31, 2022: 6.68 years). The range of exercise price is from Rs. 39.29 to Rs. 1320.37.

The share options outstanding at the end of the period under ESOP 2018 have a weighted average remaining contractual life of Nil years (March 31, 2022: 0.26 years). The range of exercise price is from Rs. 608.80 to Rs. 996.40.

The share options outstanding at the end of the year under ESOP 2022 have a weighted average remaining contractual life of 5.88 years. The exercise price is Rs. 306.10.

Particulars	ESOP 2016	ESOP 2018	ESOP 2022
Share price as at measurement date	Rs. 320.76	No grants made during the period	Rs. 294.60
Expected volatility	48.65%		48.59%
Expected life (years)	1.72 years		2.59 years
Dividend yield	0.00%		0.00%
Risk-free interest rate (%)	6.56%		7.23%

### 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, 2023	Year Ended March 31, 2022
Employee option plan	4.98	5.97
<b>Total employee share based payment expense</b>	<b>4.98</b>	<b>5.97</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 33 : Leases

- A.** The Group has taken Showrooms, warehouses and other facilities on lease period of 1 to 9 years with option of renewal. Disclosures as per Ind AS 116 - Leases are as follows:

### B. Changes in the carrying value of right of use assets (Showrooms, warehouses and Other Facilities)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	<b>387.90</b>	664.54
Additions	<b>485.26</b>	134.09
Deletions	<b>(99.22)</b>	(253.58)
Depreciation	<b>(165.90)</b>	(148.01)
Depreciation - Discontinued Operations	-	(9.14)
<b>Balance at the end of the year</b>	<b>608.04</b>	387.90

### C. Movement in lease liabilities

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Balance at the beginning of the year	<b>456.12</b>	811.88
Additions	<b>474.69</b>	115.63
Deletions	<b>(112.82)</b>	(317.68)
Adjustment due to Rent Waivers (Refer Note a below)	-	(38.20)
Adjustment due to Rent Waivers - Discontinued Operations	-	(8.42)
Finance cost accrued during the year	<b>57.70</b>	43.09
Finance cost accrued during the year - Discontinued Operations	-	6.50
Payment of lease liabilities	<b>(208.31)</b>	(156.68)
<b>Balance at the end of the year</b>	<b>667.38</b>	456.12

Note a: The Ministry of Corporate Affairs vide notification dated July 24, 2020, issued an amendment to Ind AS 116-Leases, by inserting a practical expedient w.r.t "Covid-19-Related Rent Concessions" effective from the period beginning on or after April 01, 2020 and vide notification dated June 18, 2021, extended practical expedient up to June 30, 2022. Pursuant to the above amendment, the Group has applied the practical expedient by accounting the unconditional rent concessions in "Other Income". The details are as under:

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Rent concessions accounted in the period	-	38.20
Rent concessions pertaining to periods after reporting period	-	-
<b>Total</b>	<b>-</b>	<b>38.20</b>

### D. Contractual maturities of lease liabilities on discounted basis are as follows:

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Less than one year	<b>158.52</b>	120.74
One to five years	<b>383.32</b>	245.01
More than five years	<b>125.54</b>	90.38
<b>Total</b>	<b>667.38</b>	456.12

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 33 : Leases (Contd.)

- F.** The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## G. The amount recognised in the statement of profit or loss apart from above are as follows:

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Gain on Reassessment of Lease	<b>13.59</b>	5.20
Depreciation expense of right-of-use assets	<b>165.90</b>	148.01
Interest expense on lease liabilities	<b>57.70</b>	43.09
Rent expense - short-term lease and leases of low value assets	<b>20.46</b>	29.14

## Note 34 : Corporate Social Responsibility (CSR) Activities

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	<b>0.18</b>	0.46
b) Amount spent during the year (in cash) on,	-	-
(i) Construction/acquisition of any asset	<b>0.34</b>	0.46
(ii) On purposes other than (i) above	-	-
c) Amount unspent during the year	-	-
d) Total of previous years shortfall	-	-
e) Reasons for shortfall	-	-
f) Details of related party transactions	-	-
Name	-	-
Relationship	-	-
Amount	-	-
g) Movement of CSR Provision	-	-
Balance as per last financial statements	-	-
Add: Provision made during the year	-	-
(Less): Utilised during the year	-	-
Balance at the end of the year	-	-

