



ARVIND FASHIONS LIMITED

Our Company was incorporated as 'Arvind J&M Limited' on January 5, 2016, as a public limited company under the Companies Act, 2013, pursuant to a certificate of incorporation issued by the Registrar of Companies, at Ahmedabad, Gujarat (the "RoC"). Pursuant to a resolution of our Shareholders dated September 26, 2016, the name of our Company was changed to 'Arvind Fashions Limited' and a fresh certificate of incorporation was issued by the RoC on October 14, 2016. For details of changes in the name and registered office of our Company, see "General Information" on page 44.

Registered Office: Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat, India;

Telephone: +91-79-30138000;

Corporate Office: 8th Floor, Du Parc Trinity, 17, M G Road, Bengaluru – 560 001, Karnataka, India; **Telephone:** +91-80-41550650

Contact Person: B S Vijay Kumar, Company Secretary and Compliance Officer

Email: investor.relations@arvindbrands.co.in; **Website:** www.arvindfashions.com

Corporate Identity Number: L52399GJ2016PLC085595

OUR PROMOTERS: AURA SECURITIES PRIVATE LIMITED, AURA BUSINESS VENTURES LLP, SANJAYBHAI SHRENIKHBHAI LALBHAI, JAYSHREEBEN SANJAYBHAI LALBHAI, PUNIT SANJAY LALBHAI, KULIN SANJAY LALBHAI, POORVA PUNIT LALBHAI, JAINA KULIN LALBHAI, ISHAAN PUNIT LALBHAI, ANANYAA KULIN LALBHAI AND RUHANI PUNIT LALBHAI

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ARVIND FASHIONS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] PARTLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF ₹4 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹[●] EACH INCLUDING A SHARE PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT UP TO ₹200.00 CRORES* ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 221.

**Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares*

PAYMENT SCHEDULE FOR RIGHTS EQUITY SHARES

| Amount Payable per Rights Equity Share* | Face Value (₹) | Premium (₹) | Total (₹) |
|--|----------------|-------------|------------|
| On Application | [●] | [●] | [●] |
| One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time. | [●] | [●] | [●] |
| Total (₹) | [●] | [●] | [●] |

**For further details on Payment Schedule, see "Terms of the Issue" on page 221*

WILFUL DEFAULTER

NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGORISED AS A WILFUL DEFAULTER

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of investors is invited to the statement of "Risk Factors" on page 18 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (together, the "Stock Exchanges"). Our Company has received 'in-principle' approvals from the BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE

VIVRO

Vivro Financial Services Private Limited

Vivro House, 11 Shashi Colony,

Opp. Suvidha Shopping Center,

Paldi, Ahmedabad – 380 007,

Gujarat, India

Telephone: +91-79-4040 4242

E-mail: afl@vivro.net

Investor grievance E-mail: investors@vivro.net

Website: www.vivro.net

Contact Person: Mili Khamar/ Bhargav Parekh

SEBI Registration No.: INM000010122

REGISTRAR TO THE ISSUE

LINKIntime

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,

Surya Nagar, Gandhi Nagar,

Vikhroli West, Mumbai – 400 083

Maharashtra, India.

Telephone: +91-22-49186200

E-mail: afl.rights2021@linkintime.co.in

Investor grievance E-mail: afl.rights2021@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON [#] |
|----------------|---------------------------------------|------------------------------|
| [●] | [●] | [●] |

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.*

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meanings as provided below.

The words and expressions used in this Letter of Offer but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of This Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults”, “Terms of Issue” on pages 66, 16, 100, 62, 208 and 221 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

| Term | Description |
|--|--|
| “Arvind Fashions Limited” or “our Company”, or “the Company” or “the Issuer” | Arvind Fashions Limited, a public limited company incorporated in India under the Companies Act, 2013, having its registered office at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat, India and corporate office at 8th Floor, Du Parc Trinity, 17, M G Road, Bengaluru – 560 001, Karnataka, India. |
| “we”, “us”, or “our” | Unless the context otherwise indicates or implies, our Company together with its Subsidiaries and Joint Venture on a consolidated basis |

Company related Terms

| Term | Description |
|---|--|
| ABBRPL | Arvind Beauty Brands Retail Private Limited |
| ALBL | Arvind Lifestyle Brands Limited |
| Articles / Articles of Association / AoA | The Articles of Association of our Company, as amended from time to time |
| Auditor / Statutory Auditor | The statutory auditor of our Company, being M/s. Sorab S. Engineer & Co., Chartered Accountants |
| Audited Consolidated Financial Statements | The audited consolidated financial statements for the financial year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information |
| AYBPL | Arvind Youth Brands Private Limited |
| Board / Board of Directors | Board of Directors of our Company, including any committees thereof |
| Corporate Office | The corporate office of our Company located at 8th Floor, Du Parc Trinity, 17, M G Road, Bengaluru - 560 001, Karnataka, India |
| Corporate Promoters | Aura Securities Private Limited and Aura Business Ventures LLP |
| Director(s) | The director(s) on the Board of our Company, unless otherwise specified. |
| Equity Share(s) | The equity shares of our Company of a face value of ₹4 each, unless otherwise specified in the context thereof. |
| Independent Director(s) | The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing |

| Term | Description |
|--|---|
| | Regulations |
| Joint Venture | The joint venture of our Company, namely, PVH Arvind Fashion Private Limited |
| Key Management Personnel / KMP | Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <i>Our Management – Key Managerial Personnel</i> ” on page 94 |
| Memorandum / Memorandum of Association / MoA | Memorandum of association of our Company, as amended from time to time |
| Promoter(s) | The Promoters of our Company, namely Aura Securities Private Limited, Aura Business Ventures LLP, Sanjaybhai Shrenikbhai Lalbhai, Jayshreeben Sanjaybhai Lalbhai, Punit Sanjay Lalbhai, Kulin Sanjay Lalbhai, Poorva Punit Lalbhai, Jaina Kulin Lalbhai, Ishaan Punit Lalbhai, Ananyaa Kulin Lalbhai and Ruhani Punit Lalbhai |
| Promoter Group | The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations |
| PVH AFPL | PVH Arvind Fashion Private Limited |
| Registered Office | The registered office of our Company located at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380 025, Gujarat, India |
| Registrar of Companies/ RoC | The Registrar of Companies, Ahmedabad |
| Shareholders / Equity Shareholder | The equity shareholders of our Company, from time to time |
| Subsidiaries | Subsidiaries of our Company as defined under Companies Act, 2013 and the applicable accounting standard, namely, Arvind Lifestyle Brands Limited, Arvind Beauty Brands Private Limited, Arvind Youth Brands Private Limited and Value Fashion Retail Limited. For details, see “ <i>Financial Statements</i> ” on page 100. |
| Unaudited Consolidated Financial Results | The limited review unaudited consolidated financial results for the nine months period ended December 31, 2020, including the notes thereto and the report thereon. For details, see “ <i>Financial Statements</i> ” on page 100 |

Issue related terms

| Term | Description |
|---------------------------------|---|
| Abridged Letter of Offer / ALOF | The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act. |
| Additional Rights Equity Shares | The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement. |
| Allot / Allotted / Allotment | Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue. |
| Allotment Accounts | The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act. |
| Allotment Account Bank | Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, HDFC Bank Limited. |
| Allotment Advice | Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue. |
| Allotment Date | Date on which the Allotment is made pursuant to this Issue. |
| Allottee(s) | Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue. |
| Applicant(s) / Investor(s) | Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Letter of Offer. |
| Application | Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R- |

| Term | Description |
|--|--|
| | WAP, to subscribe to the Rights Equity Shares at the Issue Price |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through R-WAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue. |
| Application Money | Aggregate amount payable at the time of Application, i.e., ₹[●] in respect of the Rights Equity Shares applied for in the Issue at the Issue Price. |
| Application Supported by Blocked Amount / ASBA | The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB. |
| ASBA Account | An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application. |
| Banker to the Issue | Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being HDFC Bank Limited. |
| Banker to the Issue Agreement | Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/ Investors and providing such other facilities and services as specified in the agreement. |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 221. |
| Call(s) | The notices issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date(s) for making a payment of the Call Monies. |
| Call Monies | The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule of Rights Equity Shares, being ₹ [●] per Rights Equity Share after payment of the Application Money. |
| | For further details, see “ <i>Terms of Issue</i> ” beginning on page 221. |
| Call Record Date | A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call(s). |
| Controlling Branches / Controlling Branches of the SCSBs | Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time. |
| Demographic Details | Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable. |
| Designated Branches | Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time, or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | BSE |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996. |
| Eligible Equity Shareholder(s) | Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 10. |

| Term | Description |
|--|---|
| Escrow Account | One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility. |
| Escrow Collection Bank | Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, HDFC Bank Limited. |
| Issue / Rights Issue | Issue of up to [●] Rights Equity Shares for cash at a price of ₹ [●] per Rights Equity Share, including a share premium of ₹ [●] per Rights Equity Share for an aggregate amount up to ₹ 200.00 Crores* on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i> |
| Issue Agreement | Issue agreement dated February 8, 2021 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Closing Date | [●] |
| Issue Opening Date | [●] |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations. |
| Issue Price | ₹ [●] per Rights Equity Share. On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time. |
| Issue Proceeds | The gross proceeds raised through the Issue. |
| Issue Size | The issue of up to [●] Rights Equity Shares aggregating to an amount up to ₹ 200.00 Crores*. <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i> |
| Lead Manager to the Issue / Lead Manager | Vivro Financial Services Private Limited |
| Letter of Offer / LOF | This letter of offer dated [●] filed with the Stock Exchanges and SEBI |
| Monitoring Agency | HDFC Bank Limited |
| Monitoring Agency Agreement | Agreement dated [●] between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds. |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. |
| Net Proceeds | Issue Proceeds less the Issue-related expenses. For details, see “Objects of the Issue” on page 53. |
| Non-Institutional Investor(s) / NII | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations. |
| On Market Renunciation | The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●]. |
| Off Market Renunciation | The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws. |

| Term | Description | | | | | | | | | | | | | | | | |
|--|--|---|--------------------|-------------|-----------|----------------|-----|-----|--------------------|--|-----|-----|--------------------|--------------|------------|------------|------------|
| Payment Schedule | Payment schedule is as follows: <table><thead><tr><th>Amount Payable per Rights Equity Share⁽¹⁾</th><th>Face Value (₹)</th><th>Premium (₹)</th><th>Total (₹)</th></tr></thead><tbody><tr><td>On Application</td><td>[●]</td><td>[●]</td><td>[●]⁽²⁾</td></tr><tr><td>One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time.</td><td>[●]</td><td>[●]</td><td>[●]⁽³⁾</td></tr><tr><td>Total</td><td>[●]</td><td>[●]</td><td>[●]</td></tr></tbody></table> <p>(1) For further details on Payment Schedule, see “Terms of the Issue” on page 221 (2) Constitutes [●]% of the Issue Price (3) Constitutes [●]% of the Issue Price</p> | Amount Payable per Rights Equity Share ⁽¹⁾ | Face Value (₹) | Premium (₹) | Total (₹) | On Application | [●] | [●] | [●] ⁽²⁾ | One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time. | [●] | [●] | [●] ⁽³⁾ | Total | [●] | [●] | [●] |
| Amount Payable per Rights Equity Share ⁽¹⁾ | Face Value (₹) | Premium (₹) | Total (₹) | | | | | | | | | | | | | | |
| On Application | [●] | [●] | [●] ⁽²⁾ | | | | | | | | | | | | | | |
| One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time. | [●] | [●] | [●] ⁽³⁾ | | | | | | | | | | | | | | |
| Total | [●] | [●] | [●] | | | | | | | | | | | | | | |
| QIBs / Qualified Institutional Buyers | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. | | | | | | | | | | | | | | | | |
| Record Date | Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being [●]. | | | | | | | | | | | | | | | | |
| Refund Bank | The Bankers to the Issue with whom the refund account will be opened, in this case being HDFC Bank Limited | | | | | | | | | | | | | | | | |
| Registrar / Registrar to the Issue | Link Intime India Private Limited | | | | | | | | | | | | | | | | |
| Registrar Agreement | Agreement dated February 8, 2021 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility. | | | | | | | | | | | | | | | | |
| Renouncee(s) | Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law. | | | | | | | | | | | | | | | | |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date. | | | | | | | | | | | | | | | | |
| Retail Individual Investor / RII | An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 200,000 (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations. | | | | | | | | | | | | | | | | |
| Rights Entitlements/ REs | <p>The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholder on the Record Date.</p> <p>Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.</p> | | | | | | | | | | | | | | | | |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company. | | | | | | | | | | | | | | | | |
| Rights Equity Shares / Rights Shares | Equity Shares of our Company to be Allotted pursuant to the Issue. | | | | | | | | | | | | | | | | |
| R - WAP | Registrar’s web based application platform accessible at www.linkintime.co.in , instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, for accessing/ submitting online Application Forms by resident Investors. | | | | | | | | | | | | | | | | |
| Self-Certified Syndicate Banks / SCSBs | Banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, and a | | | | | | | | | | | | | | | | |

| Term | Description |
|------------------|---|
| | list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , and as updated from time to time |
| Stock Exchanges | BSE and NSE where the Equity Shares are presently listed. |
| Technopak | Technopak Advisors Private Limited |
| Technopak Report | Report titled “ <i>Industry Report on Apparel Market in India</i> ” issued by Technopak dated February 4, 2021 |
| Transfer Date | The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange |
| Wilful Defaulter | An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations. |
| Working Day | All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays. |

Business and Industry related Terms/Abbreviations

| Term | Description |
|------|--|
| B&M | Brick & Mortar |
| EU | Europe |
| EBOs | Exclusive Brand Outlets |
| FMCG | Fast Moving Consumable Goods |
| F&G | Food and Grocery |
| GM | General Merchandise |
| iOS | iPhone Operating System |
| LFS | Large Format Stores |
| MBOs | Multi Brand Outlets |
| POS | Point of Sales |
| SAP | System Application, Product in data processing |

Conventional, General Terms and Abbreviations

| Term | Description |
|-------------------------|--|
| ₹/ Rs./ Rupees/ INR | Indian Rupees |
| A/c | Account |
| AGM | Annual General Meeting |
| AIF | Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. |
| Bn | Billion |
| BSE | BSE Limited |
| CAGR | Compounded annual growth rate |
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CIN | Corporate Identity Number |
| Companies Act | Companies Act, 2013 and the rules made thereunder |
| Consolidated FDI Policy | Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India |

| Term | Description |
|--|---|
| COVID-19 | A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020 |
| CSR | Corporate Social Responsibility |
| Depositories Act | The Depositories Act, 1996 |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| DIN | Director Identification Number |
| DP ID | Depository Participant's Identification Number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EGM | Extraordinary general meeting |
| EPS | Earnings per Share |
| ERP | Enterprise Resource Planning |
| Exchange Information | Collectively constitutes and includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports. |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder |
| FEMA Rule | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Financial year/ FY / Fiscal | Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated |
| Foreign Investor / FPI | Foreign portfolio investor as defined under the SEBI FPI Regulations |
| Fugitive Offender | Economic An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| FVCI | Foreign Venture Capital Investors registered under the FVCI Regulations |
| FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| GDP | Gross Domestic Product |
| Government / Government of India / GoI | Government of India |
| GST | Goods and Services Tax |
| HUF | Hindu Undivided Family |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards of the International Accounting Standards Board |
| Ind AS | Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015 |
| Insider Regulations | Trading Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 |
| ISIN | International Securities Identification Number allotted by the depository |
| IT | Information Technology |
| I.T. Act / IT Act | Income Tax Act, 1961 |
| I. T. Rules | Income Tax Rules, 1962 |
| Listing Agreements | The listing agreements entered into by our Company with the Stock Exchanges |
| LLP | Limited Liability Partnership |
| MAT | Minimum Alternate Tax |
| MCA | Ministry of Corporate Affairs, Government of India |
| MICR | Magnetic ink character recognition |
| Mn. | Million |
| MoU | Memorandum of Understanding |
| Mutual Fund | Mutual fund registered with SEBI under the SEBI (Mutual Fund) Regulations, 1996. |
| NA / N.A. | Not Applicable |

| Term | Description |
|-------------------------------|---|
| NACH | National Automated Clearing House which is a consolidated system of ECS |
| NAV | Net asset value |
| NCLT | National Company Law Tribunal |
| NCLAT | National Company Law Appellate Tribunal |
| NEFT | National Electronic Fund Transfer |
| Net Worth | The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation |
| NI Act | Negotiable Instruments Act, 1881 |
| NSDL | National Securities Depositories Limited |
| NR / Non-Resident | A person resident outside India, as defined under the FEMA |
| NRE Account | Non-Resident External Account |
| NRO Account | Non-Resident Ordinary Account |
| NRI | Non Resident Indian |
| OCB / Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA |
| OCI | Overseas Citizen of India |
| p.a. | Per Annum |
| PAC | Persons Acting in Concert |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| P/E Ratio | Price / Earnings Ratio |
| PIO | Persons of Indian Origin |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| Regulation S | Regulations S under the Securities Act |
| RTGS | Real Time Gross Settlement |
| RONW | Return on Net Worth |
| SCORES | SEBI Complaints Redress System |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India, constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Rights Issue Circulars | Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 read with SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/2020/78 dated May 6, 2020, bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021. |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 |
| SEBI Takeover | Securities and Exchange Board of India (Substantial Acquisition of Shares and |

| Term | Description |
|-----------------|---|
| Regulations | Takeovers) Regulations, 2011 |
| Securities Act | United States Securities Act of 1933 |
| SDR | Strategic Debt Restructuring |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985 |
| STT | Securities Transaction Tax |
| TAN | Tax Deduction Account Number |
| Trade Marks Act | Trade Marks Act, 1999 |
| UAE | United Arab Emirates |
| U.S. | United States of America |
| USD | United States Dollar |
| U. S. QIB | A qualified institutional buyer as defined in Rule 144A under the Securities Act |
| VCF | A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) |

NOTICE TO INVESTORS

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, and on R-WAP, subject to the applicable law.

Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except in India. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or other Issue Materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer (“**Restricted Jurisdictions**”) and, in those circumstances, this Letter of Offer or any other Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or any other Issue Materials should not distribute such document(s) to any person outside India where to do so would or might contravene local securities laws or regulations. If this Letter of Offer or any other Issue Materials is received by any person in any Restricted Jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India. For more details, see “*Restrictions on Purchases and Resales*” on page 256.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India.

Neither the delivery of this Letter of Offer or any other Issue Materials nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or any other Issue Materials or the date of such information.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the purchase or sale of Rights Equity Shares or Rights Entitlements. Accordingly, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Any person outside the United States who acquires Rights Entitlements and the Rights Equity Shares shall be deemed to have made the representations, warranties, acknowledgments and agreements set forth in “*Restrictions on Purchases and Resales – United States – Investors Outside the United States*” on page 256. Any person in the United States who accepts Rights Entitlements and subscribes to the Rights Equity Shares

shall be deemed to have made the representations, warranties, acknowledgments and agreements set forth in “*Restrictions on Purchases and Resales – United States – Investors in the United States*” on page 256.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any other jurisdiction or any other regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

Notice to Investors in the United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States of America and may not be offered or sold in the United States of America, its territories and possessions, any State of the United States, and the District of Columbia (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The Rights Entitlements and Rights Equity Shares are being offered and sold only (a) to persons in the United States who are reasonably believed to be qualified institutional buyers as defined in Rule 144A under the Securities Act (“**U.S. QIBs**”) pursuant to Section 4(a)(2) of the Securities Act and (b) to persons outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares in the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act. The Rights Equity Shares are transferable only in accordance with the restrictions described in “*Restrictions on Purchases and Resales – United States*” on page 256.

The Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style that is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, (i) our Company’s financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the United States Securities Commission and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the offer and sale of the Rights Entitlements and the Rights Equity Shares under the Securities Act.

Our Company is a limited liability company incorporated under the laws of India. All of our Company’s Directors and key management personnel are residents of India and a substantial portion of our Company’s assets and such persons are located in India. As a result (i) it may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, (ii) you may not be able to sue our Company, our Directors and our key management personnel in an Indian court for violations of the U.S. securities laws, and (iii) it may be difficult to compel our Company and our affiliates to be subject to a U.S. court’s judgment. For further details, see “*Risk Factors – Investors may have difficulty enforcing foreign judgements against our Company, our Directors or our management*” on page 18.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION, MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” contained in this Letter of Offer are to the Republic of India and the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, all references in this Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For further information, see “*Financial Information*” on page 100.

We have prepared our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Company’s Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in crore.

Currency and Units of Presentation

All references to “Rupees” or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “U.S. Dollar”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Letter of Offer in “Crores” units. 1,00,00,000 represents one crore and 10,00,000 represents one million.

Exchange Rates

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

| Currency | Exchange rate as on | | |
|----------|---------------------|----------------|----------------|
| | December 31, 2020 | March 31, 2020 | March 31, 2019 |
| 1 US\$ | 73.05 | 75.39 | 69.17 |

(Source: RBI Reference Rate and www.fbil.org.in)

Wherever the exchange rate was not available on account of March 31st being a holiday, the exchange rate as of the immediately preceding working day has been provided.

Industry and Market Data

Unless otherwise stated, industry and market data used in this Letter of Offer has been obtained or derived from report titled “*Industry Report on Apparel Market in India*” by Technopak Advisors Private Limited (“**Report**”). The Report has been prepared at the request of our Company. Further, certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information.

The Industry data used in this Letter of Offer has not been independently verified by our Company or the Lead Manager, or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “***Risk Factors – We have commissioned a report from Technopak which have been used for industry related data in this Letter of Offer and such data has not been independently verified by us.***” on page 18 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology including ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘forecast’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘target’, ‘will’, ‘would’ or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
- our ability to maintain and enhance our brands image;
- our ability to anticipate and respond to changes in fashion trends and changing customer preferences in a timely and effective manner;
- seasonal nature of our business;
- our ability to successfully execute our expansion strategy of strengthening our sales network by opening new exclusive brand outlets, in a timely manner or at all;
- current locations of our exclusive brand outlets becoming unattractive, and suitable new locations not available for reasonable prices;
- our ability to maintain relationships with third parties such as franchised exclusive brand outlets, large format stores, multi brand outlets and online retailers;
- our ability to maintain our market position and to compete effectively against existing or potential competitors;
- our reliance on third party suppliers for our products; and
- our ability to manage our operations at our current size or to manage any future growth effectively.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18, 82 and 198, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. None of our Company, our Directors, the Lead Manager nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date of this Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 18, 53, 82 and 208, respectively.

Summary of our Business

We are engaged in the business of designing, sourcing, marketing and selling a wide portfolio of men’s, women’s and kids’ branded readymade apparel, footwear, innerwear and other accessories across multiple owned and licensed brands. We sell our products through a network of stores and distribution channel operated directly or through our Subsidiaries and Joint Venture. Our portfolio of branded apparel and footwear, spanning men’s wear, women’s wear and kids’ wear, straddles various pricing tiers and has presence across categories including but not limited to casual wear, formal wear, athleisure, etc. We distribute and sell our products across India through multiple distribution channels such as Exclusive Brand Outlets (“**EBOs**”), Multi-Brand Outlets (“**MBOs**”), Large Format Stores (“**LFSS**”), as well as e-commerce platforms, operated by us and operated by other e-commerce players. We are also engaged in the business of distributing and selling a select range of branded beauty products.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

| (₹ in crores) | | |
|-----------------------------|--|------------|
| S. No. | Particulars | Amount |
| 1. | Prepayment and/ or repayment, in full or in part, of certain borrowings availed by our Company (including interest) | 25.00 |
| 2. | Investment in ALBL, our wholly owned subsidiary for repayment/ pre-payment, in full or in part, of certain borrowings availed by ALBL (including interest) | 125.00 |
| 3. | General corporate purposes* | [●] |
| Total Net Proceeds** | | [●] |

*The amount to be utilized for general corporate purposes will not exceed 25% of the Gross Proceeds.