## Note 35 : 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	As at March 31, 2023	As at March 31, 2022
<b>Financial liabilities</b>		
Borrowings		
Carrying Amount	<b>597.65</b>	501.73
Fair Value	<b>597.65</b>	501.73
Compulsory Convertible Preference Shares classified as debt		
Carrying Amount	-	145.23
Fair Value	-	145.23

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.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 35 : Fair value disclosures for financial assets and financial liabilities (Contd.)

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.

The fair value of Composability Convertible Preference Shares is calculated considering Monte Carlo Simulation to arrive at conversion ratio and discounted cashflow method to arrive at Equity Value.

## Note 36 : Fair value hierarchy

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

<b>Particulars</b>	<b>Date of valuation</b>	<b>Fair value measurement using</b>				
		<b>Total</b>	<b>Quoted prices in active markets (Level 1)</b>	<b>Significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	
<b>Liabilities measured at fair value</b>						
<b>Fair value through Other Comprehensive Income</b>						
Foreign Exchange Forward Contracts (Cash Flow Hedge)	March 31, 2023	0.84	-	0.84	-	
	March 31, 2022	-	-	-	-	
<b>Fair value through Statement of Profit and Loss</b>						
Compulsory Convertible Preference Shares classified as debt	March 31, 2023	-	-	-	-	
	March 31, 2022	145.23	-	-	145.23	

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2022 are as shown below:

<b>Particulars</b>	<b>Significant unobservable inputs</b>	<b>As at 31st March 2023 Sensitivity Level</b>	<b>Increase / (Decrease)</b>	<b>As at 31st March 2022 Sensitivity Level</b>	<b>Increase / (Decrease)</b>
	WACC Sensitivity	-	-	0.50%	(12.38)
Compulsory Convertible Preference Shares	-	-	-	-0.50%	13.87
	EBIDTA Margin	-	-	0.50%	12.48
		-	-	-0.50%	(12.87)

## Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 37 : 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. 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 two types of risk: interest rate risk and currency 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%

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 respective period/year end including the effect of hedge accounting.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2023, approximately 0.50% of the Group's Borrowings are at fixed rate of interest (March 31, 2022: 0.50%)

### 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
<b>March 31, 2023</b>	
Increase in 50 basis points	(2.98)
Decrease in 50 basis points	2.98
<b>March 31, 2022</b>	
Increase in 50 basis points	(2.51)
Decrease in 50 basis points	2.51

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## **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 foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Group may use forward contracts or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate.

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 27.

## **Foreign currency sensitivity**

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

<b>Particulars</b>	<b>Change in USD</b>		<b>Effect on profit before tax</b>	<b>Change in EUR rate</b>	<b>Effect on profit before tax</b>
	<b>rate</b>	<b>rate</b>			
March 31, 2023	+2%	(1.85)	(1.85)	+2%	(0.02)
	-2%	1.85	1.85	-2%	0.02
March 31, 2022	+2%	1.74	1.74	+2%	(0.08)
	-2%	(1.74)	(1.74)	-2%	0.08

Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

## **(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

### **Trade receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days to 60 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7a. 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 is the carrying amount as disclosed in Note 35.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## (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 to 5 years	More than 5 years	Total
<b>As at March 31, 2023</b>				
Interest bearing borrowings	572.46	33.06	-	605.52
Lease Liabilities	172.92	491.44	30.82	695.18
Trade payables	1,019.50	-	-	1,019.50
Security deposits from customers	1.38	114.45	-	115.83
Other financial liabilities#	44.39	-	-	44.39
	<b>1,810.65</b>	<b>638.95</b>	<b>30.82</b>	<b>2,480.42</b>
<b>As at March 31, 2022</b>				
Interest bearing borrowings	439.49	79.58	-	519.07
Lease Liabilities	166.54	617.51	53.07	837.12
Trade payables	1,047.87	-	-	1,047.87
Security deposits from customers	2.94	92.87	-	95.81
Compulsory Convertible Preference Shares classified as debt	-	-	145.23	145.23
Other financial liabilities#	64.63	-	-	64.63
	<b>1,721.46</b>	<b>789.96</b>	<b>198.30</b>	<b>2,709.72</b>

# Other financial liabilities includes interest accrued but not due of Rs. 8.05 Crores (March 31, 2022: Rs. 11.62 Crores)

## Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

## Note 38 : 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).

# Notes to the Consolidated Financial Statements

## Note 38 : Capital management (Contd.)

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest-bearing loans and borrowings (Note 13)	<b>597.65</b>	501.73
Less: Cash and Cash equivalent (including other bank balance and Book Overdraft) (Refer Note 7(c), 7(d) and 13(c))	<b>(202.78)</b>	(105.66)
<b>Net debt</b>	<b>394.86</b>	396.08
Equity share capital (Note 11)	<b>53.13</b>	52.97
Other equity (Note 12)	<b>856.51</b>	697.28
<b>Total capital</b>	<b>909.64</b>	750.25
<b>Capital and net debt</b>	<b>1,304.50</b>	1,146.33
Gearing ratio	<b>30.27%</b>	34.55%

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 and other ratios. Breaches in meeting the financial covenants would permit the bank to charge penal interest. The Company has obtained letter from the lender before the date of adoption of financial statements for not charging penal interest from the balance sheet date subject to regularisation of the breach by end of March 31, 2024. Accordingly, the management has not created provision for penal interest.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

## Note 39 : Derivatives designated as hedging instruments

### Cash Flow Hedges

Foreign exchange forward contracts entered in the current year are designated as hedging instruments in cash flow hedges of forecast purchases in USD. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the Dollar offset method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

Particulars	Maturity				Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	
<b>March 31, 2023</b>					
Foreign exchange forward contracts for highly probable forecast purchases					
Notional amount (in INR)	22.14	41.06	66.31	43.82	173.32
Notional amount (in USD)	0.27	0.50	0.81	0.53	2.10
Average forward rate (INR/USD)	82.60	82.11	82.37	82.67	82.42
<b>March 31, 2022</b>					
Foreign exchange forward contracts for highly probable forecast purchases					
Notional amount (in INR)	13.89	30.05	21.47	-	65.41
Notional amount (in USD)	0.19	0.40	0.28	-	0.86
Average forward rate (INR/USD)	75.09	76.06	76.69	-	76.06

# Notes to the Consolidated Financial Statements

## a. The impact of the hedging instruments on the balance sheet is as follows:

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash flow hedge</b>		
Foreign currency risk arising from		Purchases
Nominal amount of hedging instruments	<b>173.32</b>	65.41
Carrying amount of hedging instruments		
Assets	<b>0.84</b>	0.32
Line item in balance sheet where hedging instrument is disclosed		Foreign Exchange Forward contracts (Cash flow hedge) under Other financial assets
Changes in fair value for calculating hedge ineffectiveness	<b>NA</b>	Foreign Exchange Forward contracts (Cash flow hedge) under Other assets
		NA

## b. The impact of the hedging item on the balance sheet is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Foreign currency risk arising from		Purchases
Changes in fair value for calculating hedge ineffectiveness	<b>NA</b>	NA
Balances in Cash flow hedge reserve:		
For continuing hedge	<b>0.56</b>	(0.04)
For hedge no longer applied	<b>-</b>	-

## c. The effect of the cash flow hedge in the Statement of profit and loss and other comprehensive income is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Foreign currency risk arising from		Purchases
Hedged Gain/ (Loss) recognised in OCI	<b>0.60</b>	0.29
Hedge ineffectiveness recognised in profit and loss	<b>-</b>	-
Line item in Statement of profit and loss in which hedge ineffectiveness is recognised	<b>NA</b>	NA
Amount reclassified to Statement of profit and loss for which future cash flows are no longer expected to occur	<b>NA</b>	NA
Amount reclassified to Statement of profit and loss as hedged item has affected profit and loss	<b>0.01</b>	(0.26)
Line item in the Statement of profit and loss that includes reclassification adjustment	<b>Miscellaneous Expenses</b>	Miscellaneous Receipts