**Assuming full subscription in the Issue and receipt of all Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.

For further details, see “*Objects of the Issue*” on page 53.

Subscription to the Issue by our Promoters and Promoter Group

Pursuant to letter dated February 3, 2021 (“**Subscription Letter**”), Aura Securities Private Limited, one of our Corporate Promoters, have confirmed that they, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigations

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

| Nature of Cases | Number of Cases | Amount Involved* (₹ crores) |
|---|-----------------|--------------------------------|
| Litigations involving our Company | | |
| Proceedings involving moral turpitude or criminal liability on our Company | Nil | - |
| Proceedings involving material violations of statutory regulation by our Company | Nil | - |
| Matters involving economic offences where proceedings have been initiated against our Company | Nil | - |
| Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | - |

** To the extent quantifiable*

| Nature of Cases | Number of Cases | Amount Involved* (₹ crores) |
|--|-----------------|--------------------------------|
| Litigations involving our Subsidiaries | | |
| Proceedings involving moral turpitude or criminal liability on our Subsidiaries | 8 | 3.35 |
| Proceedings involving material violations of statutory regulation by our Subsidiaries | Nil | - |
| Matters involving economic offences where proceedings have been initiated against our Subsidiaries | Nil | - |
| Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | - |

** To the extent quantifiable*

For further details, see “*Outstanding Litigations and Defaults*” beginning on page 208.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see “*Risk Factors*” on page 18.

Contingent Liabilities

For details regarding our contingent liabilities, see “*Financial Statements*” on page 100.

Related Party Transactions

For details of our related party transactions as per Ind AS 24, see “*Financial Statements*” on page 100.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Letter of Offer, including the risks and uncertainties described below and the “Financial Statements” on page 100, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 82, 66 and 198, respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below.

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, see “Forward Looking Statements” on page 14.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in this Letter of Offer. For further information, see “Financial Statements” on page 100. In this section, unless the context otherwise requires, a reference to “our Company” is a reference to Arvind Fashions Limited on a standalone basis, while any reference to “we”, “us” or “our” is a reference to Arvind Fashions Limited on a consolidated basis.

INTERNAL RISK FACTORS

1. The recent novel coronavirus (“COVID-19”) outbreak has impacted our business, results of operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.

The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020 and as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, had/have taken preventive or protective actions, such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. The Government of India had announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. While progressive relaxations have since been granted for movement of goods and people and cautious re-opening of businesses and offices, lockdowns may be reintroduced in the future. Certain countries have reinstated lockdown conditions due to a “second wave” of the COVID-19 outbreak and the discovery of a new strain of the coronavirus in the United Kingdom, and the Central Government and State Governments may reinstate complete lockdown conditions or impose additional restrictions.

In order to contain the spread of the infection, the national lockdown which was effected from March 25, 2020, has impacted our sales as our products did not constituted as “essential products” and our principal channels of sale were not allowed to function as part of the lockdown imposed by the Government of India and relevant state governments and inflicting adverse impact on our revenue and profitability. While operations at all of our

stores were initially suspended during the lockdown period due to the Government orders, we have been able to resume operations at all our stores with certain restrictions.

However, our product offerings, being discretionary in nature to an extent, may not achieve pre-COVID-19 sales. Consumers may also prefer to shop clothes that serve dual purposes of work from home and occasional trips to office and may seek enhanced value attributes in formal wear and work wear. In case of a second wave of COVID-19 pandemic happening, the resultant economic disruption could slow down credit as lenders may be hesitant to lend in COVID-19 environment. This could impact our ability to raise funds for managing our operations. Accordingly, new credit may be availed by us in accordance with terms which may be stringent as compared to the past.

Furthermore, in the event any member or members of our management or operations team being severely impacted by COVID-19, it may potentially affect our operations. Our Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of the Unaudited Consolidated Financial Results, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, other intangible assets, and in relation to other financial statement captions.

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses including retail sector. While the impact has come down progressively after the lockdown was first eased and then by and large lifted, in case of any recurrence of the pandemic, there could again be a severe impact for an unknown period of time. As of the date of this Letter of offer, while the Government of India and other governments in the world has initiated its COVID-19 vaccination drive, there is still some uncertainty relating to the impact of the COVID-19 pandemic on the global and the Indian economy, and we are unable to accurately predict the near-term or long-term impact of the COVID-19 pandemic on our business. Accordingly, if the uncertainty relating to the impact of the COVID-19 pandemic continues, we may not be able to sustain our operations. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section. While we believe the COVID-19 pandemic is not likely to impact recoverability of the carrying value of assets, we are closely monitoring the development and possible effects that may result from the COVID-19 pandemic on our financial condition, liquidity and operations. As the situation is continuously evolving, the eventual impact may be different from management estimates.

The impact of COVID-19 pandemic on the overall economic environment still being uncertain, may affect the underlying assumptions and estimates used to prepare our Audited Consolidated Financial Statements, which may differ from that considered as at the date of approval of these financial statements. Our Company will continue to closely monitor any material changes to future economic conditions. Any risks arising on account of a fresh round of COVID-19 such as in relation to lockdown, slowdown of economic activities, loss of life and debilitation of key personnel can have an adverse effect on our business, results of operations, cash flows and financial condition.

We are not able to predict the duration and severity of the economic conditions arising out of a fresh outbreak of COVID-19 pandemic and as a consequence, our financial results for a particular period are difficult to predict.

2. Our inability to promptly identify and respond to changing customer preferences or evolving fashion trends may decrease the demand for our products among our customers, which may adversely affect our business.

We offer a wide variety of branded products such as apparels, accessories footwear and beauty products to our customers. People in different geographical locations of India have different shopping patterns and tastes. Our success depends upon our ability to forecast, anticipate and respond to the changing customer preferences and fashion trends in a timely manner which may include designing new products or modifying our existing products in line with such changing customer preferences and fashion trends. If we fail to identify and respond to such changing customer preferences or evolving fashion trends by suitably launching new products, evolving new designs and/or modifying our existing product line in a timely manner, we may lose or fail to attract our customers, be saddled with obsolete products, thereby increasing dead stock leading to a loss of our brand image amongst our customers, and may have to sell our inventory at a discount. This may have a material adverse effect on our business and results of operations.

Further, for us to remain competitive in respect of appealing designs, our designers have to keep themselves abreast with the latest global trends and fashion demands and more importantly understand the requirements of the customers. In order to design our products for the various brands we distribute, we conduct data analytics and explore fashion trends to introduce new and original concepts in the market. While our design and development carries a structured approach, we cannot assure that the current portfolio of products or future portfolio of products created through future designs will be received well by our customers. This may result in a non-recovery of costs incurred on design and development, costs on distribution and lead to inventory that may not be sold or shall be sold slower than anticipated. This may have a material adverse effect on our business and results of operations.

3. ***The international brands distributed by us are not owned and are sold pursuant to long term agreements with brand owners. These agreements with brand owners, inter alia, contain certain performance obligations and are also capable of being terminated. The termination or non-renewal of any of these agreements may have a material adverse effect on our business and the result of operations.***

We have entered into agreements with the brands owners of certain international brands, pursuant to which we distribute defined set of products which include apparel, accessories, footwear and beauty products using such brands in India and other defined territories. These agreements provide us with the exclusive rights to distribute such products. While we strive to enter into long term agreements with brand owners, our current agreements with the brand owners have tenure of ranging from 5 to 22 years. These agreements normally contain certain performance obligations to be observed by us including minimum sales commitment, minimum royalty payable or minimum advertising spent or minimum advertising fees payable or procurement model etc. If we fail to honour or meet such performance obligations due to any reason whatsoever, such agreements may not be continued or renewed by the brand owners. If our agreements are not renewed or are renewed on the terms and conditions that are not favourable to us, our business, financial condition and results of operation may be adversely affected.

Further, these agreements also allow the brand owners to terminate such agreements with written notice for a specified period or at any time upon the occurrence of certain events such as failure to attain minimum sales commitment, our inability to perform or observe any term and covenant contained in the agreements, use of any unapproved advertising or promotional material, uses of a manufacturer, contractor, subcontractor or supplier for our products that has not been approved by the brand owners, any unreported sales, and our inability to cure such failure to report sales, misuse of trademarks of the brand owners, default under any other agreement to which we are parties, and such agreement is terminated due to such default etc. Although, there have been no instances of disagreement with the brand owners or the instances wherein the agreement were not renewed by the brand owners in the preceding three Fiscals, in the event that the brand owner(s) exercise their right to terminate such agreements and/or not to renew on the terms and conditions acceptable to us, it may have a material adverse effect on our business and result of operations.

4. ***A significant portion of our revenues is derived from the sale of our products under our brand ‘U.S. Polo Assn.’, ‘Arrow’, ‘Flying Machine’, ‘Tommy Hilfiger’, represented as our power brands and any reduction in sales under these power brands may adversely affect our revenues, business, results of operations and prospects.***

Our power brands, viz, “U.S. Polo Assn.”, “Arrow”, “Flying Machine”, “Tommy Hilfiger” contributed 62.60% and 61.56%, of our revenues from operations (net) for the nine months ended December 31, 2020 and the Fiscal 2020, respectively. “U.S. Polo Assn.”, “Arrow” and “Tommy Hilfiger” are our licensed brands operating under licensing agreements, while Flying Machine is our owned/ self-created brand. As on the date of this Letter of Offer, our Company has 1 owned/ self-created brand and 2 brands operating under licensing agreements. Further, our Company, through its Subsidiaries have 9 owned/ self-created brands and 6 brands operating under brand licensing agreements. Our Company, through its Joint Venture have 2 brands operated under licensing agreements. For further details relating to brands owned and licensed by our Company and Subsidiaries, see “Our Business” on page 82. While we have experienced growth of our operations through our power brands, we currently, and expect to continue for the short and medium term to, depend on our revenues from sales of products under our power brands. We may experience reduction in cash flows and liquidity, and our results of operations may be adversely affected, if our sales and revenues in this category are reduced for any reason.

5. A significant portion of our revenues are derived from sales at multi-brand outlets, large format stores and through online retailers. Any failure to maintain relationships with such third parties could adversely affect our business, results of operations and financial condition.

A significant portion of our revenue is derived from sales to multi-brand outlets, large format stores and through online retailers. Sales of products through large format stores, multi-brand outlets and online retailers, accounted for 27.03%, 7.19% and 14.17%, respectively, of our revenue from operations for the Fiscal 2020. Sales of products through large format stores, multi-brand outlets and online retailers, accounted for 15.36%, 0.63% and 36.15%, respectively, of our revenue from operations for the nine months period ended December 31, 2020.

We operate a significant portion of our exclusive brand outlets through franchisees with whom we enter into franchise agreements. As of December 31, 2020, we had 696 franchisee operated exclusive brand outlets. For Fiscal 2020, our top five franchisees contributed 4.85% of our total sales of products and the details of the same are as follows:

| S. No. | Franchisee Name | Contribution Amount (₹ in crores) | Percentage to total revenue from operations for Fiscal 2020 |
|--------|---------------------------------------|-----------------------------------|---|
| 1. | Iconic Group | 60.67 | 1.57% |
| 2. | Samarth Lifestyle | 52.93 | 1.37% |
| 3. | Kapsons Group | 35.01 | 0.91% |
| 4. | Select Infrastructure Private Limited | 19.56 | 0.51% |
| 5. | BR Retail India | 18.97 | 0.49% |
| | Total | 187.14 | 4.85% |

Periodically we may have to discontinue business with certain franchisees, for reasons including delay in payments and inability to meet the expected sales targets, among others. Our ability to terminate our arrangements with certain franchisees may be limited by the terms of our agreements with them. Except in the ordinary course of business, there have been no instances of disagreement or non-renewal of franchisee agreements due to which our business, financial condition and results of operations have materially and adversely affected in preceding three Fiscals. Further, there are no franchise agreements entered with related parties in preceding three Fiscals.

Further, we enter into agreements with MBOs, LFSs and online retailers to sell our products. Such agreements are generally valid until terminated by either parties and these counter-parties may have the right to terminate agreements without cause. Further, we generally do not have exclusivity arrangements with MBOs, LFSs and online retailers, and accordingly, they may also retail products of our competitors. Except for an agreement between Arvind Limited and ALBL for sale of products through www.NNNow.com for a period of 3 years, which may be extended for further period with mutual consent of parties to the agreement, there are no agreements for MBOs, LFSs and online retail with related parties in preceding three Fiscals.

We cannot assure you that we will be able to continue to renew the arrangements with these third parties on terms that are commercially acceptable to us, or at all. We cannot assure you that such third parties shall fulfil their obligations under such agreements entirely, or at all, shall not breach certain terms of their arrangements with us, including with respect to payment obligations or quality standards, or shall not choose to terminate their arrangements with our Company. We may have to initiate litigation in respect of any breach by such third parties, and such litigation could divert the attention of our management from our operations, and be decided against us, which may adversely affect our business, financial condition and results of operations.

6. We are dependent on maintaining and enhancing awareness of our brands and we may not succeed in that to the extent desired.

We believe that maintaining and enhancing the effectiveness of the brands in our brands portfolio is a major contributing factor to expand our consumer base. Maintaining and enhancing our owned and licensed brands may require us to make substantial investments in areas such as outlet operations, marketing and employee training, and these investments may not be successful. On the basis of our product and market based research studies, which we conduct on an ongoing basis, we intend to continue to enhance the brand recall of our products through strategic branding initiatives, including through the use of social media and consumer engagement programs. We use various media channels to promote our brands including placing advertisements and commercials on television, newspapers, hoardings and on digital media and continue to aim at investing in

marketing initiatives for brand recall, demand pull, create awareness about the product or enhance reputation of the brand. In the event marketing initiatives do not produce desired outcome, it may adversely impact business performance.

Further, in accordance with the terms of our agreements with brand owners for licensed brands, our advertisement and brand campaign are subject to brand owner's prior approval and must be consistent with brand owner's advertising programs, in compliance with the territorial laws and require to follow the global marketing policies and brand campaigns for these brands in India and other defined territories. However, there can be no assurance that these brand campaigns will appeal to our consumers and that we will succeed in increasing brand awareness of these brands through such brand building activities in India and other defined territories. As we expand into new geographic markets, consumers in these markets may not accept our brands. We anticipate that, as our business expands into new markets and as the market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive. Since we have various brands that span over different price points we may not be able to focus or have the resources to market all our brands. Additionally, our presence across various price points would require us to expend efforts and make investments on marketing multiple brands thereby increasing our costs. If we are unable to enhance the visibility of our brands and generate commensurate sales, it would have an adverse effect on our business and financial condition.

7. We are dependent on our vendors to procure our products and do not have any manufacturing facilities of our own. Our business is therefore dependant to a large extent on expected performance and operation of our vendor partners.

We currently do not own any manufacturing facilities and procure our products from various vendors for the various brands that we distribute and sell. We are therefore dependant on third parties for the manufacturing of our apparels, accessories, and footwear and maintenance of adequate inventory to ensure that we are able to procure products based on supply necessities. The operations of our vendors' are subject to various operating risks, including some which are beyond their control, which may include breakdowns and failure of equipment, industrial accidents, employee unrest, severe weather conditions, natural disasters etc. We may be unable to replace our existing vendors at short notice, or at all, and may face delays in procurement and added costs as a result of the time required to develop new vendors to undertake manufacturing in accordance with our standard processes and quality control standards. If our vendors are unable to expand their manufacturing capabilities or face stoppage of the manufacturing process, we may not be able to tap growth opportunities in the branded apparel market. While we endeavour to have back-up arrangements in place to ensure adequate capacity and sourcing, we cannot assure you that we will always be able to arrange for alternate manufacturing capacity, or alternate sources of our raw materials, at prices acceptable to us, or at all, or that we will be able to pass on any increase in cost to our customers. Sourcing our apparel products from new vendors may have an adverse impact on the quality of our products which may in turn have an adverse impact on our results of operations. Any inability on our part to arrange for alternate vendors, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.

While we strive to ensure that our outsourced manufacturers meet stringent quality requirements, we cannot guarantee that the outsourced manufacturers will duly comply with all required processes to ensure the maintenance of quality standards. While we strictly inspect the products upon receipt at our warehouse, any lacunae in quality standards could adversely affect the reputation of our brands. We have a three tier process of evaluating quality at the raw material stage, garmenting and even random checking at our own stores. We also exercise regular supervision over the manufacturing operations at the facilities of our vendors through our personnel who are either stationed at such facilities or periodically visit these facilities for inspections, enabling us to efficiently carry out production changes in designs or quantity of products required. We also face the risk of legal proceedings and product liability claims being brought against us by various entities including customers, large format stores and online retailers, for defective products sold. We cannot assure that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. In the event that goods procured by us from external vendors or third party manufacturers and sold to our customers suffer in quality or after sales service provided by them to us or directly to the customers is unsatisfactory, our brand image and sales could be negatively impacted. Further, any damage or negative publicity in relation to the quality of our products may adversely affect our business and may lead to loss of reputation and revenue. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs. While our staff periodically visits and monitors the operations of our vendors, we do not control these vendors or their labour practices nor do we assess their labour practices, either during such visits or in determining sourcing allocations. The violation of or any suspected violation of,

labour laws or other applicable regulations by our vendors, could have an adverse effect on our business and results of operations.

8. *Our Company and Subsidiaries are involved in certain legal and other proceedings. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.*

Our Company and Subsidiaries are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to criminal matters, tax matters, actions by regulatory/ statutory authorities and matters above the materiality threshold involving our Company and Subsidiaries have been set out below:

| Nature of Cases | Number of Cases | Amount Involved* (₹ crores) |
|---|------------------------|--|
| Litigations involving our Company | | |
| Proceedings involving moral turpitude or criminal liability on our Company | Nil | - |
| Proceedings involving material violations of statutory regulation by our Company | Nil | - |
| Matters involving economic offences where proceedings have been initiated against our Company | Nil | - |
| Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | - |

** To the extent quantifiable*

| Nature of Cases | Number of Cases | Amount Involved* (₹ crores) |
|--|------------------------|--|
| Litigations involving our Subsidiaries | | |
| Proceedings involving moral turpitude or criminal liability on our Subsidiaries | 8 | 3.35 |
| Proceedings involving material violations of statutory regulation by our Subsidiaries | Nil | - |
| Matters involving economic offences where proceedings have been initiated against our Subsidiaries | Nil | - |
| Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company | Nil | - |

** To the extent quantifiable*

For further details, see “*Outstanding Litigations and Defaults*” beginning on page 208. Decisions in any of the aforesaid proceedings adverse to our interests may have a material adverse effect on our business, results of operations, financial condition and prospects.

9. *Our inability to effectively manage or expand our distribution network or any disturbance in our transportation arrangements or increase in transportation costs may have an adverse effect on our business, results of operations and financial condition.*

We sell our products through EBOs, MBOs, LFSs and e-commerce players such as e-commerce platform named www.NNNow.com and other online retailers. As of December 31, 2020, we had presence through more than 1,200 EBOs, more than 14,000 MBOs and more than 3,400 LFSs spread across major states and union territories of India. Our ability to expand and grow our sales significantly dependency on the reach and effective management of our distribution network and the continued cooperation from third parties such as franchisees for our EBOs, MBOs, LFSs and online retailers. We cannot assure that we will continue to be able to effectively manage our distribution network and maintain good relationships with such third parties.

We may be unable to identify suitable locations or properties or enter into agreements with franchisees in order to open additional EBOs. Our ability to effectively obtain quality commercial property to relocate existing EBOs or open new EBOs depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. In addition, rising real estate prices may restrict our ability to lease new desirable locations. Further, we cannot assure that any new EBOs we open will be successful or profitable.

In addition, we also plan to increasingly utilize modern trade channels such as LFSs and online platforms. Certain LFSs, MBOs or online retailers may have exclusivity arrangements with our competitors or they may launch their own competing apparel brands, and may be unable to, or decline to, stock and distribute our products, which in turn may limit our ability to expand our distribution network. We cannot assure that we will be able to expand our distribution network in accordance with our business plans, or at all, which may adversely affect our business, results of operations and financial condition.

Further, we rely on third party logistics providers, with whom we enter into agreements, to transport our products to and from our warehouses and to our various outlets. We have also tied up with various logistics partners to ensure on time delivery to our stores and customers. As of December 31, 2020, we have 11 leasehold warehouses which are located in Karnataka, Haryana and Maharashtra. With an increase in our retail operations and number of warehouses, our reliance on such third party logistics providers may increase. We may also be affected by disturbances which may include transport strikes or labour shortages which may either be short term or long term and may affect our delivery schedules. Though, in the past, our business has not experienced any disruptions, we cannot assure you that third party logistics providers will be able to fulfill their obligations under such agreements entirely, in a manner acceptable to us, or at all. If we are unable to secure alternative transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations and financial condition may be adversely affected.

10. The current location of our EBOs, and other factors impacting the malls and locations where the EBOs are located may not continue to remain attractive. Our inability to retain existing rented properties or failure to secure retail spaces in future shall significantly impact our growth and will negatively impact our operations.

The success of any exclusive brand outlet depends in part on its location. We distribute and sell our products through stores, spaces and warehouses which are taken on lease. The location of such leased outlets and spaces significantly impacts our ability to attract customers, helps in our brand positioning and to carry out our operations. We select locations for our EBOs based on research and analytics for each brand that we market and distribute taking into considering the brand positioning, economic conditions, demographic patterns etc. We cannot assure you that current locations of our EBOs will continue to remain attractive or profitable. The quality, demographic structure and economic conditions of the location where our EBOs are located could decline in the future, thus resulting in reduced sales in those locations. To remain asset light, a large part of our back-office operations such as warehouses and offices are taken on lease. We believe that the strength of our brand portfolio and relationships with landlords and LFSs enables us to secure rented properties and spaces at favourable locations.

Further, in order to generate footfall we depend heavily on locating the EBOs in prominent locations within successful shopping malls. Sales of these exclusive brand outlets are derived, in part, from footfall in such malls. The exclusive brand outlets benefit from the ability of a mall's other tenants to generate footfall in the vicinity of the exclusive brand outlets and the continuing popularity of the malls as shopping destinations. As on December 31, 2020, we had more than 1,200 EBOs and 11 warehouses and all of them are on a leasehold basis. We incur lease rent charges primarily towards payment of rent for our leased EBOs and warehouses. For the nine months period ended December 31, 2020 and for the Fiscals 2020, Lease rent including short term rent was ₹ 128.76 crores and ₹ 365.69 crores representing 8.99% and 9.46% of our revenue from operations respectively. Our lease rent charges may increase in the future as we seek to increase the number of our EBOs, expand our warehousing operations, distribution network and due to contractual escalation of rents payable in accordance with the lease agreements entered into by us. Further, there can be no assurance that current locations will continue to be attractive as demographic pattern changes. If we are unable to obtain alternate locations at reasonable prices our ability to affect our growth strategy will be adversely affected.

The term of our lease agreements for our EBOs ranges from 1 to 18 years. While most contracts do provide for exit with notice, majority of our leases are subject to a lock-in provisions, which may restrict our ability to

terminate such leases, including in the event the location of the leased premises is no longer profitable. Further, generally the lessors are entitled to terminate the lease deeds prior to the end of their tenure including due to our non-compliance with its terms or non-payment of rent for over a specified period. We cannot assure that we will be able to fully comply with all the terms of the lease deeds which we have entered into in relation to such EBOs and warehouses.

Further, any dispute with landlords, inability to renew leases of key properties, or acquire new properties on lease in a timely manner or at all, or dispute in the title/ownership of the property owned by the landlord can negatively impact our business operations. Further, any delay in renewal or cancellation of the same by us or business partner or franchisee or lessor can result into operational and financial implications to the business. Additionally, we may be required to expend time and financial resources to locate suitable premises to set up alternate EBOs or warehouses, as applicable. We may also be unable to relocate to an alternate EBO for a particular market or location in a timely manner, or at all. Further, if the vacated premises is leased or sold to a competitor, we may also face increased competition in that geographic area, which could adversely affect, our market share for a particular location, and our business, financial condition and results of operations.