### Note 40 : Additional Regulatory Disclosures as per Schedule III of the Companies Act, 2013

- (i) The Parent and Indian subsidiaries does not have any benami property held in their name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) The Parent and Indian subsidiaries has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- (iii) The Parent and Indian subsidiaries has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (iv) Utilisation of borrowed funds and share premium
  - I. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: a) Directly or indirectly lend or invest in other persons or entities

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 40 : Additional Regulatory Disclosures as per Schedule III of the Companies Act, 2013 (Contd.)

identified in any manner whatsoever by or on behalf of the Parent Company (Ultimate Beneficiaries) or b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

- II. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries except as mentioned below.

### Transactions during the year ended March 31, 2023: NIL

#### Transaction during the year ended March 31, 2022:

a. The Group (Intermediary) has received a sum of Rs. 100 Crore by way of final call on the rights issue on May 11, 2021 and the Group (Intermediary) in turn, had invested Rs. 48 Crore on June 11, 2021 towards subscription to equity share capital in Arvind Lifestyle Brands Limited (100% subsidiary). The Company had complied with the relevant provisions of Foreign Exchange Management Act 1999 (42 of 1999), to the extent applicable, the Companies Act 2013 for such transaction and this transaction is not violative of provisions of the Prevention of Money Laundering Act 2002 (15 of 2002).

b. The Group (Intermediary) has received a sum of Rs. 400 Crore by way of private placement of equity shares on September 30, 2021 and the Group (Intermediary) in turn, had invested Rs. 200 Crore on October 01, 2021 towards subscription to equity share capital in Arvind Lifestyle Brands Limited (100% subsidiary) and Rs. 100 Crore on March 29, 2022 towards subscription to Non-convertible debentures in Arvind Lifestyle Brands Limited (100% subsidiary). The Company had complied with the relevant provisions of Foreign Exchange Management Act 1999 (42 of 1999), to the extent applicable, the Companies Act 2013 for such transaction and this transaction is not violative of provisions of the Prevention of Money Laundering Act 2002 (15 of 2002).

Name of the entity	Registered Address	Relationship with the Company
Arvind Lifestyle Brands Limited	Arvind Mills Premises Naroda Road Ahmedabad Gujarat - 380025	Wholly Owned Subsidiary

- (v) The Parent and Indian subsidiaries has not invested or traded in Crypto Currency or Virtual Currency during the year.
- (vi) The Parent and Indian subsidiaries has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961) during the year
- (vii) The Parent and Indian subsidiaries does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year.

## Note 41 : Discontinued Operations

The Management of Arvind Lifestyle Brands Limited (ALBL), a wholly owned subsidiary of the Company has decided to discontinue Brands like GAP, Hanes, New Port, The Children's Place and Ruf & Tuf. ALBL has entered into definitive agreements for strategic sale of assets of the Unlimited Retail Business, consisting of fixed assets, lease deposits, identified inventory and other current assets of Unlimited Retail stores and warehouse, along with Unlimited brand to V-Mart at its book values. Accordingly, the activities of these brands business that are considered as disposal group are presented as a discontinued operation in accordance with the provisions of Indian Accounting Standard 105 – ‘Non-current Assets Held for Sale and Discontinued Operations’. Consequently, Loss before tax and tax expenses relating to these brands business have been disclosed separately as discontinued operations as part of the above results.

### Details of Assets and liabilities related to discontinued brands classified as Held for Sale:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Assets:</b>		
Property, plant and equipment	-	-
Other financial assets	-	-
Inventories	-	5.00
Trade receivables	-	-
<b>Total assets</b>	<b>-</b>	<b>5.00</b>
<b>Liabilities</b>		
Trade payables	-	5.00
<b>Total liabilities</b>	<b>-</b>	<b>5.00</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

**Results of discontinued operations for the year are presented below:**

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>Revenue from operations</b>		
Sale of products	<b>4.04</b>	188.70
Other operating income	-	0.63
<b>Total revenue from operations</b>	<b>4.04</b>	189.33
Other income		67.32
<b>Total income</b>	<b>4.04</b>	256.65
<b>Expenses</b>		
Changes in inventories of stock-in-trade	<b>5.00</b>	163.78
Purchases of stock-in-trade	-	87.97
Employee benefits expense	-	23.16
Finance costs	-	13.01
Depreciation and Amortisation	-	27.92
Other expenses	-	73.43
<b>Total expenses</b>	<b>5.00</b>	389.27
<b>Profit/(Loss) before exceptional items and tax</b>	<b>(0.96)</b>	(132.62)
Exceptional items	-	
<b>Profit before tax</b>	<b>(0.96)</b>	(132.62)
<b>Tax expense</b>		
Deferred tax charge	-	-
<b>Profit after tax</b>	<b>(0.96)</b>	(132.62)

**Details of Net Cash Flows of discontinued operations for the year are presented below:**

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Net cashflows from operating activities	<b>4.04</b>	(84.28)
Net cashflows from investing activities	-	-
Net cashflows from financing activities	-	(13.01)
Net cash inflow / (outflow) from discontinued operations	<b>4.04</b>	(97.29)

## Note 42 : Interest in Other Entities

**(1) The Consolidated Financial Statements present the consolidated accounts of Arvind Fashions Limited with its subsidiaries**

Sl. No.	Name of Entities	Country of Incorporation	Activities	Proportion of ownership of interest	
				March 31, 2023	March 31, 2022
<b>Subsidiaries</b>					
1	Arvind Lifestyle Brands Limited	India	Branded Garments	100%	100%
2	Arvind Beauty Brands Retail Private Limited	India	Beauty Products	100%	100%
3	Arvind Youth Brands Private Limited*	India	Branded Garments	68.75%	100%
4	Value Fashion Retail Limited**	India	Branded Garments	100%	100%
5	PVH Arvind Fashion Private Limited (previously known as Calvin Klein Arvind Fashion Private Limited)	India	Branded Garments	50%	50%

\* Held by Arvind Lifestyle Brands Limited and Arvind Fashions Limited.

\*\* Held by Arvind Lifestyle Brands Limited.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 43 : Disclosures Mandated by Schedule III of Companies Act 2013

Name of Entities	2022-23							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated net assets	Rs. In Crores	As a % of Consolidated Profit	Rs. In Crores	As a % of Consolidated OCI	Rs. In Crores	As a % of Consolidated TCI	Rs. In Crores
<b>Parent :</b> Arvind Fashions Limited	73%	2,322.09	11%	9.86	59%	(0.44)	11%	9.42
<b>Subsidiaries :</b> Arvind Beauty Brands Retail Private Limited	0%	10.59	-23%	(19.90)	17%	(0.13)	-23%	(20.03)
Arvind Lifestyle Brand Limited	15%	492.15	4%	3.60	80%	(0.59)	3%	3.01
PVH Arvind Fashion Private Limited	9%	301.32	114%	100.50	-67%	0.50	115%	101.00
Value Fashion Retail Limited	0%	(0.10)	0%	(0.43)	-1%	-	0%	(0.43)
Arvind Youth Brands Private Limited	3%	102.18	-6%	(5.30)	12%	(0.09)	-6%	(5.38)
<b>Sub Total</b>	<b>100%</b>	<b>3,228.23</b>	<b>100%</b>	<b>88.33</b>	<b>100%</b>	<b>(0.75)</b>	<b>100%</b>	<b>87.58</b>
Inter Company Eliminations and Consolidations Adjustment		(2,318.59)		(51.62)		(0.26)		(51.88)
<b>Total</b>		<b>909.64</b>		<b>36.71</b>		<b>(1.01)</b>		<b>35.70</b>
Non Controlling Interest in Subsidiaries		182.59		50.25		0.25		50.50
<b>Grand Total</b>		<b>1,092.23</b>		<b>86.96</b>		<b>(0.76)</b>		<b>86.20</b>