11. We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

As of March 31, 2020, our contingent liabilities as disclosed in the notes to our Audited Consolidated Financial Statements aggregated to ₹ 100.05 Crores. The details of our contingent liabilities are as follows:

| S. No. | Contingent liabilities not provided for | Amount (₹ in crores) |
|---------------|--|-----------------------------|
| 1. | Bills discounted | 7.11 |
| 2. | Claims against the Group not acknowledged as debts | 10.09 |
| 3. | Disputed demand in respect of statutory dues | 80.88 |
| 4. | Guarantee given by bank on behalf of the group | 1.97 |

If a significant portion of these liabilities materialize, it may have an adverse effect on our business, financial condition and results of operations. For more details, see “Financial Statements” on page 100.

12. If we fail to obtain trademark registrations for our brands, our brand building efforts may be hampered and our business could be adversely affected.

We use trademarks and logos for our owned brands and those which have been licensed by us. In specific instances, for licensed brands, we are allowed to use the brand trademarks and logos pursuant to our agreements with brand owners.

Brand is an important component of our business and therefore we have applied for registration of certain trademarks under various classes under the Trade Marks Act, 1999 and rules framed thereunder. If we are unable to renew any of these trademarks, we may not be able to use them in connection with our business and, consequently, we may be unable to capitalise on associated brand recognition. Further, our corporate logo and name are not registered as a trademark or service mark in any jurisdiction. We do not own the trademarks and logos associated with “Arvind” brand names which we use in the course of our business operations. Although we take steps to monitor the possible infringement or misuse of our trademarks, it is possible that third parties may infringe, dilute or otherwise violate our trademark rights. Any unauthorised use of our trademarks could harm our reputation and/or commercial interests. In addition, our enforcement against third-party infringers or violators may be unduly expensive and time-consuming, and any remedy obtained may constitute insufficient redressal relative to the damages we may suffer. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge such or other registrations. Certain applications for the trademarks that we have applied for has been opposed to by third parties. If our applications for registration of trademarks are not approved, our brand-building efforts could suffer and third parties may attempt to pass off using such trade mark/trade name. This could affect our business and affect its goodwill.

13. We reported a loss in the Fiscal 2020 and may incur additional losses in the future.

We reported a loss of ₹ 399.36 crores for the Fiscal 2020 and a loss of ₹ 496.54 crores for the nine months period ended December 31, 2020. We may incur losses after tax in the future. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

14. Our inability or failure to maintain a balance between optimum inventory levels and our product offering at our stores may adversely affect our business, results of operations and financial condition.

We strive to keep optimum inventory at our stores and our distribution centres such as EBOs, MBOs, LFSs and warehouses for online sales, to control our costs and working capital requirements through our dynamic supply chain management. An optimal level of inventory is important to our business as it allows us to respond to consumer demand effectively and to maintain a range of merchandise at our stores. At the same time, we aim to minimise excessive inventories which would result in higher levels of discounting. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale in our stores and our distribution centres. In addition, if we underestimate customer demand for our products, we may be required to outsource the manufacture of additional quantities to third parties. Our third party manufacturers may not be able to deliver products to meet our requirements, and this could result in delays in the shipment of products to our points of sale and may damage our reputation and customer relationships. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand. To maintain an optimal inventory, we monitor our inventory levels based on our projections of demand as well as on a real-time basis. Unavailability of products, which are in high demand, may depress sales volumes and adversely affect our customer relationships. However, there have been no such instances of shortcoming in inventory or product offering in the preceding three Fiscals which had adverse effect on the business, result of operations and financial conditions of our Company.

If we over-stock inventory, our required working capital will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual consumption by consumers can impact us adversely, leading to potential excess inventory and requiring us to resort to higher markdown and thus lower margins, in order to clear such inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

Inventory levels in excess of consumer demand may result in inventory write offs and the sales of excess inventory at a discounted price, which would cause our gross margin to suffer. Any write – downs or write – offs and sale of excess inventory at discounted prices could also impair the strength and exclusivity of our brands. In addition, if we underestimate consumer demand for products distributed by us, we may not be able to service the demand for the products and this may damage our reputation and consumer relationships.

15. If any new products or brands that we launch are not as successful as we anticipate, our business, results of operations and financial condition may be adversely affected.

We distribute and sell our products under our own brands as well as our licensed brands. We constantly seek to diversify and expand our brand portfolio by partnering with other brand companies. We also intend to continue to develop additional products and expand our product categories such as accessories, premium kids wear and men and women casual wear. We may launch additional brands in the future in order to effectively market such products. Our ability to enter into agreements with other brand companies is dependent upon a number of factors, including whether there will be suitable brand companies seeking licensees in our existing markets, whether our distribution and sourcing infrastructure and our corporate culture would be a suitable match with these brand companies, whether our competitors would be able to offer terms more favourable than us to these brand companies and whether these brand companies perceive that we have a conflict of interest with our existing brand companies. However, we cannot assure you that any new products or brands launched by us will be accepted by our customers or retail partners, or that we will be able to recover costs we incurred in developing such products and brands, or that our new products and brands will be successful. If the products and brands that we launch are not as successful as we anticipate, our image may be tarnished and our business, results of operations and financial condition may be adversely affected. We can provide no assurance that we will be able to enter into agreements with new brand companies. Our management had taken a decision to terminate licensed brands, namely, GAP and Hanse and discontinue our own brands, namely, Ruf & Tuf and Newport. Further, such expanded product offerings place a strain on our management, operational and financial resources, as well as our information systems.

16. Any factors that affect customer footfalls in respect of our stores will adversely affect our business and results of operations.

Currently, we operate through a mix of various distribution points, including EBOs, MBOs (including through distributors) and LFSs. As on December 31, 2020, we are present through more than 1,200 EBOs, more than

14,000 MBOs (including through distributors) and more than 3,400 LFSs.

Generally, higher customer footfalls in respect of our stores translates to higher sales and revenue. Ensuring that a higher number of consumers visit our stores is essential to ensure that we record better sales and profitability. Our ability to attract higher footfalls in respect of our stores may be affected by a number of other factors:

- Any slowdown or other factors affecting customer footfalls in malls or shopping complexes where our stores are located will in turn also affect our business;
- Rise in prices of commodities and general economic slowdown may result in reducing spending on apparel by consumers;
- Alternative channels of sale of apparel such as online retailing of apparel could significantly reduce footfalls in our retail stores;
- Discounts and pricing strategies by competitors could result in lower footfalls;
- Any negative feedback about our stores could adversely affect footfalls; and
- Other external factors such as political disturbances or law and order problems.

In the event of any drastic or significant reduction in customer footfalls at our stores due to any one or more of the above factors or due to any other reasons, our business and results of operations will be affected.

17. All our warehouses are currently located in and around Karnataka, Haryana and Maharashtra. Any disruption in the operation of our warehouses may have an adverse impact on our business and prospect.

All our 11 (Eleven) warehouses (which are leased) as on December 31, 2020, are currently located in and around Karnataka, Haryana and Maharashtra and any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting these regions may adversely affect operations. Further, our warehouses may be subjected to operating risks, such as performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Our distributors and franchisees rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business. Any disruption of operations of our warehouses could result in delayed delivery of our product, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. While our strategic objectives include geographical expansion across India, in the event that we are unable to make available our products in a prompt manner and within the requisite timelines or if there is a lapse in coordination across stores located countrywide, our business, financial condition and prospects may be adversely affected.

18. Our growth strategy to expand into new geographic areas exposes us to certain risks and if we are unable to identify the right mix of distribution channels in respect of our targeted locations, our business prospects could be adversely affected.

Increasing our presence in new geographical areas across India is one of the principal elements of our growth strategy. We propose to continue with this strategy of entering new geographic areas. As on December 31, 2020, we are present through more than 1,200 EBOs stores, more than 14,000 MBOs and more than 3,400 LFSs. Pursuant to our growth strategy and to further deepen our presence pan India, we intend to open new EBOs, either company operated or franchise operated, besides expanding our other distribution channels which shall not only increase our reach in various cities and towns but also help us add value to our business by opening such company operated stores.

Fast developing smaller towns are currently under served and give a scope for our brands. The success of any EBO depends substantially on its location and our ability to provide a distinctive in-store experience. Sales at such EBOs are derived, in part, from the volume of foot traffic in these locations. Outlet locations may become unsuitable due to, and our sales volume and customer traffic generally may be harmed by, among other things: economic slowdown in a particular area or city/region; competition from nearby retailers selling similar apparels; changing consumer demographics in a particular market; changing lifestyle choices of consumers in a particular market; and the closing or decline in popularity of other businesses location near our outlet.

Pursuing such a growth strategy may expose us to risks which may arise due to lack of familiarity with the development, ownership and management of retail business in certain regions and the customer preferences in such regions. Changes in areas around our outlet locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than estimated. Our ability to

effectively obtain suitable commercial property to open new outlets depends on the availability of commercial property that meets our criteria for customer traffic, square footage, lease economics, demographics and other factors, including our ability to negotiate terms that meet our financial targets. Failure to secure adequate new locations or failure in providing a unique in-store experience could have a material adverse effect on our results of operations. In addition, rising real estate prices may restrict our ability to lease new desirable locations and if we are unable to obtain such desirable locations at reasonable prices our ability to affect our growth strategy will be adversely affected. If we are not able to manage the risk of such expansion it could have a material adverse effect on our operations.

Further, our growth strategy creates the risk of sales cannibalisation, as the new points of sale could be in the vicinity of existing ones. There can be no assurance that such sales cannibalisation will not inadvertently occur or become more significant in the future as we gradually increase our presence in newer markets over time to maximise our competitive position and financial performance in each market. The identification of the right combination of retail channels, i.e., on whether the expansion at a particular place should be through EBOs', LFS' or MBOs' is extremely critical in our business model. Although there have been no such instances of inability to identify the right channel of distribution for our products during the preceding three Fiscals which had adverse effect on our business, results of operations and financial conditions, in the event that we are unable to identify the right channel of distribution, our business prospects could be adversely affected.

19. Any delays and/or defaults in payments from our distributors, franchisees who operate our EBOs, MBOs, LFSs or online retailers could result in increase of working capital investment and/or reduction of our profits, thereby affecting our operation and financial condition.

We are exposed to payment delays and/or defaults by our distributors, franchisees who operate our EBOs, MBOs, LFSs or online retailers and our financial position and financial performance are dependent on their creditworthiness. Such delays in payments may require us to make a working capital investment. However, in ordinary course of business, there have been no such instances of delay in payment from distributors, franchisees operating the EBOs, MBOs, LFSs or online retailers which had adverse effect on the working capital investment and/or profits of our Company in the preceding three Fiscals. Further our Company has made provision for bad debts of ₹ 11.50 crores and ₹ 16.04 crores for Fiscal 2020 and nine months period ended December 31, 2020, respectively. Our Company has written off ₹ 5.20 crores in audited financials as bad debts for Fiscal 2020.

We cannot assure you that such payments from distributors or franchisees will be received in a timely manner or to that extent will be received at all. For the nine months period ended December 31, 2020 and for the Fiscal 2020, our trade receivables were ₹ 658.36 crores and ₹ 781.35 crores respectively, resulting in receivable days of approximately 127 days and 74 days, respectively.

There is no guarantee on the timeliness of all or any part of our distributors and franchisees payments and whether they will be able to fulfil their obligations, which may arise from their financial difficulties, cash flow difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

20. Current trends of discounting and price competition could lead to consumers getting habituated to price driven purchases and reduce the attraction of brands in the minds of consumers, impacting our business operations and profitability.

Online retailing has increased substantially in the past few years and current trends of discounting and price competition could lead to consumers getting habituated to price driven purchases. Various companies offer a wide variety of products, including the products that we retail through our stores, on the internet at different price points. Online retailing has witnessed intense competition in India with deep discounts and regular promotions offered by several e-tailers. We may be unsuccessful in competing against present and future competitors, ranging from large and established companies to emerging start-ups, both Indian and large, multi-national, e-commerce companies operating in India. Our consumers may prefer purchasing such products from these online stores because of factors like heavy discounts and variety of products. This could adversely affect the sales at our retail stores and could have a material adverse effect on our business, financial condition and results of operations. In the event we are required to compete with e-tailers, specifically with respect to pricing, our margins from sale of our products may be adversely affected.

Increasing attractiveness of online channels for customers, driven by offers and discounts, could impact the

operations of our channel partners who operate MBOs and LFSs and impact on their financial position. This can impact the ability of our retail channel partners to grow, as well as pay us on time. Resultantly, they could also demand higher margins to counter the effect of the online competition. In the event that we are competing with e-tailers, our business prospects could be adversely affected.

21. The success of our business depends on our ability to attract and retain customers and maintain consistency in customer service.

Our ability to offer products in line with customer preferences, demand and fashion trends to our customers and maintain our standards of customer service in our stores is critical to attract and retain customers. We undertake regular advertising and marketing activities to create visibility, stimulate demand and promote our stores, through various mediums of mass communication. Our ability to attract customers and provide high standards of customer service further depends on our ability to attract and hire the right personnel and also train the personnel in the implementation of our business processes. We cannot assure you that we will be able to recruit and retain the right personnel or our advertising and marketing campaign will be successful in meeting its objectives and provide returns commensurate to the investments made. Any failure to attract new customers or expand our customer base, may materially affect our growth and financial performance.

We incur significant expenses on a variety of different brand investments and marketing efforts designed to expand brand recognition. We also aim to increase the sale of our products through marketing channels such as print advertisement as well as digital advertising and social media outreach. Our expenditure in advertising and publicity exercises for our brands constituted 4.04% and 3.92% of our revenue from operations for the nine months period ended December 31, 2020 and in the Fiscals 2020, respectively. Our brand investment and marketing activities may not result in the levels of sales that we anticipate. While brand investment is a key component of reinforcing the relevance of our brand, we view brand investment as a discretionary expenditure and may vary the level of brand investment from time to time.

22. We face competition from existing retailers, online retailers and potential entrants, both domestic and foreign, to the retail industry that may adversely affect our competitive position and our profitability.

Loss of market share and increase in competition may adversely affect our profitability. We face competition from other retailers. Further, we face competition from online retailers who market similar products as us. With the opening of new malls, many new players are expected to enter organized retailing and competition could increase. The entry strategy of the new entrants and growth strategy of existing competitors may not be focussed on profitability in the short term. This could adversely affect the profitability dynamics of the retail business. Some of our competitors may be able to compete more effectively because of their access to significantly greater resources, which may lead to increased competition. Our products compete with local retailers, non-branded products, economy brands and products of other established brands. Such an increase in competition may cause us to increase our marketing expenditure, reduce prices of our products, thereby reducing margins. With increased competition, the demand for good store locations may increase, impacting our cost of operation.

Additionally, we may face competition from international players if foreign participation in the retail sector is further liberalized. Some of our international competitors may be able to capitalize on their overseas experience to compete in the Indian market. Moreover, as the industry is highly fragmented, we also face competition from local stores who may, for a variety of reasons, such as easier access to, as well as established personal relationships with, the customers, be able to cater to local demands better than us. Our inability to compete successfully in our industry would materially affect our business prospects and financial condition.

23. If we are unable to obtain the requisite approvals, licenses, registrations or permits to operate our business or are unable to renew them in a timely manner, our business or results of operations may be adversely affected.

We are governed by various laws and regulations for carrying our business activities. Shops and establishment legislations are applicable in the states where we have our stores and distribution centres. This legislation regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of *inter alia* registration, opening and closure of hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Therefore, we are required to obtain registration under the same. Further, we are also required to comply with the provisions of the Legal Metrology Act, 2009 and trade license for operating stores under the respective state legislatures in India. In addition, we may need to apply for additional approvals, including the renewal of approvals which may

expire from time to time and approvals required for our operations, in the ordinary course of business.

If we fail to obtain any applicable approvals, licenses, registrations or permits, including those mentioned above, in a timely manner, we may not be able to undertake certain operations of our business, or at all, which may affect our business or results of operations. Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business or results of operations. However, during the preceding three Fiscals, our Company and our material Subsidiary have not witnessed any instances where requisite approvals, licenses or registrations were not obtained which had adverse effect on our business, results of operations and financial conditions. We cannot assure that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations or permits that have been or may be issued to us, may materially and adversely affect our business or results of operations.

24. The secretarial audit report for the Fiscal 2018 contains certain observations.

The secretarial audit report for the Fiscal 2018 contains an observation that “*the Company has not appointed Managing Director or Chief Executive Officer or Manager and in their absence, a whole-time Director as required under Section 203 of the Companies Act, 2013 and rules made thereunder*”.

Although, our Company had appointed Suresh Jayaraman as a Managing Director and CEO of our Company with effect from August 1, 2018, we cannot assure that our Company, our Directors or officer in default will not be subjected to any penalties imposed by the authority for the observations reported under said secretarial audit report. Our Company intends to make an application to appropriate authorities for compounding of such past defaults. However, we cannot assure that we will be able to compound such defaults successfully within reasonable time or at all.

25. We have capital commitments to our Subsidiaries and any failure in performance, financial or otherwise, of our Subsidiaries in which we have made investment could have a material adverse effect on our business, prospects, financial condition and results of operations of our Company.

Our Company has made and continues to incur capital investments and other commitments either at the company level or directly in its Subsidiaries for augmenting their respective businesses. These investments and commitments may include capital contributions to enhance the financial condition or liquidity position of our Subsidiaries. Our Company has made acquisitions and may make further capital investments in the future, which may be financed through additional debt, including through debt of our Subsidiaries. If the business and operations of these Subsidiaries deteriorate, our Company’s investments may be required to be written down or written off. Additionally, certain advances may not be repaid or may need to be restructured or receivables may not be collected or our Company may be required to outlay further capital under its commitments to support such companies.

Set forth below are the details of the capital commitments made to our Subsidiaries and details of our Company’s investments written down or written off, in the Fiscal 2020:

| Particulars | Fiscal 2020 | |
|--|-------------|--------|
| | ALBL | ABBRPL |
| Investment in subsidiaries during the period*# | 55.09 | 2.40 |
| Investment at the year end | 1,081.01 | 105.26 |
| Inter-corporate deposits/ Loan at the year end | 53.34 | 57.08 |
| Guarantee at the year end | 1,046.78 | - |
| Investment written down/ written off | - | - |
| *Includes recognition of cost of ESOP’s issued to employees. | 0.86 | 2.40 |
| #Includes recognition of notional commission on fair value of financial guarantee provided for loan taken by subsidiary. | 4.23 | - |

For further information on our investments, outstanding advances to and receivables from our Subsidiaries as on March 31, 2020, see “Financial Statements” on page 100.

The obligation of our Company towards Subsidiaries is restricted to providing funding requirements in enhancing the business of its subsidiaries and providing credit support for various loans availed by them. Any failure in performance, financial or otherwise, of our Subsidiaries in which we have made investment could have a material adverse effect on our business, prospects, financial condition and results of operations of our Company.

26. Our business relies on the reliable performance of its information technology systems and any interruption or abnormality in the same may have an adverse impact on our business operations and profitability.

We have implemented a SAP (Fashion Management Solution) Enterprise Resource Planning (“ERP”) software which integrates and collates data of purchase, sales, reporting, accounting, stocks, etc. from all our stores and warehouses. Our Company utilises its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business, including, the monitoring of inventory levels, the allocation of products to our stores and budget planning. Our information technology systems may not always operate without interruption and may encounter temporary shut downs or disturbances due to power loss, flood, fire, internet and telecommunication failures, break-ins, natural disasters, computer viruses, ransomware, cybercrime or similar events or may become obsolete, which may affect its ability to maintain connectivity with our stores and distribution centres. We cannot assure that we will be successful in developing, installing, running and migrating to new software systems or systems as required for its overall operations. Even if we are successful in this regard, significant capital expenditures may be required, and it may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our operations and profitability.

Also, we cannot guarantee that the level of security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our failure to continue its operations without interruption due to any of these reasons may adversely affect our results of operations.

27. The success of our business is largely dependent upon our senior management and key personnel and our ability to attract and retain them could adversely affect our businesses

Our experienced senior management and Directors have had significant contribution to the growth of our business, and our future success is dependent on the continued services of our senior management team. We believe that the inputs and experience of our senior management and key personnel are valuable for the development of business and operations and the strategic directions taken by our Company. Our ability to sustain our growth depends, largely on our ability to attract, motivate and retain highly skilled personnel. An increase in the rate of attrition for our experienced employees, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those senior management and key personnel who leave. The loss of the services of such personnel and our inability to track fresh talent could adversely affect our sales and profitability.

We have a team of professionals to oversee the operations and growth of our business. Our management team is led by our Managing (Additional) Director and CEO, Shailesh Shyam Chaturvedi who has around 15 years of experience in FMCG, lifestyle brands and retail industries. Our CFO, Pramod Kumar Gupta has over three decades of experience in finance, operations and supply chain in diverse industries. Our success depends in part on our ability to recruit and retain talented professionals such as designers, merchandisers at reasonable rates. We may face competition from other apparel distribution, apparel manufacturing and retail companies in recruiting and retaining employees. Attracting and retaining scarce top quality managerial talent has become a serious challenge facing companies in India. The inability to recruit and retain such high quality human resources at reasonable rates could have an adverse effect on our business and financial condition. The loss of service of our senior management and key personnel could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of our senior management and key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to expand our business.

28. We have entered into and may in the future enter into related party transactions.

We have in the course of our business entered into, and will continue to enter into, several transactions with related parties. For details, see “Financial Statements” on page 100. We cannot assure that we will receive

similar terms in our related party transactions in the future. We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. Further, the Companies Act and the SEBI Listing Regulations has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors and shareholders for certain related party transactions. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results, including because of potential conflicts of interest or otherwise.

29. *In addition to our existing indebtedness for our existing operations, we may require further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.*

As on December 31, 2020, total fund based indebtedness of our Company and Subsidiaries was ₹ 769.50 crores. In addition to the indebtedness for our existing operations, we may require further indebtedness during the course of business. There can be no guarantee that we will be able to obtain the new facilities at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to further borrow at competitive rates. Also we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget for our working capital requirements, in which case there may be delays in arranging the additional working capital requirements which may delays leading to loss of reputation, levy of liquidated damages and an adverse effect on the cash flows.

Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements which may be entered into with our lenders could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations.

30. *Our inability to meet our obligations, including financial and other covenants under our banking facility or working capital loan arrangements could adversely affect our business and results of operations.*

Our banking facility or working capital loan arrangements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

- Change in the shareholding pattern of the promoters, shareholders (including by issue of new shares and transfer of shares) or in the management;
- Change or in any way alter the capital structure;
- Effect any scheme of amalgamation or reconstruction;
- Enter into any compromise with any of its creditors or shareholders, or enter into any other arrangements, mergers, amalgamation, consolidations, structuring, restructuring, spin offs, hive offs;
- Implement a new scheme of expansion or take up an allied line of business or manufacture;
- Declare dividend or distribute profits except where the instalments of principal and interest payable to the bank in respect of the facilities are being paid regularly and there are no irregularities whatsoever in respect of the facilities;
- Reduction/ change in promoter shareholding/ change in promoter directorship resulting in change in management control;
- Enlarge the scope of the other manufacturing/ trading activities, if any undertaken at the time of the application and notified to the bank as such;
- Pledge of shares by promoters which may potentially change management control (if pledge is enforced);
- Create or allow to exist any encumbrance or security over assets specifically charged to the bank without prior written consent of the bank;
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets or equity interest charged to the Bank; and
- Amend or modify any of its constitutional documents, which have a material adverse effect.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may also be forced to sell

some or all of the assets if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements. Our failure to meet our obligations under the banking facility or working capital loan arrangements could have an adverse effect on our business, results of operations and financial condition.

31. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

We maintain insurance that we consider to be sufficient typical in our industry in India and in amounts which are commercially appropriate for a variety of risks, including fire, burglary, terrorist activities, group medical and group personal accident insurance. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our business operations, particularly if the loss suffered is not easily quantifiable. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under such insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. As of December 31, 2020, we had taken insurance of ₹ 1,918.64 crores for the fixed assets (i.e., buildings, plant & machinery, furniture & fixtures, vehicles, leasehold improvements, office equipments and computers, servers and network) amounting to ₹ 298.87 crores and insurance of ₹5,361.84 crores for the inventory amounting to ₹ 1,305.83 crores which was 6.42 times the fixed assets and 4.11 times of the inventory of our Company as per Audited Consolidated Financial Statements. For further details, see the chapter titled “Financial Statements” on page 100.

The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. However, in ordinary course of business, there have been no such instances of inadequacy of insurance cover of our assets which had adversely affected our operation and financials in preceding three Fiscals. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business and financial results.

32. Certain of our Subsidiaries may have conflicts of interest as they are engaged in similar business and may compete with us.

Certain of our Subsidiaries are authorized to engage in businesses similar to our business operations. As a result, there may be conflicts of interest in allocating business opportunities between us and our Subsidiaries. We have not entered into any non-compete agreements with our Subsidiaries. There can be no assurance that our Subsidiaries will not compete with our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts could have a material adverse effect on our business and financial performance.

33. Security breaches and attacks against our systems and network, and any potentially resulting breach or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

Our cyber-security measures may not detect, prevent or control all attempts to compromise our systems, including viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cyber-security measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate, or implement adequate measures to protect against, these attacks.

We have in the past and are likely again in the future to be subject to these types of attacks, breaches and data leakage, although to date no attack, breach or data leakage has resulted in any material damage or remediation

cost. In addition, we could be subject to an attack, breach or leakage which we do not discover at the time or the consequences of which are not apparent until a later point in time that could result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving cyber-attacks. Cyber-attacks may target us, our merchants, consumers, users, customers, key service providers or the communication infrastructure on which we depend. Cyber-security breaches would not only harm our reputation and business, but also could materially decrease our revenue and net income.

34. Our business is manpower intensive and may be adversely affected if we are unable to recruit and retain suitable staff for our operations.

Our business is manpower intensive and our continued growth depends in part on our ability to recruit and retain suitable staff. As we expand our network, we will need experienced manpower that has knowledge of the local market and the retail industry to operate the retail stores that we open. As of December 31, 2020, we had 4,081 employees on roll including retail staff of 2,956 employees and 3,409 employees, on a contract basis. We rely on our design team comprising of skilled designers both for apparel design as well as for styling. We have dedicated in-house design and merchandising teams of over 136 members as on December 31, 2020, who design and develop apparel have expertise across men's wear, women's wear, kids wear and innerwear through their deep understanding of the Indian consumer requirement, in-depth market research and data analysis helps to create the fit and comfort of our products. Our employee benefits expense accounted for 11.32% and 9.03% of our revenue from operations for the nine months period ended December 31, 2020 and for the Fiscal 2020, respectively. Further, in the retail industry, the level and quality of sales personnel and customer service are key competitive factors. The attrition level of our on roll employees were 59.17% and 47.14%, respectively for Fiscal 2020 and as of December 31, 2020 (annualised).

We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the retail, distribution and manufacturing sector in India. Further, we cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our retail stores in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected. In addition, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs. We may need to offer better compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our operating expenses will not significantly increase.

35. Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.

Our business and the industry we operate in are vulnerable to the problem of shoplifting by customers, pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our existing and future retail stores or our retail channels may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash from our retail stores to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

36. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our

Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value.

37. We have commissioned a report from Technopak which have been used for industry related data in this Letter of Offer and such data has not been independently verified by us.

The apparel and textile industries in India are generally fragmented and there is limited reliable information which is available in the public domain. We have commissioned a report from Technopak Advisors Private Limited titled “*Industry Report on Apparel Market in India*” (“**Technopak Report**”). The Technopak Report, which has been used for industry related data that has been disclosed in this Letter of Offer, uses certain methodologies for market sizing and forecasting. We have not independently verified such data. We cannot assure you that such assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the Technopak Report or any other industry data or sources are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context.

38. We have in the last 12 months, issued Equity Shares at a price that may be lower than the Issue Price.

Our Company has allotted 3,99,79,347 Equity Shares at a price of ₹100 each on the rights basis on July 24, 2020 and 27,000 Equity Shares at a price of ₹43.27 each on exercise of stock options granted under AFL – Employees Stock Option Scheme 2016 on December 29, 2020, which may be lower than the Issue Price.

39. Certain of our Directors and Key Management Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.

Certain of our Directors and Key Management Personnel may be regarded as having an interest in us other than reimbursement of expenses incurred and normal remuneration or benefits. Certain Directors and Key Management Personnel may be deemed to be interested to the extent of equity shares held by them, directly or indirectly, in our Company and Subsidiaries. Certain of our Directors and Key Management Personnel may also be regarded as interested to the extent of loans and employee stock options granted by our Company from time to time pursuant to employee stock option schemes, as applicable. Except as stated above, none of our Directors and Key Management Personnel has any interest in our Company.

40. The borrowings availed by our Company and our Subsidiaries can be recalled by the lenders at any time.

Our Company and Subsidiaries, have, in the ordinary course of business and for operational needs, borrowed secured and unsecured fund based borrowings from time to time, the outstanding balance of which as on December 31, 2020 was ₹ 769.50 crores. Some of these borrowings are repayable on demand. In case such borrowings are recalled by the lenders, we may be required to repay in entirety such borrowings together with accrued interest and other outstanding amounts. We may not be able to generate sufficient funds at short notice to be able to repay such borrowings and may need to resort to refinance such borrowing at a higher rate of interest and on terms not favourable to us. Although, during the preceding Fiscal we have not witnessed any instances where the lenders have recalled the borrowings availed by our Company before the maturity period or we were unable to repay or refinance borrowings availed by us, any failure to repay the borrowings in a timely manner or refinancing of the same at a higher interest rate may adversely affect our business, cash flows and financial condition.

41. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

As of December 31, 2020, in addition to our full-time employees, we utilized 3,409 personnel who are engaged on a contractual basis. In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although

our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. While we have not experienced any business disruption due to labour unrest, strike or cessation of work during the preceding Fiscal, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

42. *Our business is subject to seasonality.*

We are impacted by seasonal variations in sales volumes, which may cause our revenues to vary significantly between different quarters in a Fiscal. Typically, we see an increase in our business before Diwali and during end of season sales. As a result our revenue and profits may vary significantly during different financial periods and certain periods may not be indicative of our financial position for a full financial year and may be significantly below the expectations of the market, analysts and investors. Therefore, our results of operations and cash flows across quarters in a Fiscal may not be comparable and any such comparisons may not be meaningful, or may not be indicative of our annual financial results or our results in any future quarters or periods. Further, any decrease in sales during festive period may adversely affect our business, results of operations and financial condition.

43. *Non-receipt of complete Call Monies may have an impact of a consequential shortfall in Net Proceeds and shall also result in forfeiture of the Rights Equity Shares allotted to such Eligible Equity Shareholders who fail to pay the Call Monies.*

The Calls shall be deemed to have been made at the time when the resolution authorizing such calls is passed at the meeting of our Board. The Calls may be revoked or postponed at the discretion of our Board, from time to time. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 15 days' notice in writing for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. However, if the Eligible Equity Shareholders fail to pay the Call Monies, such non-receipt of complete Call Monies may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals and may impact the business and capital expenditure plans. For details, see "Objects of the Issue" beginning on page 53.

The non-receipt of the Call Monies within the timelines stipulated would also result in forfeiture of the Rights Equity Shares of such Eligible Equity Shareholders in accordance with the Companies Act, 2013 and Articles of Association.

EXTERNAL RISK FACTORS

44. *Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.*

Our results of operations and financial condition depend significantly on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Various factors may lead to a slowdown in the Indian, which in turn may adversely impact our business, prospects, financial performance and operations. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance of our business and operation.

45. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.*

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse

revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

46. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares

47. Investors may have difficulty enforcing foreign judgements against our Company, our Directors or our management.

Our Company is a limited liability company incorporated under the laws of India. All of our Company's Directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

48. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, such as application of GST, may adversely affect our business results of operations, cash flows and financial performance.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. For instance, as of July 1, 2017, GST in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services in India. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

49. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our

Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors / shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, if a potential takeover of our Company would result in the purchase of the Rights Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI Takeover Regulations.

Risks relating to the Equity Shares

50. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

51. Our Company will not distribute the Issue Materials to certain overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Issue Materials to such Shareholders who have provided an address in India for the service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Issue Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions. While our Company had, in the recent past, requested individual overseas shareholders to provide an address in India, our Company cannot assure you that the regulator would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

52. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with SEBI – Rights Issue Circular, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before [●]) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

53. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular

SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “Terms of the Issue – Procedure for Application through the R-WAP” on page 221. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

54. Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

55. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax (“STT”) is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Act, 2018, taxes such long term capital gains exceeding ₹ 1 Lakh arising from sale of equity shares on or after April 1, 2018. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

56. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity

Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

57. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

58. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

59. Our Company has not determined whether or not it expects to be classified as a Passive Foreign Investment Company ("PFIC") for U.S. federal income tax purposes the current tax year or future taxable years. If our Company is classified as a PFIC, there are adverse United States federal income tax consequences for U.S. investors.

Our Company not determined whether or not it expects to be classified as a PFIC for U.S. federal income tax purposes for the current tax year or future taxable years. It is possible that our Company may be considered to be a PFIC for the current or any future taxable year. The determination of whether our Company is a PFIC is a factual determination made annually based on various facts and circumstances and thus is subject to change, and the principles and methodology used in determining whether a company is a PFIC are subject to interpretation. In general, our Company will be classified as a PFIC for any taxable year in which either (1) at least 75% of our gross income is passive income; or (2) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. For the purposes of determining whether our Company is a PFIC, our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

If our Company is classified as a PFIC, U.S. holders of the Equity Shares may suffer adverse tax consequences, including having gains realised on the sale of the Equity Shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on the Equity Shares by individuals who are U.S. holders, having interest charges apply to distributions by our Company and the proceeds of sales of Equity Shares and additional reporting requirements. We do not plan to provide to U.S. holders of Equity Share the information needed to report income and gain pursuant to a "qualified electing fund" election, which election would alleviate some of the adverse tax consequences of PFIC status, and we make no undertaking to provide such information in the event that we are a PFIC.

United States investors are urged to consult their tax advisers about the application of the PFIC rules to our

Company and the Equity Shares as well as the application of other United States federal tax rules to their particular circumstances as well as the state and local, foreign and other tax consequences to them of the purchase, ownership and disposition of Equity Shares.

60. Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.

The Rights Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. dollar and the Singapore dollar) has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our results of operations.

61. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on February 3, 2021 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in “*Terms of the Issue*” on page 221.

| | |
|---|--|
| Equity Shares proposed to be issued | Up to [●] Rights Equity Shares |
| Rights Entitlements | [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. |
| Fractional Entitlement | For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any. |
| Record Date | [●] |
| Face value per Equity Share | ₹ 4 |
| Issue Price per Rights Equity Share | ₹ [●] |
| | On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time. |
| Issue Size | Up to ₹ 200.00 Crores* |
| | <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares</i> |
| Equity Shares issued, subscribed and paid-up prior to the Issue | 9,86,85,711 Equity Shares |
| Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares) | [●] Equity Shares |
| Security Codes | ISIN: INE955V01021 BSE: 542484 NSE: ARVINDFASN ISIN for Rights Entitlements: [●] |
| Use of Issue Proceeds | For details, see “ <i>Objects of the Issue</i> ” on page 53. |
| Terms of the Issue | For details, see “ <i>Terms of the Issue</i> ” on page 221. |

Terms of Payment

Payment Schedule is as follows:

| Amount Payable per Rights Equity Share ⁽¹⁾ | Face Value (₹) | Premium (₹) | Total (₹) |
|--|----------------|-------------|--------------------|
| On Application | [●] | [●] | [●] ⁽²⁾ |
| One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time. | [●] | [●] | [●] ⁽³⁾ |

| Amount Payable per Rights Equity Share⁽¹⁾ | Face Value (₹) | Premium (₹) | Total (₹) |
|---|-----------------------|--------------------|------------------|
| Total | [●] | [●] | [●] |

(1) For further details on Payment Schedule, see “Terms of the Issue” on page 221.

(2) Constitutes [●]% of the Issue Price

(3) Constitutes [●]% of the Issue Price

GENERAL INFORMATION

Our Company was incorporated as '*Arvind J&M Limited*' on January 5, 2016, as a public limited company under the Companies Act, 2013, pursuant to a certificate of incorporation issued by the RoC. Pursuant to a resolution of our Shareholders dated September 26, 2016, the name of our Company was changed to '*Arvind Fashions Limited*' and a fresh certificate of incorporation was issued by the RoC on October 14, 2016.

Registered Office, Corporate Identity Number and Registration Number

Arvind Fashions Limited

Main Building, Arvind Limited Premises,
Naroda Road,
Ahmedabad – 380 025,
Gujarat, India

Telephone: +91 -79-3013 8000

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

Website: www.arvindfashions.com

Corporate Identity Number: L52399GJ2016PLC085595

Registration Number: 085595

Corporate Office of our Company

8th Floor, Du Parc Trinity,
17, M G Road,
Bengaluru – 560 001,
Karnataka, India
Telephone: +91-80-4155 0650

Changes in our Registered Office

There has been no change in the Registered Office of our Company since the date of its incorporation.

Address of the RoC

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad, which is situated at the following address:

Registrar of Companies

ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur Bus Stop, Naranpura,
Ahmedabad – 380 013
Gujarat, India

Company Secretary and Compliance Officer

B S Vijay Kumar

8th Floor, Du Parc Trinity,
17, M G Road,
Bengaluru – 560 001,
Karnataka, India
Telephone: +91-80-4048 8821

E-mail: investor.relation@arvindbrands.co.in

Statutory Auditors of our Company

Sorab S. Engineer & Co.

Chartered Accountants

902 Raheja Centre,
Free Press Journal Marg,

Nariman Point,
Mumbai – 400 021
Maharashtra, India
Contact Person: Chokshi Shreyas B.
Telephone: +91-22-2282 4811
E-mail: sbchokshi@sseco.in
Firm Registration no. 110417W
Peer Review No.: 011991

Lead Manager to the Issue

Vivro Financial Services Private Limited
Vivro House, 11 Shashi Colony,
Opp. Suvidha Shopping Center,
Paldi, Ahmedabad – 380 007,
Gujarat, India
Telephone: +91-79-4040 4242
E-mail: afl@vivro.net
Investor grievance E-mail: investors@vivro.net
Website: www.vivro.net
Contact Person: Mili Khamar/ Bhargav Parekh
SEBI Registration No.: INM000010122

Statement of responsibilities of Lead Manager to the Issue

Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities pertaining to co-ordination and other activities, in relation to the Issue, shall be performed by them.

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Building
N.G.N Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India
Telephone: +91 22 2266 3353
E-mail: sanjay.asher@crawfordbayley.com

Special International Legal Counsel to the Company

Duane Morris & Selvam LLP
16 Collyer Quay, #17-00
Singapore - 049318
Telephone: +65 6311 0030
Email: jbenson@duanemorriselvam.com

Advisors to the Issue

Metta Capital Advisors LLP
803, Symphony, Nehru Road
Vile Parle East
Mumbai– 400 057
Maharashtra, India
Telephone: +91-22 - 2611 9900
E-mail: afl@mettacapital.in
Contact Person: Nishant Gadia

Registrar to the Issue

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar,
Vikhroli West, Mumbai – 400 083
Maharashtra, India.

Telephone: +91-22-49186200

E-mail: afl.rights2021@linkintime.co.in

Investor grievance E-mail: afl.rights2021@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “*Terms of the Issue*” on page 221.

Expert

Except as stated below, our Company has not obtained any expert opinions:

M/s. Sorab S. Engineer & Co., Chartered Accountants, have given their consent to include their name in this Letter of Offer as an “expert”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of their reports on the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results, and the statement of special tax benefits dated February 8, 2021, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

Bankers to the Company

HDFC Bank Limited

ALFA Building, FIG-OPS Department – Lodha,
I Think Techno Campus O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042,
Maharashtra, India.

Contact Person: Vincent Dsouza, Sachin Dixit,
Prasanna Uchil, Neerav Desai

Telephone: +91-22-30752928/ 29/ 2914

E-mail: Vincent.Dsouza@hdfcbank.com,

Sachin.Dixit@hdfcbank.com,

Prasanna.Uchil@hdfcbank.com,

neerav.desai@hdfcbank.com

Website: www.hdfcbank.com

CIN: L65920MH1994PLC080618

RBL Bank Limited

Wholesale Banking, Ground Floor,
Viva Complex, Opp. Parimal Garder,
Off C. G. Road, Ellisbridge,
Ahmedabad – 380 006,
Gujarat, India.

Contract Person: Siddharth Lakhani

Telephone: +91 7940146952

E-mail: siddharth.lakhani@rblbank.com

Website: www.rblbank.com

CIN: L65191PN1943PLC007308

Kotak Mahindra Bank Limited

7th Floor, B Wing, Venus Amadeus,
Jodhpur Cross Road, Ahmedabad – 380 015,
Gujarat, India.

Contract Person: Niraj Shah

Telephone: +91 7967168755

E-mail: niraj.shah@kotak.com

Website: www.kotak.com

CIN: L65110MH1985PLC038137

IDFC First Bank Limited

3rd Floor, Sun Square Building, Off C. G. Road,
Ahmedabad – 380 006,
Gujarat, India.

Contact Person: Kaundinya Trivedi

Telephone: +91 9825852341

E-mail: kaundinya.trivedi@idfcfirst.com

Website: www.idfcfirstbank.com

CIN: L65110TN2014PLC097792

Banker to the Issue/ Refund Bank**HDFC Bank Limited**

ALFA Building, FIG-OPS Department-Lodha,
I Think Techno Campus O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042,
Maharashtra, India.

Contact Person: Vincent Dsouza, Sachin Dixit, Prasanna Uchil, Neerav Desai

Telephone: +91-22-30752928/ 29/ 2914

E-mail: Vincent.Dsouza@hdfcbank.com , Sachin.Dixit@hdfcbank.com,

Prasanna.Uchil@hdfcbank.com , neerav.desai@hdfcbank.com

CIN: L65920MH1994PLC080618

SEBI Registration No.: INBI00000063

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| | |
|--|------------|
| Last Date for credit of Rights Entitlements | [●] |
| Issue Opening Date | [●] |
| Last Date for On Market Renunciation of Rights Entitlements[#] | [●] |
| Issue Closing Date[*] | [●] |
| Finalization of Basis of Allotment (on or about) | [●] |
| Date of Allotment (on or about) | [●] |
| Date of credit (on or about) | [●] |
| Date of listing (on or about) | [●] |

[#]Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

^{*}Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 221.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented there at. For further details, see “*Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 221.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

Our Company has appointed HDFC Bank Limited as the Monitoring Agency for the Issue, in accordance with Regulation 82 of the SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

HDFC Bank Limited

ALFA Building, FIG-OPS Department-Lodha,
I Think Techno Campus O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042, Maharashtra, India.

Contact Person: Vincent Dsouza, Sachin Dixit, Prasanna Uchil, Neerav Desai

Telephone: +91-22-30752928/ 29/ 2914

E-mail: Vincent.Dsouza@hdfcbank.com, Sachin.Dixit@hdfcbank.com,
Prasanna.Uchil@hdfcbank.com, neerav.desai@hdfcbank.com

CIN: L65920MH1994PLC080618

SEBI Registration No.: INBI00000063

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any banks or financial institution or any other independent agency.

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Filing

This Letter of Offer is being filed with the Stock Exchanges i.e BSE and NSE as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address:

cfddil@sebi.gov.in.

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project. Further, our Promoters and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this Letter of Offer (before and after the Issue) is set forth below:

| Particulars | Aggregate value at nominal value (In ₹) | Aggregate value at Issue Price (In ₹) |
|--|---|---------------------------------------|
| AUTHORISED SHARE CAPITAL | | |
| 18,75,00,000 Equity Shares of ₹ 4 each | 75,00,00,000 | |
| ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE | | |
| 9,86,85,711 Equity Shares of ₹ 4 each | 39,47,42,844 | |
| PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾ | | |
| Up to [●] Equity Shares of ₹ 4 each ⁽²⁾ | [●] | [●] |
| ISSUED SHARE CAPITAL AFTER THE ISSUE⁽³⁾ | | |
| [●] Equity Shares of ₹ 4 each | [●] | |
| SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE | | |
| 9,86,85,711 Equity Shares of ₹ 4 each fully paid up | 39,47,42,844 | |
| [●] Equity Shares of ₹ 4 each partly paid up ⁽³⁾ | [●] | |
| SECURITIES PREMIUM ACCOUNT | | |
| Before the Issue (in crores) | 1,553.59 | |
| After all the Calls are made in respect of Rights Equity Shares (in crores) ⁽⁴⁾ | [●]* | |

⁽¹⁾The Issue has been authorized by the Board at its meeting held on February 3, 2021.

⁽²⁾ On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, in one or more subsequent Call(s), as determined by our Board at its sole discretion.

⁽³⁾ Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

⁽⁴⁾ Assuming full payment of all Calls Monies by holders of Rights Equity Shares.

*Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.

Notes to Capital Structure

1. Details of outstanding instruments as on the date of this Letter of Offer:

Except as disclosed below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer:

Employee Stock Option Schemes

Our Company has implemented two ESOP Schemes, namely, (1) 'AFL - Employee Stock Option Scheme 2016' ("ESOP 2016") pursuant to special resolution dated October 15, 2016 and as amended vide special resolution dated July 16, 2018 and (2) 'AFL - Employee Stock Option Scheme 2018' ("ESOP 2018") pursuant to Scheme of Arrangement approved by NCLT, Ahmedabad Bench vide its order dated October 26, 2018.

The details of options under these ESOP Schemes as on December 31, 2020 are set forth below:

| Particulars | ESOP 2016 | ESOP 2018 |
|---------------------------------|-----------|-----------|
| Total number of options granted | 32,48,049 | 3,15,200 |

| Particulars | ESOP 2016 | ESOP 2018 |
|--|-----------|-----------|
| Options vested | 12,98,089 | 3,15,200 |
| Options exercised | 10,10,602 | - |
| Options lapsed, forfeited or cancelled | 2,22,002 | - |
| Total number of outstanding options | 20,15,445 | 3,15,200 |

2. Except as disclosed under the heading titled “Statement showing holding of Equity Shares of the Promoter and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020” on page 52, no Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.
3. Except as disclosed below, no Equity Shares have been acquired by our Promoters or members of Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer:

| Sr. No. | Name of Promoter and Promoter Group | No. of Equity Shares acquired | Mode | Date of acquisition |
|---------|--|-------------------------------|--------------|---------------------|
| 1. | Aura Securities Private Limited | 1,71,24,871 | Rights Issue | July 24, 2020 |
| 2. | Aura Business Ventures LLP | 1,10,373 | Rights Issue | July 24, 2020 |
| 3. | Sanjaybhai Shrenikbhai Lalbhai | 252 | Rights Issue | July 24, 2020 |
| 4. | Jayshreeben Sanjaybhai Lalbhai | 63 | Rights Issue | July 24, 2020 |
| 5. | Punit Sanjaybhai Lalbhai | 600 | Rights Issue | July 24, 2020 |
| 6. | Kalpanaben Shripalbhai Morakhia | 1 | Rights Issue | July 24, 2020 |
| 7. | Saumya Samvegbhai Lalbhai | 4,000 | Rights Issue | July 24, 2020 |
| 8. | Sunil Siddharth Lalbhai | 740 | Rights Issue | July 24, 2020 |
| 9. | Swati S Lalbhai | 1,323 | Rights Issue | July 24, 2020 |
| 10. | Vimla S Lalbhai | 493 | Rights Issue | July 24, 2020 |
| 11. | Taral S Lalbhai | 554 | Rights Issue | July 24, 2020 |
| 12. | Vandana Gupta | 106 | Rights Issue | July 24, 2020 |
| 13. | Amit Gupta | 47 | Rights Issue | July 24, 2020 |
| 14. | Utkarsh Bhikoobhai Shah | 34 | Rights Issue | July 24, 2020 |
| 15. | Radhika Utkarsh Shah | 34 | Rights Issue | July 24, 2020 |
| 16. | Aadarsh Utkarsh Shah | 46 | Rights Issue | July 24, 2020 |
| 17. | Aadarsh Utkarsh Shah (As a partner of Samkeet Enterprises) | 34 | Rights Issue | July 24, 2020 |
| 18. | Atul Limited | 5,62,424 | Rights Issue | July 24, 2020 |
| 19. | Aura Merchandise Private Limited | 13 | Rights Issue | July 24, 2020 |
| 20. | Aura Business Enterprise Private Limited (Formerly Fast Credit Consulting Pvt. Ltd.) | 13 | Rights Issue | July 24, 2020 |
| 21. | Aura Securities Private Limited (as a partner in the partnership firm - Aura Ventures) | 13 | Rights Issue | July 24, 2020 |
| 22. | Arvind Farms Private Limited | 2,05,000 | Rights Issue | July 24, 2020 |
| 23. | Adore Investments Private Limited | 18,200 | Rights Issue | July 24, 2020 |
| 24. | Amardeep Holdings Private Limited | 13,000 | Rights Issue | July 24, 2020 |
| 25. | Aayojan Resources Private Limited | 12,400 | Rights Issue | July 24, 2020 |
| 26. | Adhinami Investment Private Limited | 2,520 | Rights Issue | July 24, 2020 |
| 27. | Anusandhan Investments Limited | 15,670 | Rights Issue | July 24, 2020 |
| 28. | Akshita Holdings Private Limited | 18 | Rights Issue | July 24, 2020 |
| 29. | Aagam Holdings Private Limited | 2,55,665 | Rights Issue | July 24, 2020 |
| 30. | Amit Gupta | 100 | Open Market | July 17, 2020 |
| 31. | Amit Gupta | 50 | Open Market | July 28, 2020 |
| 32. | Utkarsh Bhikoobhai Shah | 50 | Open Market | March 13, 2020 |
| 33. | Radhika Utkarsh Shah | 50 | Open Market | March 13, 2020 |
| 34. | Aadarsh Utkarsh Shah | 50 | Open Market | March 13, 2020 |
| 35. | Aadarsh Utkarsh Shah (As a partner of Samkeet Enterprises) | 50 | Open Market | March 13, 2020 |

4. Intention and extent of participation by our Promoters and Promoter Group

Pursuant to letter dated February 3, 2021 (“**Subscription Letter**”), Aura Securities Private Limited, one of our Corporate Promoters, have confirmed that they, along with other Promoters and members of the Promoter Group of the Company, intend to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is ₹[●].
6. At any given time, there shall be only one denomination of the Equity Shares of our Company.
7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be partly paid up.

8. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations

- i. The shareholding pattern of our Company as on December 31, 2020, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/arvind-fashions-ltd/arvindfasn/542484/shareholding-pattern/> and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=ARVINDFASN.
- ii. Statement showing holding of Equity Shares of the Promoter and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=542484&qtrid=108.00&QtrName=December%202020> and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=ARVINDFASN.
- iii. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2020 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=542484&qtrid=108.00&QtrName=December%202020> and NSE at https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=ARVINDFASN.

9. Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid-up Equity Share capital of our Company, as on December 31, 2020 are available at <https://www.bseindia.com/stock-share-price/arvind-fashions-ltd/arvindfasn/542484/shareholding-pattern/> and https://www1.nseindia.com/corporates/corporateHome.html?id=spatterns&radio_btn=company¶m=ARVINDFASN.

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses (“**Net Proceeds**”) towards the following objects:

- a. Prepayment and/ or repayment, in full or in part, of certain borrowings availed by our Company (including interest);
- b. Investment in Arvind Lifestyle Brands Limited, our wholly owned subsidiary (“**ALBL**”) for repayment/pre-payment, in full or in part, of certain borrowings availed by ALBL (including interest); and
- c. General corporate purposes.

(Collectively, referred to herein as the “**Objects**”).

The objects clause as set out in the Memorandum of Association enables our Company (i) to undertake its existing business activities; and (ii) to undertake activities for which borrowings were availed and which are proposed to be repaid or prepaid from the Net Proceeds. The objects clause as set out in the memorandum of association of ALBL enables it (i) to undertake its existing business activities; and (ii) to undertake activities for which borrowings were availed and which are proposed to be repaid or prepaid from the Net Proceeds.

Issue Proceeds

The details of the Issue Proceeds are set out below:

| (in ₹ Crores) | |
|--------------------------------|------------------|
| Particulars | Estimated amount |
| Gross Proceeds of the Issue* | Up to 200.00 |
| Less: estimated Issue expenses | [●] |
| Net Proceeds | [●] |

**Assuming full subscription in the Issue and receipt of all Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.*

Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set out below:

| (in ₹ Crores) | |
|---|--------|
| Particulars | Amount |
| Prepayment and/ or repayment, in full or in part, of certain borrowings availed by our Company (including interest) | 25.00 |
| Investment in ALBL, our wholly owned subsidiary for repayment/pre-payment, in full or in part, of certain borrowings availed by ALBL (including interest) | 125.00 |
| General corporate purposes* | [●] |
| Net Proceeds** | [●] |

**The amount to be utilized for general corporate purposes will not exceed 25% of the Gross Proceeds.*

***Assuming full subscription in the Issue and receipt of all Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.*

Schedule of Implementation and Deployment of Net Proceeds

Our Company shall raise [●]% of the Gross Proceeds on Application with balance monies being raised in subsequent Calls to be made by our Company from time to time. We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

| (in ₹ Crores) | | | |
|---|---|---|-----------------------------|
| Particulars | Amount to be funded from the Net Proceeds | Estimated schedule of deployment of Net Proceeds in | |
| | | Fiscal 2021 ^{(1)Λ} | Fiscal 2022 ^{(2)Λ} |
| Prepayment and/ or repayment, in full or in part, of certain borrowings availed by our Company (including interest) | 25.00 | [●] | [●] |

| Particulars | Amount to be funded from the Net Proceeds | Estimated schedule of deployment of Net Proceeds in | |
|---|---|---|-----------------------------|
| | | Fiscal 2021 ^{(1)Λ} | Fiscal 2022 ^{(2)Λ} |
| Investment in ALBL, our wholly owned subsidiary for repayment/pre-payment, in full or in part, of certain borrowings availed by ALBL (including interest) | 125.00 | [●] | [●] |
| General corporate purposes* | [●] | [●] | [●] |
| Total | [●] | [●] | [●] |

⁽¹⁾ Upon receipt of the Application Money

⁽²⁾ Upon receipt of Call Monies

ΛAny portion of the Net Proceeds not deployed for the stated Objects in a particular Fiscal will be deployed by our Company in next Fiscal.

*The amount to be utilized for general corporate purposes will not exceed 25% of the Gross Proceeds.

As and when our Company makes the Calls for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Calls within the same Fiscal as the receipt of the said Call Monies failing which our Company shall utilize the said Call Monies in the subsequent Fiscal.

In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

In case of any increase in the actual utilisation of funds earmarked for any of the Objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by through means available to us, including by way of incremental debt or internal accruals. If the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

Means of Finance

The fund requirements set out below are proposed to be funded from the Net Proceeds and internal accruals. Our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance. Consequently, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to the timing of making Calls in the future, as determined by our Board in accordance with applicable laws.

Details of utilisation of Net Proceeds

a. Prepayment and/ or repayment, in full or in part, of certain borrowings availed by our Company (including interest)

Our Company has, in the ordinary course of business, entered into financing arrangements with various banks for availing terms loans and working capital loans. For details of the borrowings, see "Financial Statements" beginning on page 100.

Our Company proposes to utilize an estimated amount of ₹25.00 Crores from the Net Proceeds towards repayment or prepayment, in full or in part, of certain borrowings availed by our Company as identified in the table below. Further, our Company may choose to repay or pre-pay certain borrowings availed by our Company, other than those identified in the table below, which may include additional borrowings that our Company may avail after the filing of this Letter of Offer. Given the nature of these borrowings and the terms of repayment / pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements, such as, draw down funds thereunder or undertaking financing from banks, financial institutions and Promoters. In such cases or in case

any of the below mentioned borrowings are repaid, refinanced or pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment or pre-payment of the additional borrowings, overdrafts taken or drawn or other such additional indebtedness. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of our Company's borrowings (including refinanced or additional borrowings availed, if any), in part or full, would not exceed ₹25.00 Crores. In light of the above, our Company will repay/prepay the amount of borrowing outstanding as on the date of repayment/prepayment.

The selection of borrowings proposed to be repaid/pre-paid by our Company shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, and (v) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

Our Company believes that such repayment or prepayment will help reduce our outstanding indebtedness and our debt-equity ratio and enable utilization of our internal accruals for further investment in business growth and expansion in new geographies. In addition, our Company believes that the strength of our balance sheet and the leverage capacity of our Company will further improve, which shall enable us to raise further capital in the future at competitive rates to fund potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of certain borrowings availed by our Company (including interest) which are outstanding as on December 31, 2020, out of which our Company may repay or prepay, in full or in part, any or all of the borrowings from the Net Proceeds upto an amount of ₹ 25.00 Crores:

| Name of the lender | Nature of borrowing | Amount sanctioned as on December 31, 2020 (in ₹ Crores) | Amount outstanding as on December 31, 2020 (in ₹ Crores) | Interest rate (% per annum) | Purpose of availing loan | Repayment schedule | Prepayment penalty/ conditions* |
|--------------------|--|---|--|-----------------------------|--------------------------|--------------------|---------------------------------|
| HDFC Bank Limited | Working Capital Demand Loan/ Cash Credit | 80.00 | 48.44 | 8.25% to 9.15% | Working Capital | On demand | - |
| RBL Bank Limited | Working Capital Demand Loan/ Cash Credit | 55.00 | 40.00 | 9.00% | Working Capital | On demand | No prepayment charges |
| Total | | 135.00 | 88.44 | | | | |

As per the certificate issued by M/s. Sorab S. Engineer & Co, Chartered Accountants, dated February 8, 2021, the borrowings have been utilised for the purpose for which they were availed.

**the Net Proceeds shall not be utilized towards prepayment charges, if any.*

b. Investment in ALBL, our wholly owned subsidiary for repayment/pre-payment, in full or in part, of certain borrowings availed by ALBL (including interest)

Our Company proposes to utilise ₹125.00 Crores from the Net Proceeds towards making an equity investment in ALBL, our wholly owned subsidiary. The amount invested by our Company in ALBL is proposed to be utilized by it for repayment/pre-payment, in full or in part, of certain borrowings availed by ALBL as identified in the table below.

The extent of loans proposed to be repaid by ALBL from the loan facilities mentioned below will be based on various commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan and applicable law governing such borrowings. Further, the amounts outstanding under the working capital facilities may be dependent on several factors and may vary with ALBL's business cycle with multiple intermediate repayments and drawdowns. Given the nature of these borrowings and the terms of repayment, the aggregate outstanding loan amounts may vary from time to time and ALBL will repay/prepay the amount of outstanding as on the date of repayment/prepayment. In addition to the above, ALBL may, from time to time, enter into further financing arrangements and draw down funds thereunder. ALBL may repay or refinance some of its existing borrowings set forth below prior to Allotment. Accordingly, ALBL may utilise our investment of the Net Proceeds for repayment or pre-payment of any such loans. However, the aggregate amount to be utilised towards repayment/pre-payment of borrowings (including refinanced loans availed) would not exceed ₹125.00 Crores. In the event board of directors of ALBL deems appropriate, the amount invested by our Company from the Net Proceeds in a Fiscal may be deployed for utilization for repayment/ pre-payment, in part or full, of certain borrowings by ALBL in the same or next Fiscal.

The selection of borrowings proposed to be repaid/pre-paid by ALBL shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, and (v) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

The following table provides details of certain borrowings availed by ALBL (including interest) which are outstanding as on December 31, 2020, out of which ALBL may repay or prepay, in full or in part, any or all of the borrowings from the Net Proceeds up to an amount of ₹125.00 Crores:

| Name of the lender | Nature of borrowing | Amount sanctioned as on December 31, 2020 (in ₹ Crores) | Amount outstanding as on December 31, 2020 (in ₹ Crores) | Interest rate (% per annum) | Purpose of availing loan | Repayment schedule | Prepayment penalty/ conditions* |
|---------------------|--|---|--|-----------------------------|--------------------------|--------------------|--|
| State Bank of India | Working Capital Demand Loan/ Cash Credit | 230.00 | 190.93 | 8.35% to 8.75% | Working Capital | - | 2% of pre-paid amount |
| Bank of Baroda | Working Capital Demand Loan/ Cash Credit | 125.00 | 124.93 | 9.20% | Working Capital | On demand | 0.5% p.a. commitment charges on unutilised portion, in case average drawn is less than 60% of unutilised portion |
| HDFC Bank Limited | Working Capital Demand Loan | 150.00 | 77.31 | 7.65% | Working Capital | On demand | - |
| ICICI Bank Limited | Working Capital Demand Loan/ Cash Credit | 50.00 | 30.00 | 8.63% | Working Capital | - | Charges are decided at the time of pre-payment |
| Total | | 555.00 | 423.17 | | | | |

As per the certificate issued by M/s. Sorab S. Engineer & Co, Chartered Accountants, dated February 8, 2021, the borrowings have been utilised for the purpose for which they were availed.

**the Net Proceeds shall not be utilized towards prepayment charges, if any.*

No dividends have been assured to our Company by ALBL pursuant to this investment. We believe that this investment will help reduce the outstanding indebtedness and debt-equity ratio of ALBL and enable utilization of its internal accruals for further investment in business growth and expansion in new geographies. In addition, our Company believes that the strength of our consolidated balance sheet and the leverage capacity of our Company at a consolidated level will further improve, which shall enable us to raise further capital in the future at competitive rates to fund potential business development opportunities and plans to grow and expand our business in the coming years.

c. General corporate purposes

The Net Proceeds will first be utilized for the Objects as set out above. Subject to this, our Company intends to deploy balance left out of the Net Proceeds, aggregating to ₹ [●] Crores, towards general corporate purposes and the business requirements of our Company and the Subsidiaries, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds from the Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; (v) expenses incurred in ordinary course of business; and (vi) any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of our Board, shall have the flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

Expenses of the Issue

The total Issue related expenses are estimated to be approximately ₹ [●] Crores. The Issue related expenses include fees payable to the Lead Manager and legal counsel, amounts payable to regulators including the SEBI, the stock exchanges, Registrar's fees, printing and distribution of issue stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-down of the estimated Issue expenses is disclosed below.

| Activity | Estimates expenses (in ₹ Crores) | As a % of total estimated Issue related expenses | As a % of Issue size |
|---|----------------------------------|--|----------------------|
| Fees payable to the Lead Manager | [●] | [●] | [●] |
| Fees payable to Registrar to the Issue | [●] | [●] | [●] |
| Fees payable to legal advisors and other intermediaries | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Regulators including the SEBI and Stock Exchanges | [●] | [●] | [●] |
| Printing and distribution of issue stationery expenses | [●] | [●] | [●] |
| Other expenses (stamp duty) | [●] | [●] | [●] |
| Other expenses (miscellaneous expenses) | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily keep the Net Proceeds in deposits in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Monitoring of Utilization of Funds

In terms of the SEBI ICDR Regulations, our Company has appointed HDFC Bank Limited as the Monitoring Agency to monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges. Pursuant to Regulation 18(3) and 32(3) of SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board. Pursuant to Regulation 32(5), our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Further, according to Regulation 32(1) of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the objects of the Issue as stated in this chapter; and (ii) details of category wise variations, if any, in the proposed utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report. Furthermore, our Company shall furnish to the Stock Exchanges any comments or report received from the Monitoring Agency, in accordance with Regulation 32(6) of the SEBI Listing Regulations, and such report of the Monitoring Agency shall be placed before the Audit Committee promptly upon its receipt, in accordance with Regulation 32(7) of the SEBI Listing Regulations.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency, in accordance with applicable law.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Key Industry Regulations for the Objects of the Issue

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

Other Confirmations

There is no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoters, Directors, associate company or Key Management Personnel of our Company and no part of the Net Proceeds will be paid as consideration to any of them. Further, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue.

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors
Arvind Fashions Limited
Main Building,
Arvind Limited Premises,
Naroda Road, Ahmedabad 380025
Gujarat, India

Re: Proposed rights issue of equity shares of face value of ₹ 4 each (the “Equity Shares” and such offering, the “Issue”) of Arvind Fashions Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the ‘Act’).

We hereby report that the enclosed Statement prepared by Arvind Fashions Limited (the “Company”) states the possible special tax benefits available to the Company, to the shareholders of the Company and its material subsidiary under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2020 (hereinafter referred to as “**Income Tax Laws**”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, to the shareholders of the Company and material subsidiary of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

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

We do not express any opinion or provide any assurance as to whether:

- the Company or the shareholders of the Company or and material subsidiary of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained

from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

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

CA. Chokshi Shreyas B.
Partner
ICAI Membership Number: 100892
Date: February 08, 2021
Place: Ahmedabad
UDIN: 21100892AAAADR2677

Encl: As above

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ARVIND FASHIONS LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Act

There are no special tax benefits available to the shareholders of the Company.

3. Special tax benefits available to the material subsidiary of the Company under the Act

There are no special tax benefits available to the material subsidiary of the Company.

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO ARVIND FASHIONS LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “indirect tax”)

1. Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

3. Special tax benefits available to the material subsidiary of the Company under the Indirect Tax

There are no special indirect tax benefits to the material subsidiary of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The industry related information in this chapter is derived from the its reports titled “Industry report on Apparel Markets in India – February 2021” (referred as “**Technopak Report**”) prepared by Technopak Advisors Private Limited (“**Technopak**”), except for other publicly available information as cited in this chapter. Neither we nor any other person connected with the Issue has verified the information in the Technopak Report or other publicly available information cited in this chapter. Further, the Technopak Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the Technopak Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the Technopak Report.

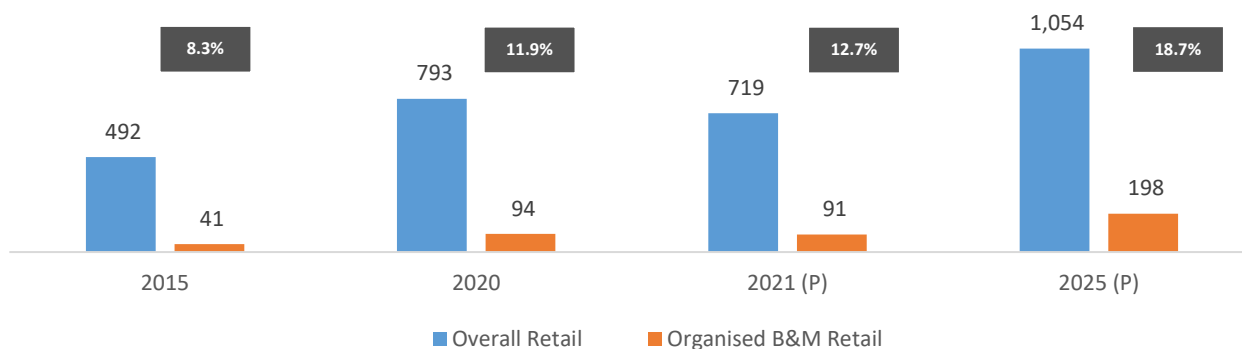
Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Retail Industry Overview

While organized retail, primarily brick & mortar, has been in India for 2 decades now, its contribution to total retail is low at 11.9% (US\$ 94 bn) in FY 2020. The organized retail penetration was only 8.3% in 2015.

While overall retail is projected to grow at a CAGR (FY21-25) of 10%, organized retail is projected to grow at a CAGR (FY21-25) of 21%. Organized apparel retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Large Format Stores (LFSs), E-commerce etc. Apparel retailed through these organized retail point of sales is necessarily branded. Therefore, organized apparel share is less than the share of branded apparel in total share.

Exhibit: Overall Retail Market & Share of Organized Retail (US\$ Bn)



Source: Technopak Analysis; Note: Year indicates FY

Organized Retail – Inter Category Penetration

Exhibit: Share of Organized Retail in various Retail Categories

| | FY 2020 | | | | FY 2021 (P) | | | | |
|--|-----------------|-----------------------|-----------------------|---------------------------------|-----------------|-----------------------|-----------------------|---------------------------------|--|
| | Share of Retail | Retail Size (US\$ Bn) | % of Organized Retail | Organized Market Size (US\$ Bn) | Share of Retail | Retail Size (US\$ Bn) | % of Organized Retail | Organized Market Size (US\$ Bn) | Key Retailers |
| Food & Grocery | 66.3% | 526 | 4.5% | 23.7 | 76.7% | 551 | 5.5% | 30.4 | Big Bazaar, DMart, Reliance Fresh |
| Jewellery & Watches | 7.8% | 62 | 32% | 19.8 | 5.4% | 39 | 35% | 13.7 | Tanishq, Kalyan |
| Apparel & Accessories* | 7.9% | 62 | 32% | 19.9 | 5.4% | 39 | 40% | 15.5 | Central, Shoppers Stop, Lifestyle, Westside, Pantaloons, Forever 21, Sephora, Flying Machine |
| Footwear | 1.2% | 10 | 29% | 2.8 | 0.8% | 6 | 30% | 1.7 | Bata India, Metro Shoes, Khadims |
| Pharmacy & Wellness | 2.9% | 23 | 15% | 3.4 | 2.2% | 16 | 25% | 4.0 | Apollo, MedPlus |
| Consumer Durables & Information Technology | 6.4% | 51 | 32% | 16.2 | 4.7% | 34 | 50% | 16.9 | Vijay Sales, Croma, Reliance Digital |
| Home & Living | 4.3% | 34 | 15% | 5.1 | 2.9% | 21 | 25% | 5.3 | Home Centre, Home Stop |
| Others | 3.2% | 25 | 12.7% | 3.2 | 1.8% | 13 | 30% | 3.9 | |
| Total | 100% | 793 | 11.9% | 94 | 100% | 719 | 12.7% | 91 | |

Source: Technopak Analysis; Note: *Accessories include Bags, Belts, and Wallets; Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.