Name of Entities	2021-22							
	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit		Share in other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As a % of Consolidated net assets	Rs. In Crores	As a % of Consolidated Profit	Rs. In Crores	As a % of Consolidated OCI	Rs. In Crores	As a % of Consolidated TCI	Rs. In Crores
<b>Parent :</b> Arvind Fashions Limited	77%	2,302.27	-3%	7.44	134%	(0.43)	-3%	7.01
<b>Subsidiaries :</b> Arvind Beauty Brands Retail Private Limited	1%	15.45	12%	(26.50)	31%	(0.10)	12%	(26.60)
Arvind Lifestyle Brand Limited	16%	488.26	129%	(286.60)	-121%	0.39	129%	(286.21)
PVH Arvind Fashion Private Limited (previously known as Calvin Klein Arvind Fashion Private Limited)	7%	200.32	-28%	61.40	-25%	0.08	-28%	61.48
Value Fashion Retail Limited	0%	(0.05)	-5%	11.67	0%	-	-5%	11.67
Arvind Youth Brands Private Limited	-1%	(37.87)	-5%	10.45	81%	(0.26)	-5%	10.19
<b>Sub Total</b>	<b>100%</b>	<b>2,968.38</b>	<b>100%</b>	<b>(222.14)</b>	<b>100%</b>	<b>(0.32)</b>	<b>100%</b>	<b>(222.46)</b>
Inter Company Eliminations and Consolidations Adjustment		2,218.13		45.26		0.15		45.41
<b>Total</b>		<b>750.25</b>		<b>(267.40)</b>		<b>(0.47)</b>		<b>(267.87)</b>
Non Controlling Interest in Subsidiaries		100.16		30.70		0.04		30.74
<b>Grand Total</b>		<b>850.41</b>		<b>(236.70)</b>		<b>(0.43)</b>		<b>(237.13)</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## Note 44 : Code of Social Security, 2020

The Parliament of India has approved the Code of Social Security, 2020 (the Code) which may impact the contribution by the Group towards Provident Fund, Gratuity and ESIC. The Code have been published in the Gazette of India. However effective date has yet not been notified. The Group will assess the impact of the Code and will record related impact in the period it becomes effective.

## Note 45 : New Accounting Pronouncements to be adopted on March 31, 2023

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended Companies (Indian Accounting Standards) Amendment Rules, 2023, as below.

### Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the consolidated financial statements.

### Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.”

### Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statement.

## Note 46 : Regrouped, Recast, Reclassified

Previous period figures have been re-grouped/ re-classified wherever necessary, to confirm to current period’s classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2022.

## Note 47 : Events occurring after the reporting period

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. The Board of Directors of Parent recommended a final dividend of ₹ 1 per equity share of face value of ₹ 4 each, for the financial year ended March 31, 2023, subject to the approval of shareholders in the ensuing Annual General Meeting.

# Notes to the Consolidated Financial Statements

## Note 48 : Ratio Analysis

Sl No	Particulars	Numerator	Denominator	For the year ended 31st March, 2023	For the year ended 31st March, 2022	% Variance	Reason for Variance
1	Current Ratio (In times)	Current Assets	Current Liabilities	1.20	1.16	3%	Not required
2	Debt-Equity Ratio (In times)	Total Debt	Total Equity	0.66	0.67	-2%	Not required
3	Debt Service Coverage Ratio (In times)	Earnings before Depreciation Interest, Tax, and amortisation	Debt Service	1.99	0.87	130%	Note (a) below
4	Return on Equity Ratio (%)	Net Profit after Tax	Total Equity	9.67%	-13.87%	-170%	Note (b) below
5	Inventory turnover Ratio (In times)	Sale of Products	Average Inventories	4.82	3.69	31%	Note (c) below
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	7.82	5.10	53%	Note (c) below
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	2.22	1.74	27%	Note (c) below
8	Net capital turnover Ratio (In times)	Revenue from Operations	Working Capital	11.8	10.8	9%	Not required
9	Net profit Ratio (%)	Net Profit after Tax	Revenue from Operations	1.99%	-3.41%	-158%	Note (d) below
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Capital Employed	20.85%	1.49%	1297%	Note (b) below
11	Return on investment (%)	Refer (e) below		-1.33%	138.44%	-101%	Note (d) below