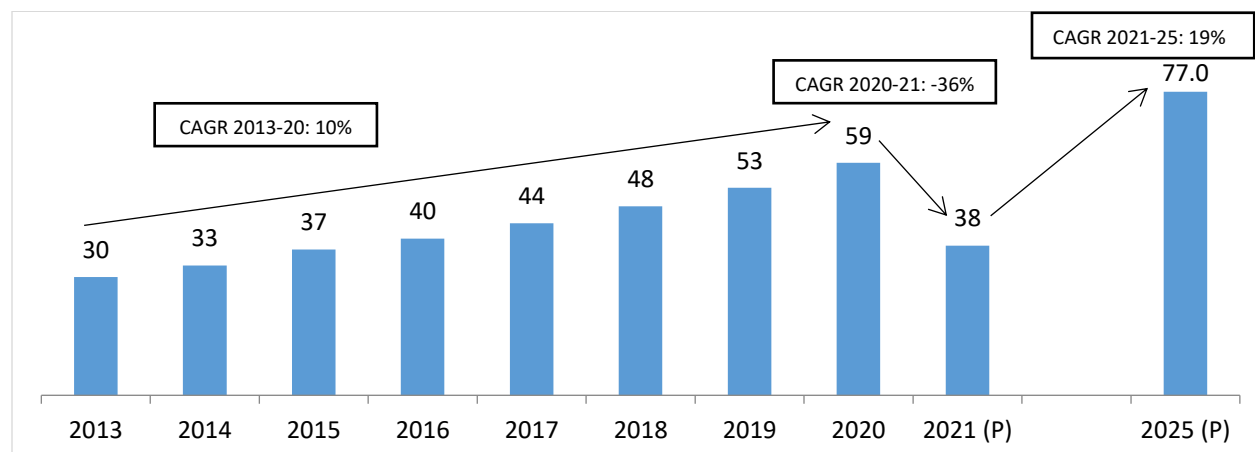
- Currently, the Food & Grocery segment forms the major share of the retail market (~66.3%). F&G will continue to be the dominant contributor in the retail market.
- Apparel & accessories, Jewelry & Watches and Consumer Durables & Information Technology are the other three key categories which account 7.8%, 7.9% and 6.4% of retail respectively in 2020.
- Jewelry & Watches, Apparel & Accessories, Consumer Durables & Information Technology and Footwear are amongst the categories with highest organized penetration at ~32%, ~32%, ~32% and ~29% respectively whereas F&G is the least penetrated with 4.5% organized share.
- The food & grocery segment has jumped to ~77% amid the disruptions caused by COVID-19. However, share of other categories is expected to restore by FY 2022. While other sectors in retail are expected to contract by 30-35% during FY 21 due to the impact of COVID-19, food and grocery is expected to grow at an accelerated rate of ~6%.

Apparel Market Size

The apparel market size in India in FY 2020 is pegged at US\$ 59 Bn. It is also expected to grow at a CAGR of ~5.5% between FY 2020 and FY 2025 to reach US\$ 77 Bn by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the market is expected to degrow by 36% in the FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 19% between FY 2021 and FY 2025.

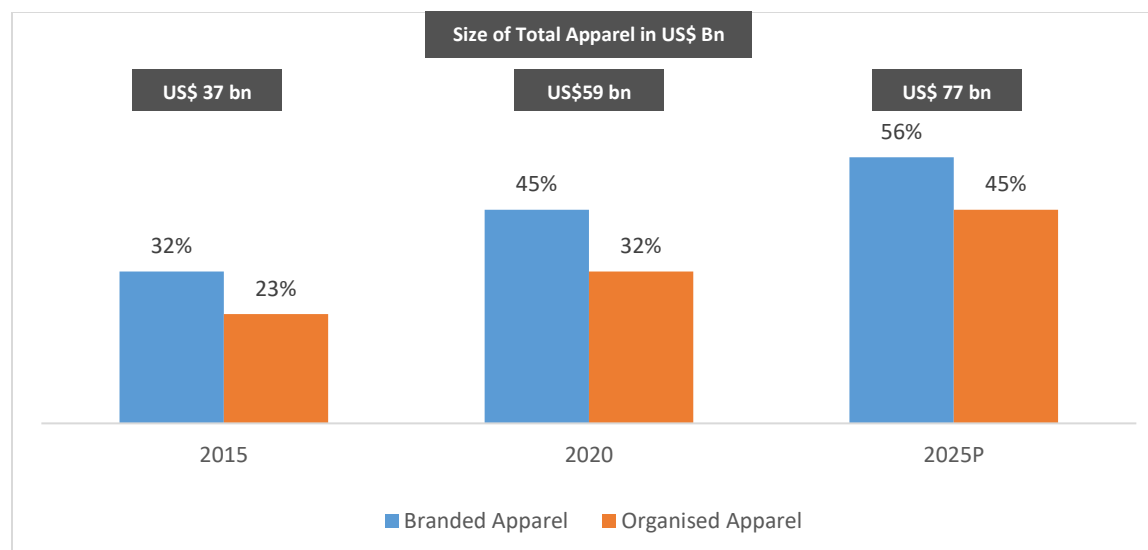
The branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~13% respectively during FY2020 and FY2025. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth of 5.5%. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market.

Exhibit: Apparel Market Size in India (in US\$ Bn)*



Source: Technopak Analysis; Note: Year indicates FY; *Excludes accessories (Bags, Belts, Wallets etc.)

Exhibit: Share of Branded Apparel and Organized Apparel Retail as a %age of Apparel Market



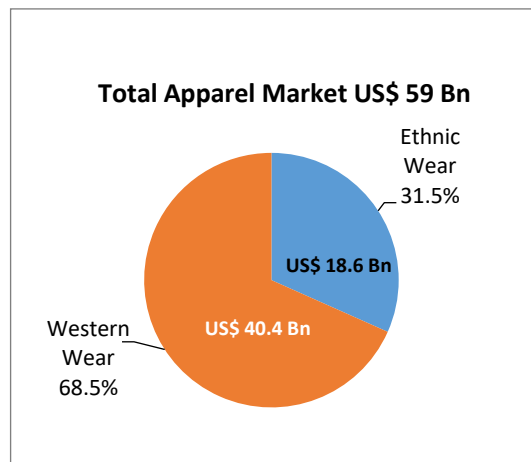
Source: Secondary Research, Technopak Analysis; Note: Year indicates FY

Branded apparel signify registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized apparel retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Large Format Stores (LFSs), E-commerce etc. Apparel retailed through these organized retail point of sales is necessarily branded. Therefore, Organized apparel share is less than the share of Branded apparel in total share.

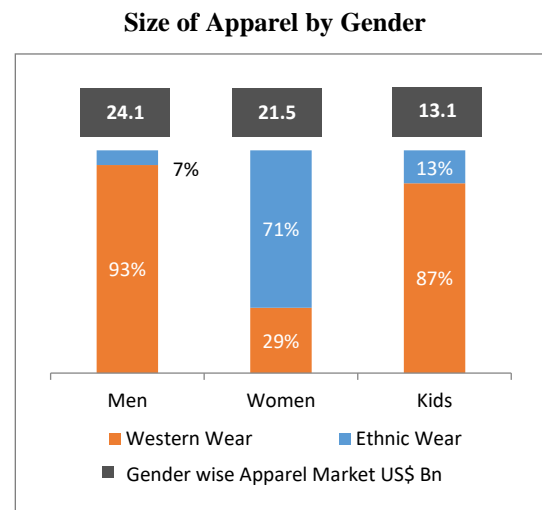
Segmentation of Apparel Market as per Fashion (Western and Ethnic Wear)

The total apparel market in India is US\$ 59 Bn as of FY 2020. Men's Apparel constituted ~ 41% and Women's Apparel's share was ~36% of this market (*the balance ~23% is contributed by Kids Apparel*). Out of the total apparel market, Indian/Ethnic wear accounts for approximately 32% or US\$ 19.0 Bn (FY 2020) and the balance 68% of the market is made up of western wear. The high share of Indian wear in the total apparel is a unique feature of apparel market in India. In women's wear market, western wear contributes ~29% to the total market. However for men and kids, the contribution of western wear is significant. While the overall share of sales of apparel in India through organised channels is ~32%, it is at 35% for western wear. In ethnic, almost 74% of the total sale happens through unorganized channels.

Exhibit: Segmentation of Indian Apparel Market (FY 20) Exhibit: Gender-wise Segmentation (FY 20)



Source: Secondary Research, Technopak Analysis



Source: Secondary Research, Technopak Analysis

Exhibit: Segmentation of Indian Apparel Market (FY 20)

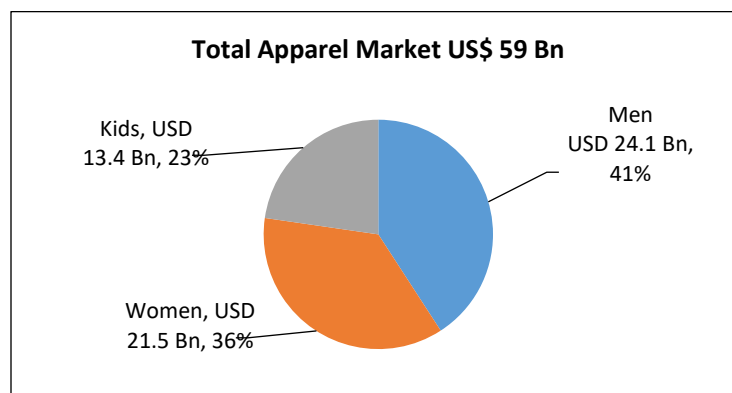
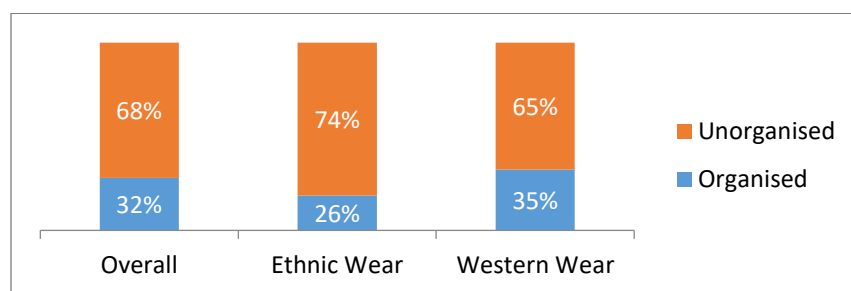


Exhibit: Segmentation based on the level of Organized Retail (FY 2020)

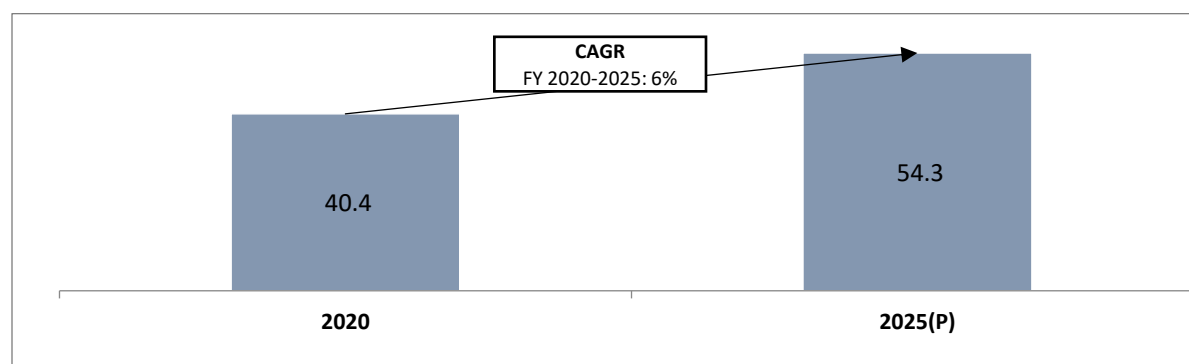


Source: Secondary Research, Technopak Analysis

Western Wear Market in India

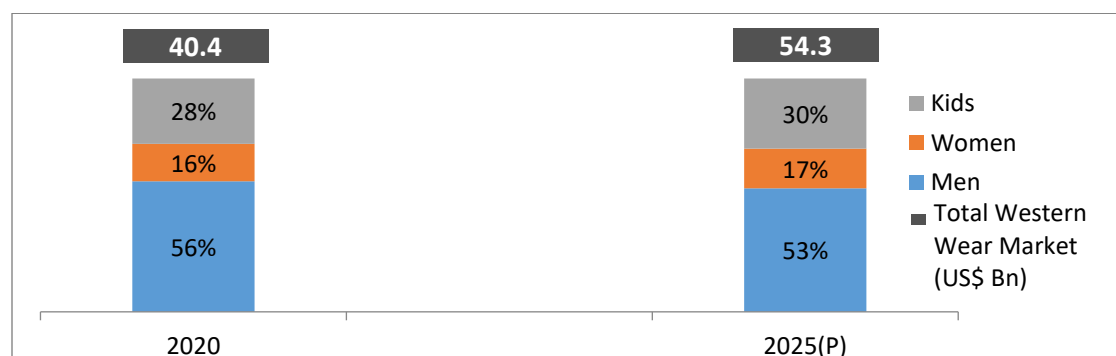
Men's western wear accounts for more than 93% of the total menswear market of ~US\$ 24 Bn, while women western wear holds less than 29% of the total ~US\$ 22 Bn womenswear market. In Kid's, western wear accounts for ~87% of the total US\$ 13 Bn kidswear market. This implies that Men and Kids western wear is the mainstay for western wear in India.

Exhibit: Western Wear Market in India (US\$ Bn)



Source: Technopak Analysis; Note: Year indicates FY

Exhibit: Breakup of Western Wear Market by Gender



Source: Technopak Analysis; Note: Year indicates FY

The western wear market for men is US\$ 22.4 Bn in FY 2020 and it accounts for ~56% of the overall western wear market in India. It is represented by Shirts, T-shirts, Trousers, Denim, Activewear, Innerwear, Winterwear, Suits etc. The western wear market for women is US\$ 6.3 Bn in FY 2020 and it accounts for ~16% share of the overall western wear market in India. It is represented by Tops/shirts, T-shirts, Denim, Jackets, Trousers/skirts, Winterwear,

Innerwear and Sleepwear.

Exhibit: Key Western Wear Categories for Men & Women

| Categories | Market Size FY 2020 (US\$ Bn) | % share in total Western Wear | Growth Rate | Leading Players |
|-----------------|-------------------------------------|----------------------------------|-------------|--|
| Shirts | 7.3 | 25% | 4.5% | Peter England, Arrow, Allen Solly |
| Trousers | 5.6 | 20% | 1.9% | Peter England, Arrow, Allen Solly, Van Heusen |
| Denim | 3.7 | 13% | 7.6% | Levi's, Lee, Spykar, Killer, Flying Machine |
| T-Shirts | 1.8 | 6% | 10.6% | Tommy Hilfiger, US Polo, UCB |
| Others | 10.3 | 36% | 7% | Vero Moda, Zara, AND |

Source: Technopak Analysis

Note: Others include Suits, Coats, Innerwear, Winterwear etc.

Shirts/ Top/ Trousers/ Skirts

Due to comfort choices for fabric, designs, fits – this product category of western wear has been quite popular with youth in both urban as well as rural areas. In FY 2020, the market size for men's shirts and trousers was US\$ 12.3 Bn. The category has suffered huge contraction in FY 2021 as because of COVID-19 people started working from home and going-out activities reduced drastically.

Denim

The Indian denim market is exhibiting continuous growth over the years. With new technologies, trends and higher market reach, this sector has promising growth potential. Even in rural areas, denim is becoming highly fashionable with most men and teenager girls opting denimwear over traditional outfits.

Denim is a high growth category as it is fashionable and comfortable, and enhances style quotient. The value growth within the denimwear is on account of increased demand for stretch and light weight fabric, varying colours, styling and detailing. This trend is emerging across all categories (men, women and kids).

In FY 2020, the denimwear market is pegged at US\$ 3.7 Bn (men and women) and is expected to grow at a CAGR (FY2020-2025) of 7.6%. The market in India is dominated by men's segment, which accounts for ~90% of the total market size accounting for US\$ 3.3 Bn in FY 2020.

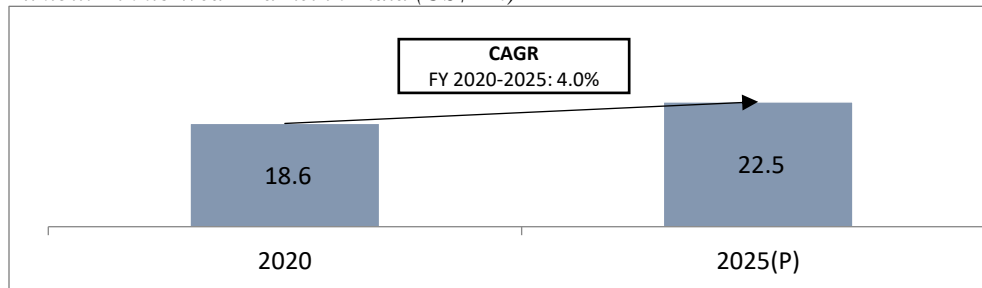
T-Shirts

T-shirts is considered as one of the most comfortable and dynamic categories of western wear. Due to its soft knit fabric, fits, and the versatile use, it is highly acceptable to a wide segment of customers. The market size of men's t-shirts in FY 2020 was US\$ 1.8 Bn (men and women) and is estimated to grow at CAGR (FY2020-25) of 11%. As people are working from home the demand for casualwear like T-shirts will be less impacted because of COVID-19 and will outpace the growth other categories.

Ethnic Wear Market in India

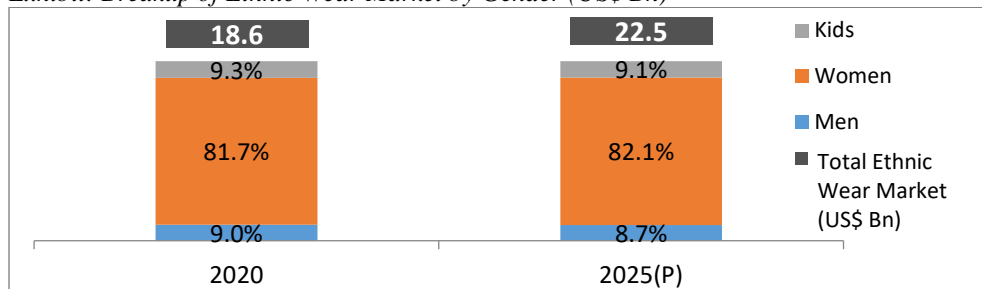
In men's category, ethnic accounts for 7% of the total menswear market of ~US\$ 24 Bn, while in women, ethnic wear holds a significant share of 71% of the total ~US\$ 22 Bn womenswear market. This implies that women's ethnic wear is the mainstay for ethnic wear in India.

Exhibit: Ethnic Wear Market in India (US\$ Bn)



Source: Technopak Analysis; Note: Year indicates FY

Exhibit: Breakup of Ethnic Wear Market by Gender (US\$ Bn)



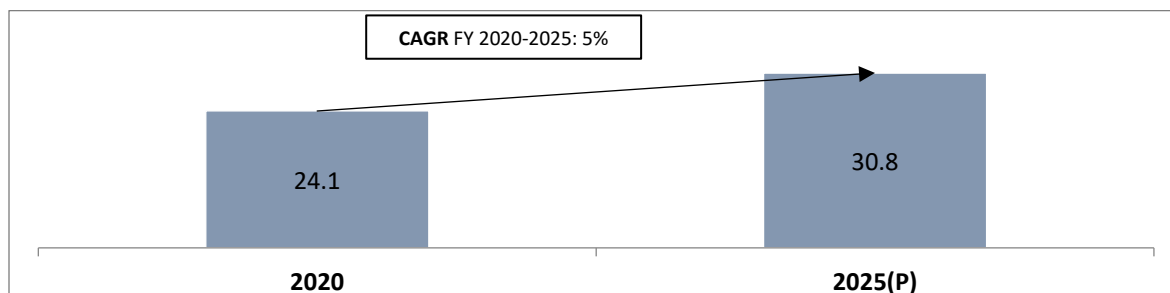
Source: Technopak Analysis; Note: Year indicates FY

The disproportionate size of ethnic wear in womenswear is an outcome of the distinct positioning of ethnic wear for women compared to that for men in India. For Indian women, ethnic fashion is a mainstream need for daily wear use (in addition to strong occasion wear) whereas for men it currently restricted to occasion wear viz. weddings and festivals.

Menswear Market Split

The men's wear market is expected to grow from ~US\$ 24.1 Bn in FY 2020 to touch ~US\$ 30.8 Bn by FY 2025 at a projected CAGR of 5%. Foray of international brands, favourable demographics are some of the factors leading to the higher growth of casual clothing categories. Denim, Activewear and T-shirts are the high growth categories within the menswear segment. Arvind Fashions commands a leadership position in the men's premium casual wear and denim categories and are a dominant player in premium kids wear and innerwear categories

Exhibit: Menswear Market Size (US\$ Bn)

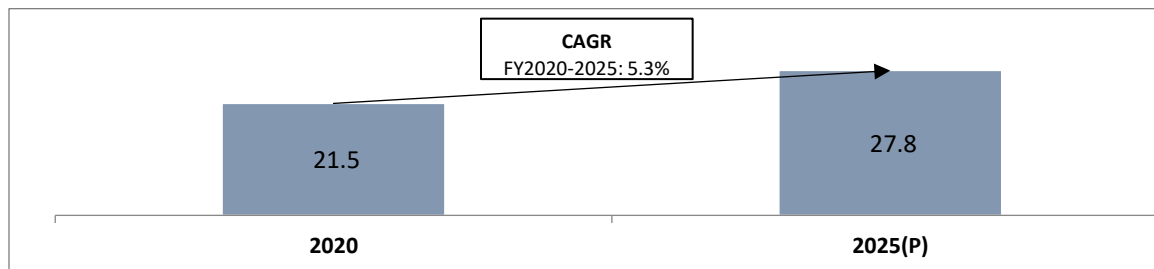


Source: Secondary Research, Technopak Analysis; Note: Year indicates FY

Women's wear Market

The women's wear market is expected to grow from ~US\$ 21.5 Bn in FY 2020 to touch ~US\$ 27.8 Bn by FY 2025. The women's wear market is projected to grow due to a) an increase in the number of working women, b) a shift towards aspiration rather than need based buying c) design innovations leading to increasing number of designs.

Exhibit: Women's wear Market Size (US\$ Bn)

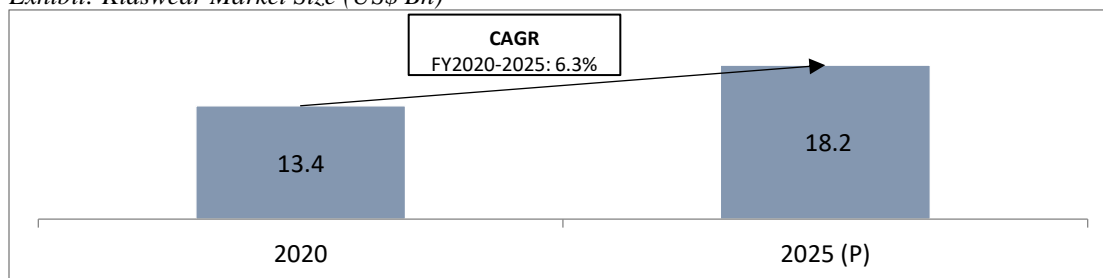


Source: Technopak Analysis; Note: Year indicates FY

Kidswear market Split

Indian apparel market is witnessing high growth in kidswear segment. The Indian kidswear market in 2020 was US\$ 13.4 Bn accounting for 23% of total apparel market of the country. Kidswear is expected to grow at CAGR of ~6.3% to reach US\$ 18.2 Bn by 2025. India has the youngest population in the age group 0 – 14 years accounting for 29% (~340 million) of the total population. Owing to the growth potential of this market segment, many international brands have entered India in last few years. Indian retailers are also launching private brands for this segment. Boutique brands are also retailing through online channels and brick and mortar standalone stores. Most of these international and Indian brands and private brands are focussed towards kid's casual western wear which comprises of almost 87% of the total market. Exposure to global fashion trends, rising disposable income of the Indian working class and presence of foreign brands act as catalysts for the growth of kidswear market in India. A well-planned approach is required to understand the demands of kidswear market. After the implementation of GST, kidswear segment is expected to witness higher shift towards organised retail in near future.

Exhibit: Kidswear Market Size (US\$ Bn)



Source: Secondary Research, Technopak Analysis; Note: Year indicates FY

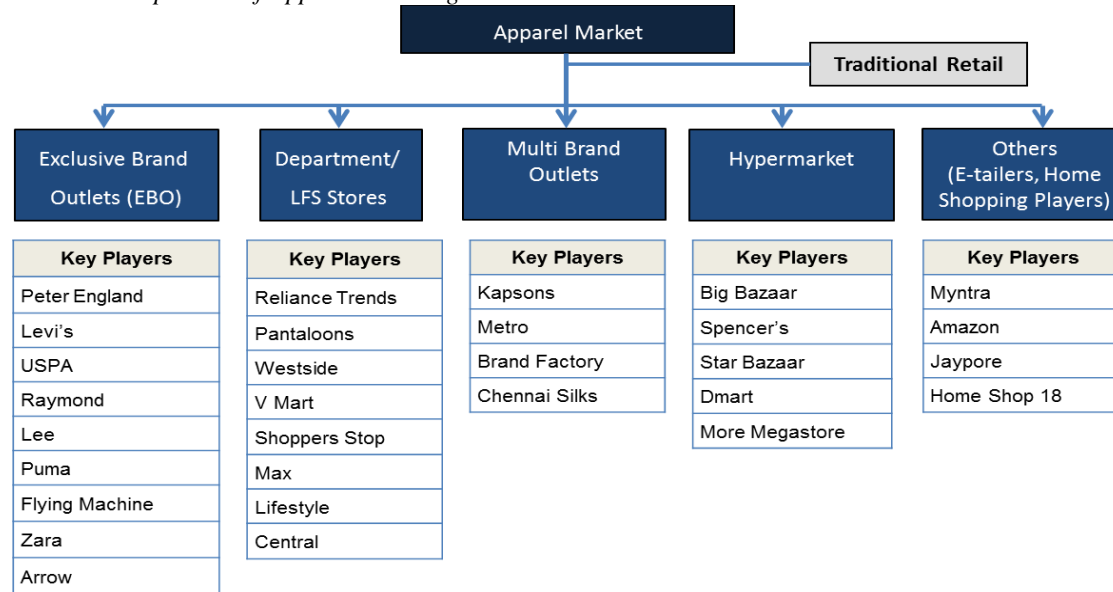
Right business model backed by strong supply chain will ensure brands capitalize on growth of kidswear market segment. There exists a gap between the local kidswear store and organised store in terms of the price points. Brands which would cater to this vacuum can capitalize & seize significant market share in future.

Apparel Retailing Formats

Organised apparel retailing in India is happening through a variety of retail formats. Multi-brand Outlets (MBOs) were typically the traditional way of retailing in India. On the other hand, Exclusive Brand Outlets (EBOs) have been the building blocks for brands, the most desired format which allows the brand to put forth its ethos in an effective way. The third format – which is a multi-category, multi-brands large department store, houses a greater choice to the consumer under one roof. Wherever there is a gap in the merchandise offer of LFSs, these retailers add private and trade labels to complete the offer. Besides these brick and mortar formats, e-commerce has made inroads

to the Indian apparel retail landscape with almost 15% penetration in the total apparel market. LFSs have been growing in number given the soaring real estate costs associated with setting up EBOs and the lack the quality internet access and interface impeding the steeper growth of e-commerce. Put together, in terms of store count, they have registered a CAGR of almost 25% in the last three years.

Exhibit: Comparison of Apparel Retailing Formats in India



Source: Technopak Analysis

E-Tailing in India

E-tail in India has witnessed a rapid growth trajectory and is expected to reach 10% (US\$ 104 Bn) of total retail by FY 2025 from its share of 4.6% in FY 2020 (US\$ 37 Bn). In 2012, the e-tail pie was US\$ 0.6 Bn and that was limited to key categories of Electronics, Books, Stationery, and Music which catered to nearly 50% of the pie.

It is expected that this growth of E-tail in India shall mirror the growth witnessed in China owing to a) low penetration of organized retail and b) dominance of web-only E-tailers.

Exhibit: E-tail penetration of Key Categories

| | FY 2015 | | | FY 2020 | | | FY 2025 (P) | | |
|--|-----------------------|----------------------|-------|-----------------------|----------------------|-------|-----------------------|----------------------|-------|
| | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share |
| Food and Grocery | 330 | 0.03 | 0.01% | 526 | 2.75 | 0.50% | 699 | 28 | 4% |
| Jewellery | 38 | 0.8 | 2.0% | 62 | 2.5 | 4% | 86 | 7 | 8% |
| Apparel & Accessories* | 39 | 1.4 | 3.5% | 62 | 9.5 | 15% | 81 | 20 | 25% |
| Footwear | 6 | 0.2 | 3.5% | 9 | 1.6 | 18% | 11 | 3 | 27% |
| Pharmacy & Wellness | 14 | 0.4 | 3.0% | 23 | 1.5 | 7% | 35 | 5 | 14% |
| Consumer Durables & Information | 29 | 2.7 | 9.5% | 50 | 14 | 28% | 72 | 28 | 39% |

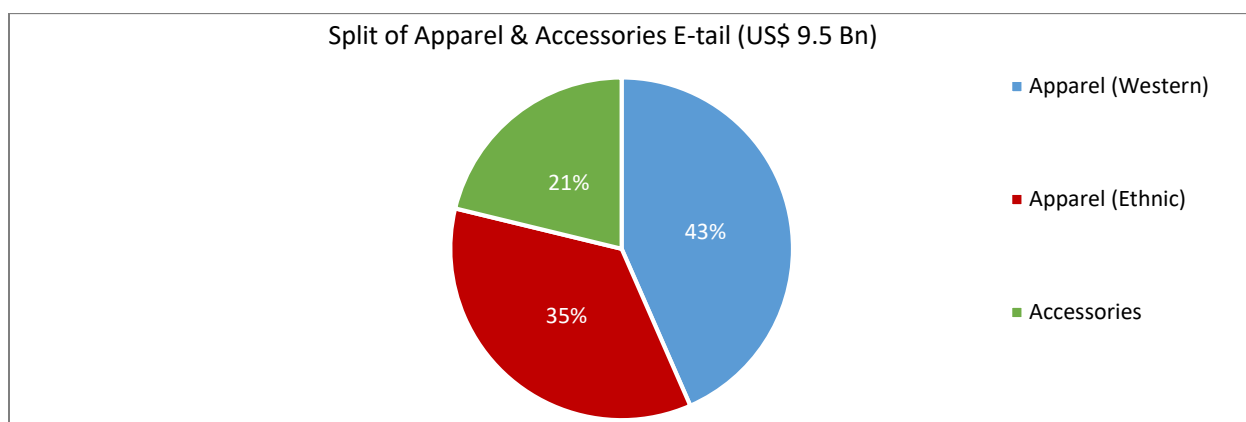
| | FY 2015 | | | FY 2020 | | | FY 2025 (P) | | |
|--------------------------|-----------------------|----------------------|-------------|-----------------------|----------------------|-------------|-----------------------|----------------------|------------|
| | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share | Retail Size (US\$ Bn) | E-commerce (US\$ Bn) | Share |
| Technology | | | | | | | | | |
| Home & Living | 22 | 0.3 | 1.4% | 34 | 2.5 | 7% | 44 | 9 | 21% |
| Others | 15 | 0.1 | 0.6% | 27 | 2.4 | 9% | 26 | 4 | 15% |
| Total | 492 | 5.9 | 1.2% | 793 | 37 | 4.6% | 1054 | 104 | 10% |

Source: Secondary Research, Industry Reports, Technopak Analysis

Apparel E-tailing

The share of E-tail in apparel & accessories overall retail share was 3.5% in FY 2015. In FY 2020 E-tail's share in Apparel & accessories overall retailing is ~15% and the share is expected to reach ~25% by FY 2025.

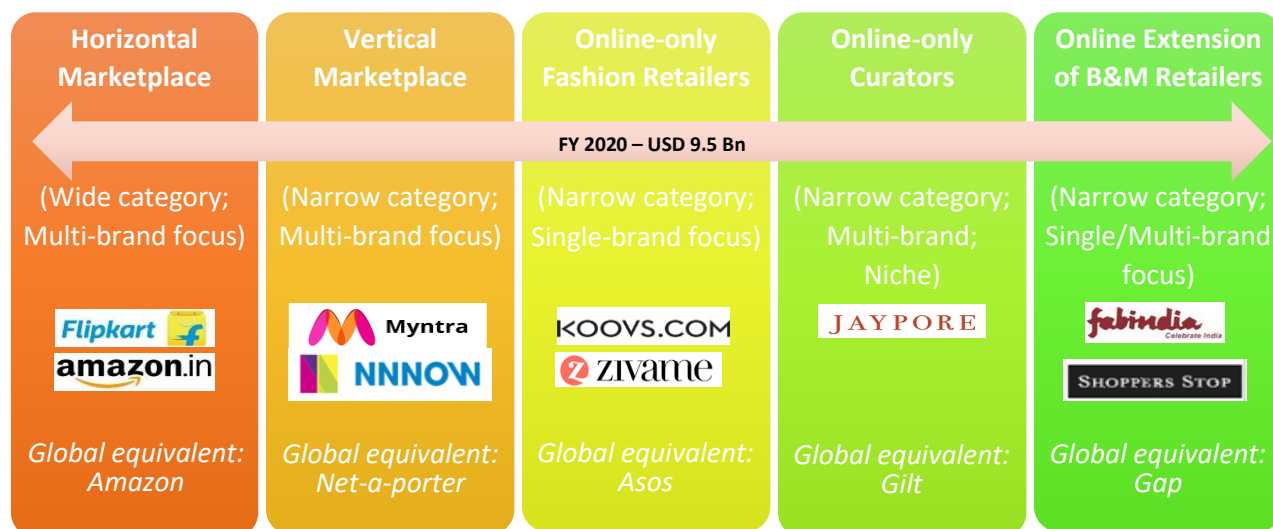
Exhibit: Constituents of Apparel & Accessories in E-tail (FY 2020)



Source: Secondary Research, Industry Reports, Technopak Analysis;

Note: The e-tail split for apparel and lifestyle follows the overall split of apparel and lifestyle

Exhibit: Models of Apparel & Lifestyle



Source: Secondary Research, Technopak Analysis

Lifestyle E-tailers fall into 5 key segments based on their merchandise offering and business models:

1. **Horizontal Marketplace:** Having a wide spectrum of offering and multi-brand offering
2. **Vertical Marketplace:** They have a relatively narrower category focus, e.g., apparel and lifestyle and offer multiple brands within their segments
3. **Online-only Fashion Retailers:** They offer lesser categories, and also have a focus on private brands
4. **Online-only Curators:** They are largely ethnic only focused players. While they have a sizeable category offering in the form of apparel and lifestyle, their products are principally based around ethnic taste
5. **Online Extensions of B&M Retailers:** Many B&M centric players have forayed into E-tailing. This trend is observed with multi-format retailers like Future Retail, Future Lifestyle Fashions, Shoppers Stop as well as apparel and lifestyle brands like W, BIBA, Fabindia

Arvind Fashions Limited has invested in building an omni-channel platform Nnnow, where the focus is on creating a virtual high street customer experience. The platform provides a seamless experience throughout the online and offline journey where one can open the inventory of a store on the app and short list products and pick up from stores. Nnnow connects digital shoppers to every piece of merchandise from Arvind Fashions' warehouses, all brands and a network of more than 1,300 stores across 200 Indian cities.

Arvind Fashions' NNNow.com, an example of vertical marketplace, which initially started as an e-commerce platform for brands either owned or sold in India by Arvind Fashions, has now been opened up as a platform for several other brands as well. Sephora, operating in India through its master franchisee Arvind Fashions, besides having physical stores is also available online in an exclusive arrangement with Arvind Fashions' e-commerce platform. Post COVID-19, Nnnow.com has witnessed 3-4x growth in sales.

Brands and retailers are bringing agility to their channels of sale in the wake of growing penetration of internet and thereby e-commerce. Not only are the retailers developing their own transactional websites and placing their products in the marketplace e-commerce platforms but also they are making the experience seamless by letting the consumers use more than one channel for a transaction. For example, buying a garment in a physical store and asking for a return online.

Key trends in online fashion and lifestyle segment

E-commerce, a complimentary sales channel

E-commerce has become a complimentary sales channel for retailers and brands. Future Retail has launched fbbonline.in, Future Lifestyle Fashions has launched brandfactoryonline.com, Reliance Retail has launched Ajio, Tata Group has launched Tata Cliq, Arvind Fashions Limited has launched Nnnow.com and Landmark Group has launched Landmarkshops.in as their multi-channel initiative. Fashion brands like Forever 21, Zara, H&M, Fabindia, Biba and W are actively selling through online marketplaces like Myntra and Amazon and their own web shops. The online sales of these brands contribute in the range of 10-15% to their total revenue.

Enhancement of User Experience

Across the globe, apparel business has faced resistance in an active uptake of e-commerce due to constraints of visualisation and assurance of the right size and fit. To overcome these barriers, technology that champions virtual fitting rooms and visualisation techniques is being piloted by technology majors like Amazon and Microsoft and technology startups like Try and Buy Fashions. Myntra have also started to pilot virtual fitting rooms and fool proof user interface.

Social media influence

Social commerce has just started to kick off with some start-ups in a nascent stage. However, influencer driven marketing has started to play a big role in shaping up apparel trends thereby impacting sales of apparel both online and offline. It has also led to the emergence of celebrity led brands such as HRX by Hritik Roshan, Wrogn by Virat Kohli etc.

Key Growth Drivers E-tailing for apparel & lifestyle

The online penetration of apparel & lifestyle stands at ~15% in FY 2020. However, the online penetration of apparel & lifestyle is expected to increase in future due to:

Increasing focus on apparel & lifestyle categories by leading marketplaces

Most of the sales for leading marketplaces like Amazon and Flipkart are driven by low margin Electronics category. However, with increasing pressure on players to improve operating margin, players are increasingly shifting focus to higher margin category like Apparel and other lifestyle categories

Launch of private brands by online retailers

Over last few years, online retailers like Myntra, Flipkart and Amazon have launched private brands in Apparel, Footwear and other lifestyle categories to offer products across different price ranges and fashion categories. Players are increasingly focusing on private brands to achieve higher margins and build customer loyalty.

Myntra already has few private brands like Roadster, Mast & Harbour etc. offering apparel & footwear and is planning to add more brands to increase offering in the apparel and footwear segment. Even, brick & mortar retailers have launched their private brands through own e-commerce platforms to cater to the increasing population of online shoppers in the country eg: Future Retail has launched fbbonline.in, Future Lifestyle Fashions has launched brandfactoryonline.com, Reliance Retail has launched AJIO, etc.

Launch of online platforms by leading Apparel and other Lifestyle Retailers

Brick & Mortar players are increasingly focusing on becoming multi-channel driven by hybrid shoppers and wider reach of network. Leading corporate houses who had been in Brick & Mortar retail business, have ventured into the online space. Future Retail has launched fbbonline.in, Future Lifestyle Fashions has launched brandfactoryonline.com, Reliance Retail has launched Ajio, Tata Group has launched Tata Cliq, Arvind Fashions Limited has launched Nnnow.com and Landmark Group has launched Landmarkshops.in as their multi-channel initiative. Even brands have joined the bandwagon with players like Jack & Jones, H&M, Zara who are also selling through their owned web stores.

The launch of online platform by leading brick & mortar retailers will provide a platform for apparel & lifestyle brands to showcase their offering to a targeted set of consumers and will also allow retailers to showcase their private brands.

Growing internet penetration

The high growth of smart phones and internet users through smart phones is triggering the growth of e-commerce in general as well as apparel. In last 5 years number of internet users has grown from 330 Mn in 2015 to 640 Mn in 2020 growing at a CAGR of 14%. On one hand, where social networking sites, fashion websites, apparel e-commerce platforms are rendering immense exposure to the fashion landscape, on the other hand, the growth in the volume of digital payments indicate that actual transactions are also witnessing an upward trajectory.

Growth of apparel e-commerce in Tier II & III cities

While e-commerce is currently largely focussed on tier I cities, it is projected that the next phase of growth of e-commerce will come from tier II & III cities. All e-commerce players have been witnessing a high growth in the recent past from tier II cities and beyond. However, as of now, the e-commerce sales are dominated by consumer durables, electronics, IT related products followed by apparel and lifestyle products.

Key Growth Drivers for Western Wear Market

Within the overall Indian apparel market, the western wear market has evolved and is expected to grow at a consistent CAGR of 6% in the coming 5 years. This growth is triggered by the increasing usage of western wear by fashion conscious youths. The change in classification of consumer wardrobe has acted as a growth driver for western wear in India. Western wear brands are growing across all segments of the Indian market (premium, medium and value for money). International brands like Zara and H&M have aided rapid growth in the western wear segment.

Certain factors which are contributing as key growth drivers of western wear in the country are enumerated below:

1. Youth as a growth driver

The median age of 27 and workforce share of 50% of the population is suggestive of a large consuming youth population, consisting of both men and women, joining the workforce and inclined to spend their earnings on aspirational lifestyle. This demographic transformation is continuously and radically changing the retail landscape. Unlike the earlier generation, the youth is predisposed towards branded products and improved shopping experience and is continuously attempting to upgrade lifestyles. Mirroring the consumption story of the west, demand is being created in India for various segments and niches across price points.

Youth (15 to 29 years old) who comprise 26 percent of the consuming population, are a key growth driver of western wear in the country. Growing working population, increasing disposable income, comfort, quality and brand consciousness are major reasons behind increasing acceptance of western wear among this young population.

2. Growing awareness

Exposure to content on television, OTT platforms, social media networking sites and other internet avenues are making consumers abreast with global fashion and retail trends. Increased penetration of internet coupled with burgeoning smart phone market is bringing about exposure to global fashion trends. Western wear fashion trends are being followed through social networking sites, fashion websites, apparel e-commerce platforms.

3. Influence of International Brands

The entry of the international brands in the country is one of the biggest drivers of western wear. Their entry has widened the perspective of consumers which in turn has resulted in higher acceptability of new trends and styles in the market. With the increasing exposure to international fashion trends, the Indian consumer today is aware of global trends which have given him more variety to choose from.

4. Online penetration of Western Wear

Increased penetration of internet coupled with burgeoning smart phone market has also resulted in the growth of e-tailing in India. Due to ease of ordering online, paucity of time, flexible return policies and the cash on delivery payment option, the youth of India is more likely to purchase western wear online. E-commerce sales are skewed in favour of western wear which contributes 43% to the total sales in apparel and accessories segment.

5. Increased rural spending

Rural areas are developing at a rapid pace and so is their purchasing power. With the percolation of mass media, people in rural areas are also aware of fashion trends. Their inclination towards western trends is another reason for the growing demand of western wear in rural areas. The mid-value segment of western wear, characterized by quality, value-for-money, and increasing styling quotient, is the preferred choice of people from rural areas.

6. Casualization of Fashion

The Indian casual wear market has evolved significantly over the years. Casual wear categories such as denim, activewear, casual shirts, and fashionable skirts are outpacing the growth of formal wear in India. This is reflective of the changing consumer trend and increasing usage of casual wear in offices as well as home. This shift in consumer's wardrobe towards casual wear has acted as a growth driver for the western wear in India. The casualization of fashion is not unique to India and is witnessed as a global phenomenon. Earlier, fashion was considered as a basic need to be purchased based on the requirements. Consequently, the typical consumer wardrobe was limited to basic categories like shirts, trousers, sweaters, sarees and salwar kameez. The basic purchase parameters were limited to the basic functions of the cloth, comfort and price. However, with the changing socio-cultural values, increased per capita consumption, increasing exposure to international fashion trends and growing disposable income, apparel market is slowly becoming more occasions specific. Consequently, fashion basket has expanded to include clothing like casual wear, active wear, jackets, jeans etc.

7. Consumption beyond the Metros

With the changing socio-cultural values, growing disposable income and aspirations and increasing exposure to international fashion trends, it has been understood that a significant share of consumption resides in Tier 2 and 3 cities. Expansion beyond the metro town is becoming the focus of fashion retailer for growth. It is seen that leading fashion retailers across country are increasingly opening stores beyond metro clusters. Almost 23% of the apparel demand can be attributed to the top 8 cities making these cities the largest consumers of apparel in India. However, a distributive growth across the country is resulting in growth of demand from Tier I, II, III & IV cities which together account for 37% of the demand.

Key initiatives and trends in Apparel Market in India

1. Premiumization of Brands

Premiumization in apparel brands has led to portfolio extensions by adding new categories like innerwear, accessories, footwear, luggage etc. Similarly, new sub brands allows premium brands to get in to new segments like sports, luxury etc. Brands like Arrow and Louis Philippe have extended into sub-categories like accessories, footwear, luggage etc. Similarly, new segments have been added like LP Sports and Luxure by Louis Philippe and Arrow Sports and New York (young formals) by Arrow. Customization is another trend in premiumization of brands. Currently premium Indian apparel brands are providing this exclusivity and uniqueness to high end customers in a limited manner, but the trend is catching up

2. Value Fashion led growth

Going forward, value fashion will continue to be the mainstay of growth of apparel retailers and brands in both ethnic and western wear segments. This growth can be attributed to movement from unbranded to branded, RTS to RTW and migration from rural to urban centres. Value fashion retailer such as fbb, Max Fashion, Unlimited, V-Mart are bridging the price gap in the branded apparel market by offering quality product at affordable price. Unlimited, an Arvind Fashions Initiative, is a chain of 80 value department stores.

Ethnic wear brands such as Biba and W had also introduced their value brands Rangriti and Aurelia and have been able to grow their footprints to 200+ stores like their parent brands. As a result of this growing demand, value fashion focussed brands, private brand led retailers, LFS and online aggregators will continue to benefit.

3. Large Format Store led growth

Inspite of optimism around e-commerce, there are barriers such as lack of quality internet access and interface, due to which brick and mortar led growth of organised retail will continue, as is indicated by rate of expansion of EBOs and LFSs into Tier 1 & 2 cities. LFS have grown their footprints with the expansion of Central, Brand Factory, Shoppers Stop, Reliance Trends, Westside, Decathlon and Pantaloons in towns beyond Metros and Tier I cities. They will continue to be important growth drivers for organized apparel retailing.

4. Growth of Private Brands:

Acceptance of private brands among multi-brand retailers is on rise across product categories. Some reasons that can be attributed for their growth are:

- **Higher Margins:** Due to low advertising and promotional costs, they offer higher margins
- **Customer Loyalty:** Private brand buyers are more store-loyal
- **Differentiation:** Provide opportunity to retailers to differentiate themselves from other stores
- **Higher Bargaining Power:** A successful retailer with high share of private brands gets higher bargaining power to negotiate with suppliers

Multi brand lifestyle retailers the world over operate a private brand mix of ~25%. Kohl's, Macy's and other retailers that have achieved scale and profitability will naturally progress towards building private brand portfolio that will give incremental gross margin additions. Similarly both offline and online retailers in India have been aggressive with their private brands.

5. Technology Intervention

In Indian apparel sector, technology deployment in manufacturing, sourcing, retailing, marketing and data management is becoming the biggest value creator.

In-store Experience – Apparel players are implementing in-store technologies in congruence with the growing number of tech savvy, knowledgeable and demanding customers. Some of the technological components being used are: Augmented Reality (AR); Virtual Reality (VR); Video screens and kiosks for in-store ordering; Beacon tech/Apps; Checkout Free Scan & Go Services

Customer Data Mining - Apart from generating valuable insights on consumer behaviour through analysis of data collected, these technological experiences are engaging shoppers from product discovery to product delivery. They assist customers at every stage of shopping.

Key Challenges in Apparel Market in India

1. Diversity of Indian consumer

The biggest challenge of India is its sheer diversity and heterogeneity of its consumers. India's consumption is spread across 5500 towns and over 600,000 villages. While there is a strong clustering of consumption across 12-15 major metros and mini-metros, there is a very long tail for the bulk of consumption that makes it an imperative for many retailers and brands to invest in efforts to spread out far and wide geographically. The aspirations and expectations of the consumers are equally diverse, and therefore it's difficult to create retail formats that have a near-universal appeal within India.