## Notes

- (a) There was impact due to Covid during previous year which resulted in loss. However, business returned to normalcy during current year resulting in improved Debt Service Coverage Ratio.
- (b) There was impact due to Covid during previous year which resulted in loss. However, business returned to normalcy during current year resulting in material change in the Return on Equity Ratio
- (c) There was impact due to Covid during previous year which resulted in lower sales. However, business returned to normalcy during current year which lead to improved turnover.
- (d) The impact is due to market dynamics and price movements.

# Notes to the Consolidated Financial Statements

(e) Return on Investment

$$\frac{(MV(T_1) - MV(T_0) - \text{Sum}[C(t)])}{(MV(T_0) + \text{Sum}[W(t)*C(t)])}$$

Where,

$T_1$  = End of time period

$T_0$  = Beginning of time period

$t$  = Specific date falling between  $T_1$  and  $T_0$

$MV(T_1)$  = Market Value at  $T_1$

$MV(T_0)$  = Market Value at  $T_0$

$C(t)$  = Cash inflow, cash outflow on specific date

$W(t)$  = Weight of the net cashflow (i.e. either net inflow or net outflow) on day ' $t$ ', calculated as  $(T_1-t)/T_1$

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

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

**Place:** Ahmedabad  
**Date:** May 30, 2023

**Shailesh Chaturvedi**  
Managing Director & CEO  
(DIN - 03023079)

**Place:** Bengaluru  
**Date:** May 30, 2023

**Girdhar Chitlangia**  
Chief Financial Officer

**Place:** Bengaluru  
**Date:** May 30, 2023

**Lipi Jha**  
Company Secretary

**Place:** Bengaluru  
**Date:** May 30, 2023

**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 Entity**

(₹ in Crores)

<b>Sr. no.</b>	<b>Particulars</b>	<b>Name of the subsidiary</b>				
		<b>Arvind Lifestyle Brands Limited</b>	<b>Arvind Beauty Brands Retail Private Limited</b>	<b>PVH Arvind Fashion Private Limited (Controlled Entity Jointly Owned with PVH BV)</b>	<b>Arvind Youth Brands Private Limited</b>	<b>Value Fashion Retail Limited</b>
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No	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	INR
3.	Share capital	157.50	8.94	5.00	112.70	0.01
4.	Reserves & surplus	334.65	1.65	296.32	(10.52)	(0.11)
5.	Total assets	2108.99	292.79	766.83	434.00	0.02
6.	Total Liabilities	1616.84	282.20	465.51	331.82	0.12
7.	Investments	68.17	-	-	-	-
8.	Turnover (Total Income)	2240.06	338.87	1040.30	474.09	-
9.	Profit/(Loss) before taxation	8.35	(19.86)	134.11	(6.91)	(0.43)
10.	Provision for taxation Charge/(Credit)	3.78	0.05	33.61	(1.62)	-
11.	Profit/(Loss) after taxation	3.60	(19.90)	100.50	5.29	(0.43)
12.	Proposed Dividend and tax (including cess thereon)	-	-	-	-	-
13.	% of shareholding	100%	100%	50%	27.23%	100%

\*Reserves & Surplus includes following component as mentioned below:

ALBL - Rs. 100 Cr of non-convertible debentures where it is entirely equity in nature

ABBRPL- Rs. 15 Cr of non-convertible debentures where it is entirely equity in nature

AYBPL -Rs. 145.22 Cr of CCPS classified as other equity

- Names of subsidiaries which are yet to commence operations: Not Applicable
- 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)

Place : Ahmedabad

Date : 30.05.2023

**Shailesh Chaturvedi**

MD & CEO (DIN: 03023079)

Place : Bangalore

**Girdhar Kumar Chitlangia**

Chief Financial Officer

Place : Bangalore

**Lipi Jha**

Company Secretary

Place : Bangalore