2. Pressure from Fast Fashion

There is a growing appetite for fast fashion in India. International brands like Zara and H&M offering fast fashion are forcing Indian brands to review their seasonal offering to India. While private labels of retailers and trade labels available through online platforms are able to align themselves to the changing customer expectation, established brands are grappling with this concern and finding it difficult to stay relevant.

3. *High Cost of Operations*

Low sell through ratio of inventory and high leasing costs resulting from mispriced commercial real estate is a major concern for Indian retailers leading to high costs of operation and hurting the business's profitability.

4. *Competitive intensity*

Changing customer preferences and their competitive demand has made e-tailing a highly competitive business. Many fashion portals have closed down and many others have been struggling for raising capital. In due course of time, steep discounts have been abated, and the industry has witnessed consolidation and emergence of some market leaders. However, start-ups still have to incur high entry costs to acquire customers and high marketing costs to retain them. These two factors have contributed in making apparel e-commerce a high entry barrier business.

5. *Low trust and complex user experience is a barrier to e-commerce*

In past few years internet infrastructure in India has improved significantly and the huge drop in internet prices has improved the internet penetration. India has world's second largest internet users base with ~560 million users in 2019 but due to difficulty interacting with ecommerce applications, lack of familiarity with payment options and lack of trust on products sold online, ecommerce transactions are still limited especially in Tier 2&3 towns. To overcome this challenge enablement of visualisation, customized content and availability of easy-to-use payment solutions needs to fall in place.

Outlook

While organized retail, primarily brick & mortar, has been in India for 2 decades now, contribution to total retail is still low at 11.9% (US\$ 94 Bn) in 2020. Organized retail penetration was ~8.3% in 2015.

The apparel market size in India in FY 2020 is pegged at US\$ 59 Bn. It is also expected to grow at a CAGR of ~5.5% between FY 2020 and FY 2025 to reach US\$ 77 Bn by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the market is expected to degrow by 36% in the FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 19% between FY 2021 and FY 2025.

The branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~13% respectively during FY2020 and FY2025. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth of 5.5%. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market.

Men's Apparel constituted ~ 41% and Women's Apparel's share was ~36% of this market (the balance ~23% is contributed by Kids Apparel). Out of the total apparel market, Indian/Ethnic wear accounts for approximately 32% or US\$ 19 Bn (FY 2020) and the balance 68% of the market is made up of western wear. The high share of Indian wear in the total apparel is a unique feature of apparel market in India.

Ethnic is a key constituent of the women's wear market contributing almost 71% to the total market size. However its contribution in men's and kid's apparel market is not very significant.

The share of E-tail in apparel & lifestyle overall retail share was 3.5% in FY 2015. Apparel & lifestyle include apparel, footwear, accessories of all types that were sold through E-commerce channel. In FY 2020 E-tail's share in Apparel & Lifestyle's overall retailing is ~15% and the share is expected to reach ~25% by FY 2025.

The apparel market in India is now being driven by value fashion and premium brands, large format stores, e-commerce and their private labels.

OUR BUSINESS

The industry data in this chapter has been extracted from the report dated February 4, 2021, titled “Industry Report on Apparel Market in India”, prepared by Technopak (“Technopak Report”). Neither we, nor the Lead Manager, nor any other person connected with the Issue has independently verified the information in the Technopak Report.

Some of the information in this chapter, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 18, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 100 and 198, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results.

Overview

We are engaged in the business of designing, sourcing, marketing and selling a wide portfolio of men’s, women’s and kids’ branded readymade apparel, footwear, innerwear and other accessories across multiple owned and licensed brands. We sell our products through a network of stores and distribution channel operated directly or through our Subsidiaries and Joint Ventures. Our portfolio of branded apparel and footwear, spanning men’s wear, women’s wear and kids’ wear, straddles various pricing tiers and has presence across categories including but not limited to casual wear, formal wear, athleisure etc. We distribute and sell our products across India through multiple distribution channels such as Exclusive Brand Outlets (“EBOs”), Multi-Brand Outlets (“MBOs”), Large Format Stores (“LFSs”), as well as e-commerce platforms, operated by us and operated by other e-commerce players. We are also engaged in the business of distributing and selling a select range of branded beauty products.

We have developed a large portfolio of brands and concepts across categories which include branded apparel, beauty products, footwear and accessories. We are a leading player and has a strong portfolio of owned and licensed international brands which include U. S. Polo Assn, Arrow, Tommy Hilfiger, Flying Machine, Calvin Klein, Unlimited etc (*Source: Technopak Report*). We command a leadership position in the men’s premium casual wear and denim categories and are a dominant player in premium kids wear and innerwear categories (*Source: Technopak Report*). Our kids wear portfolio is focused on U. S. Polo Kids and Tommy Hilfiger Kids. Our innerwear portfolio comprises of brands like U. S. Polo Assn., Tommy Hilfiger and Calvin Klein. We have forayed into the prestige beauty products market through the brand ‘Sephora’. ‘Unlimited’, our value business brand outlet, provides fashion at value prices, under which we sell products under brands such as Anahi, Cherokee, Donuts, Excalibur, Elle Studio, Karigari, Ruggers, Sugr, Colt, Bronz and others. Our diversified portfolio of brands and variety of distribution channels allows us to maintain a balanced approach through which our operating results do not depend solely on the performance of any single brand, category or channel.

We serve our customers through a range of distribution channels which includes more than 1,200 EBOs, more than 14,000 MBOs and more than 3,400 LFS, spread across major states and union territories of India. Our stores are located in high streets, malls, mini malls at prominent locations in major metros, large cities and other Tier II and Tier III cities, which we believe give our stores better visibility and more footfalls. While our operations are focused in India, we have a small presence in international markets in the Middle East and South Asian countries which include UAE, Sri Lanka etc. for brands like Arrow and U. S. Polo Assn. through nominated distributors operating through EBOs as well LFS in these overseas markets. In addition, we operate an e-commerce platform www.NNNow.com and NNNow Android and iOS based apps, to market, distribute and sell our apparel, beauty products, footwear and accessories and are a strategic partner for all key e-commerce players in India.

We have a dedicated in-house design and merchandising team of approximately 136 members as on December 31, 2020. Our team designs and develops apparel, across men’s wear, women’s wear, kids wear and innerwear with their understanding of consumers’ requirements, in-depth market research and data analysis, helping in creating the fit and comfort of our products.

Our Company was originally incorporated as a subsidiary of Arvind Sports Lifestyle Limited. It became a subsidiary of Arvind Limited with effect from September 29, 2016. Pursuant to the Scheme of Arrangement approved by the NCLT, Ahmedabad Bench *vide* its order dated October 26, 2018, the Branded Apparel Undertaking (as defined in the Scheme of Arrangement) was demerged from Arvind Limited and vested into our Company with effect from November 30, 2018 (i.e. Appointed Date). Consequently, 1 Equity Share of our Company was issued to each of the shareholders of Arvind Limited for every 5 equity shares of face value ₹ 10 each, held by them in Arvind Limited as on the record date, i.e. November 29, 2018. Since the equity shares of Arvind Limited were listed with the BSE and NSE, consequently, pursuant to the relaxation from the requirements of Rule 19(2)(b) of the SCRR granted by the SEBI *vide* its letter no. CFD/DILII/ADM/RK/5122/2019 dated February 25, 2019, the Equity Shares of our Company got listed on BSE and NSE on March 8, 2019. The purpose of Scheme of Arrangement was to reorient and reorganize the diversified business portfolio of Arvind Limited in a manner that allows it to impart greater focus, management alignment and growth for each of its business lines. The restructuring pursuant to this Scheme resulted in segregation and unbundling of the branded apparel business of Arvind Limited into our Company and engineering business into The Anup Engineering Limited (formerly known as Anveshan Heavy Engineering Limited). It unlocked the value for the shareholders of Arvind Limited and led to emergence of Arvind Limited as a predominantly textile focused company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth and creation of listed branded apparel company (i.e., our Company) and engineering company (i.e., The Anup Engineering Limited) with ability to achieve valuation based on respective risk return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital.

We have an experienced professional management team under the overall stewardship of Sanjaybhai Shrenikbhai Lalbhai, the Chairman and Non-Executive Director of our Company. Our management team is led by our Managing (Additional) Director and CEO, Shailesh Shyam Chaturvedi who has around 15 years of experience in FMCG, lifestyle brands and retail industries.

Financial Performance

The financial performance of our Company for the nine months period ended on December 31, 2020 and Fiscal 2020 is as follows:

| | | (₹ in crores) |
|---|--|---------------|
| Particulars | Nine months period ended on December 31, 2020 | Fiscal 2020 |
| Revenue from operations | 1,432.59 | 3,866.30 |
| EBITDA | 24.00 | 290.89 |
| Profit/ (loss) after tax from continuing operation | (427.59) | (399.36) |
| Profit/(loss) after tax from discontinuing operation | (68.95) | - |
| Profit/ (loss) from continuing and discontinuing operation | (496.54) | (399.36) |

Key Strengths

Our competitive strengths are as follows:

Strong portfolio of owned and licensed international brands

We cater to multiple categories including apparel, beauty products, footwear, and accessories with a strong portfolio of owned and licensed international brands, which include U. S. Polo Assn., Arrow, Tommy Hilfiger, Flying Machine, Aeropostale, Calvin Klein, Unlimited, Sephora, Ed Hardy, Stride, Cole Haan and others. Our brands operate across segments which include premium, mass premium and value fashion.

Some of our brands such as Arrow, U.S. Polo Assn., Tommy Hilfiger and Flying Machine have achieved a scale of operations and profitability. Our brand such as Calvin Klein is in the investment phase and have significant long

term potential with unique opportunities to drive future growth. With the addition of Sephora, we have entered into the prestige beauty products category, to make prestige beauty products more accessible to the Indian consumer. We believe that this has further strengthened our position in the fashion and lifestyle market industry. Unlimited is a value fashion store chain with offerings for the entire family.

Through our own brands and brand partnerships, we cater to men's wear, women's wear, kids wear, innerwear, footwear and prestige beauty across various products and price categories. We believe that our portfolio of leading and differentiated international and domestic brands enables us to better cater to the varying needs of our customers and increase the range and diversity of our products enabling us to expand into new markets, grow our portfolio of products and trade through multiple sales channels.

Widespread distribution network across a variety of distribution channels spread across key strategic locations and strong Go-to market capabilities

We are a pan-India company and sell our products through a multi-channel distribution network which includes more than 1,200 EBOs, more than 14,000 MBOs and more than 3,400 LFSs covering a number of counters, spread across major states and union territories of India and abroad. EBOs, MBOs, LFSs and online retail, accounted for 42.18%, 15.36%, 0.63%, 36.15%, and 46.04%, 27.03%, 7.19%, 14.17%, respectively, of our consolidated revenue from operations for nine months period ended December 31, 2020 and Fiscal 2020.

In case of EBOs, we believe that the process of evaluating the requirement of new stores and identifying strategic location have enabled us to set up stores at key locations for our brands across several cities in India. For other channel partners, we evaluate the strengths of our partners based on our understanding of their market standing, partner credibility, growth opportunity, potential for our brands and thereafter enter into appropriate business agreements and commence our operations.

From bringing the brand Arrow to India or introducing designer brand like Tommy Hilfiger to the Indian market, we believe that we have been able to identify customer preferences and address potential market segments. We believe that our early mover advantage has not only helped us develop a wide network of stores across India in various categories but has also established brand equity for our Company as well as for our various brands. We believe that our portfolio of brands allows us to access prime store locations in malls, high street as well as top media agencies at competitive rates. We have also established a warehousing and logistics network, through which we are able to service our distribution channels. We have also tied up with various logistics partners to ensure on time delivery to our stores and customers. With ongoing efforts such as warehouse network redesigning and effectively utilizing technology wherever necessary, we ensure that we adapt to the changing business needs which demands more efficient turnaround and fulfillment.

Long standing relationships with vendors leading to a strong sourcing network

We have established long-standing relationships with our vendors and procure apparel directly from them on a regular basis. In Fiscal 2020, we sourced more than 4.5 crores units and managed significant operational complexities across brands and product categories. We believe that through our strong supplier relationship management practices and support to our vendor base through our in-house digital platforms, we have nurtured several vendor relationships. Several of our vendors have been working with us for over 10 years and have also been recognized with the 'Long Term Association Award' during our annual vendor meet 'Unnati'. As of March 31, 2020 and December 31, 2020, our top 10 suppliers constitute 26.66% and 49.37% of our total purchase respectively.

We are committed to maintaining quality standards at each step of our sourcing cycle and have a three tier process - evaluating quality at the raw material stage, at the garmenting stage and even random checking at our own stores. We also exercise regular supervision over the manufacturing operations at the facilities of our vendors through our personnel, who are either stationed at such facilities or periodically visit these facilities for inspections. This enables us to efficiently carry out production changes in designs or quantity of products required. Further, we regularly analyze our existing vendors' capacity and output to ensure that we have back-up arrangements in place, pre-book capacity based on projections and work with our vendors to develop infrastructure and increase productivity in order to ensure adequate production capacity, timely procurement and delivery.

Product and design capabilities

In order to offer new and varied products to our customers, we focus on creating innovative designs with an emphasis on quality. Our Company has a dedicated in-house design and merchandising team of approximately 136 members as of December 31, 2020, with expertise across men's wear, women's wear, kids wear and innerwear categories. Our design team designs and develops apparel and footwear based on brand guidelines and creates products which are suited to the fit and comfort of our target customers using their deep understanding of the Indian consumer requirement, in-depth market research and data analysis.

We believe that our process of design is also geared towards innovation which allows us to further shape consumer preferences. We have been able to bring product innovation to the Indian market through several design initiatives, which include "Responsible Jeans" by U. S. Polo Assn., 'F-Lite Denims' & 'Sustainable Shirts' by Flying Machine, 'Flex Chinos' & 'Cool Pro' shirts by Arrow, 'Boomerang Denims' by Unlimited etc.

Our design and merchandising team, together with our marketing and procurement teams, are focused in developing innovative design concepts across product categories. We believe our data-centric approach, supported by our innovative and organized design process as well as our experienced design team allows us to develop new and differentiated products and respond to evolving market trends and our customers' preferences.

Asset light scalable model

Our business model relies on the strength of our design process, our distribution network and our longstanding relationships with our suppliers. We enter into leases or franchise agreements for our EBOs which requires lower upfront capital expenditure as compared to acquiring real estate properties for setting up our outlets. Further, entering into agreements with suppliers who manufacture our products allows us to scale our operations quickly without incurring any capital expenditure on manufacturing facilities. We believe this business model allows us to be capital efficient.

We believe our business model is scalable, such that we can expand our geographical reach and distribution capacity and add new products efficiently and at a relatively low cost without disrupting our existing business. We also believe that our business model allows us the flexibility to adapt and to minimize losses and costs incurred by allowing us to shut down outlets which are not profit making or reduce our distribution capacity when not required. We have, in the past, exited brands and also closed down stores that did not perform as per our expectations. We believe that our asset light model allows us to leverage our strong brand portfolio, in-house design processes, coupled with a strong distribution network and longstanding relationships with suppliers to contribute to the profitable growth and development of our business.

Omni-channel capabilities

We operate an e-commerce platform consisting of www.NNNow.com and NNNow Android and iOS apps to market, distribute and sell apparel, footwear, beauty products and accessories. We have created 'one-view' of inventory by integrating our physical stores and warehouses with online marketplaces, wherein the order fulfillment is done by the store which is geographically closest to the customer, including through a click and collect feature. This also helps improve inventory turns for the store and create a seamless experience for the end-customer (both online and offline).

Our omni-channel capabilities enable us to create brand experiences for customers inside stores, on websites, mobile apps and on third party websites. The e-commerce platform seamlessly integrates online and in-store shopping moments with capabilities such as same-day delivery in select cities, store pick-ups for online orders, same-day hassle free returns at stores and India-wide inventory access to customers.

We have also started integrating this platform with third party marketplaces where we are able to provide the current status of inventory both in our stores and warehouses for efficient fulfillment of purchases.

Our entrepreneur led and professionally managed, experienced team

We have an experienced professional management team under the overall stewardship of Sanjaybhai Shrenikbhai Lalbhai, the Chairman and Non-Executive Director of our Company. Our management team is led by our Managing (Additional) Director and CEO, Shailesh Shyam Chaturvedi who has around 15 years of experience in FMCG, lifestyle brands and retail industries. Our CFO, Pramod Kumar Gupta has over three decades of experience in finance, operations and supply chain in diverse industries. Our management team is complemented by a committed force of employees that enable us to operate, synergise and integrate our front-end and back-end operations efficiently. Our human resources policies aim to create an engaged and motivated work force, which is essential for success in any service oriented industry such as ours. We believe we have been successful in developing our senior and middle management comprising of key executives and that the proactive approach of our management team has enabled us to respond to industry trends and competitive dynamics and construct strong vendor relationships.

Key Strategies

The key elements of our business strategy include:

Strengthening our core business through product innovation and marketing initiatives

Our operations are closely connected with customer preferences and changing choices and accordingly, it is imperative for us to not only forecast and continuously identify changing demands of our customers, but also contribute to shaping consumer needs and preferences. We aim to strengthen the performance of our core business through multiple initiatives such as product innovation, store upgradation and marketing campaigns. Our initiatives include product innovation to shape as well as adapt to changing customer demands. Some examples of product innovations are 'Responsible Jeans' by U. S. Polo Assn., 'Flex Chino' and 'Cool Pro Shirt' by Arrow, 'Boomerang Denims' by Unlimited and 'F- Lite denim' & 'Sustainable Shirts' by Flying Machine. We offer channel specific product ranges to cope with diverse range of customers. Some examples of various ranges are 'FM Blue Label' for departmental stores and EBOs, 'Flying Machine' for online, 'FMX' for Value channel (Flying Machine) etc.

Our marketing and advertising initiatives are directed to increase brand awareness, acquire new customers, drive customer traffic across our distribution channels and strengthen and reinforce the image of our brand portfolio. We also plan to continue the use of in-store communication, store facades and store shutters for advertising our brands. For nine months period ended December 31, 2020, our advertising and publicity expenses on consolidated basis were ₹ 57.91 crores, i.e. 4.04% of our consolidated revenue from operations. We also have a focused approach towards increasing our online marketing presence through digital activation and campaigns.

We intend to continue our brand building measures by introducing strategic marketing initiatives and customer engagement programs. We believe that our focus on product innovation and marketing initiatives will allow us to expand our business as customer preferences and brand aspirations evolve.

Category expansion and premiumization across Brands

Our Company has a large portfolio of international and Indian brands. While some of these brands may have started with a single category, they have extended into other categories and formats, and in some cases, through brand extensions. Many of these categories and formats have large businesses potential U.S. Polo Assn. which started as men's casualwear brand is now a multi-category brand having expanded into denim, kids, women, innerwear, tailored, active wear and footwear. The three new categories – innerwear, kidswear and footwear will continue to significantly aide growth in U.S. Polo Assn. Arrow has expanded into "Arrow New York" for younger consumers, suits & blazers for special occasions and also online specific categories. Tommy Hilfiger has expanded into kids, footwear and accessories which we believe offer high potential. We believe that the further strengthening of our brands will provide us with many category expansion opportunities in the future.

Further, we intend to continue to grow in our portfolio of premium brands through appropriate premiumization of brands. Our premium brands like Tommy Hilfiger and Calvin Klein are well positioned in the Indian market to cater to customers who are looking for premium products with high quality, aesthetics and design quotient.

Explore opportunities for our existing brand portfolio

We have a large number of owned and licensed international brands in our portfolio. We have been able to bring several international brands to the country with our track record of working with international brand partners.

We will from time to time evaluate our portfolio of brands and create, partner or acquire brands in categories that have a strategic fit with our business. We will also consider exiting brands in our portfolio based on their relevance to our overall business and potential to monetize and reallocate resources.

We will also continue to look at opportunities to strengthen brands in our portfolio from time to time. These may include, for one or more brands in our portfolio, strategic alliances as well as equity partnerships with strategic as well as financial partners to help strengthen the overall offering, including distribution and brands salience. Such arrangements will be evaluated considering, among other criteria, their potential to create value for our shareholders.

Expand and strengthen our distribution including online

We will continue to expand in markets where we see a growing demand for our products and where we can leverage our brand portfolio to expand our market share. We plan to increase our presence in Tier 3 and Tier 4 towns across brands.

We believe that the growing internet penetration in Indian cities, especially in Tier 2 cities and beyond, has increased the potential of growth in the e-commerce and online shopping space. Our ongoing collaboration with other online players and our own e-commerce platform www.NNNow.com and NNNow Android and iOS apps enable us to tap into the growing online shopping experience. We will continue to develop e-commerce channels which provide us with additional means of reaching out to our customers. We believe that developing and expanding our presence in the online space will aide our customer acquisition efforts and help us to increase and diversify our customer base.

Improving Go to market speed through Digital & analytics capabilities

We believe our digital transformation process will be key to our continued relevance and sustained growth.

Our strategy consists of three pillars - Technology transformation, Business process transformation and Workforce transformation. Through technology transformation, we have built the next generation infrastructure that includes upgrading our POS and ERP system and digitizing our stores. Under business process transformation we are making our processes more agile and robust, leveraging technology and moving towards a digital data driven organization where data based insights are leveraged to support decision making at all levels. In the context of workforce transformation, we have deployed secure cloud based digital workplace solutions to enable mobility, collaboration and improve productivity for our employees, vendors and customers.

We intend to decrease our lead time to market by faster sourcing turnaround through initiatives like segmented supply chain, supply chain digitization and in season analytics to accurately plan for and deal with supply-demand spikes and irregularities. We believe that developing and expanding our digital and analytics capabilities shall help us improve our go-to market speed.

Continue to nurture and deepen our human capital

We believe that the key to our success will be our ability to continue to maintain and grow a team of talented and experienced professionals. We intend to continue placing special emphasis on attracting, training and retaining our employees. Through our YoHGA (Your Holistic Growth Agenda) initiative, we are committed to enhance the overall employee experience by focusing on reskilling and upskilling, career progression, health and wellness. Arvind University, our learning and development centre of excellence offers business specific learning interventions for retail, functional and leadership development, which help acquire skills & competencies that have direct business impact and individual growth. Further, Arvind Express, our career progression initiative provides employees a transparent and structured process to help take on larger roles within the company. Arvind Applause, our rewards and recognition initiative was launched to acknowledge performance, organizational values and behaviour(s).

In the year 2012 and 2018 our Company has been honored with ‘Great Place to Work’ by the ‘Great Place to Work’ Institute and ‘Best Company to Work in Retail’ by ‘Business Today’ respectively. We shall continue developing talent and skilled workforce amongst our existing and growing team.

Enhance focus on efficiency, cost and return on capital

We intend to continue to improve the efficiency of our operations, reduce costs, improve margins and enhance the efficiency of capital employed thereby increasing the return on our capital, while still focusing on sustainable growth.

We will continue to leverage technology for better demand planning, replenishment and in season management activities. This will help us improve sales and sell through, allowing us to increase full price sales and minimise markdowns on our inventory. We will continue to shut unviable outlets and optimise distribution to curtail our fixed costs and enhance the efficiency of our distribution network. These actions are expected to improve margins, reduce costs and also reduce our overall inventory levels. Periodically rationalising the store network will help us redeploy the invested capital into more productive stores and distribution channels.

With a strong focus on cash generation, we are also rationalizing our exposure to customer segments and channels that require us to maintain high levels of inventory or have longer payment cycles. We have rationalised our sales and collection processes for trade channels to reduce the inventory in the network and to align primary sales with secondary sales.

We believe our focus on costs, network efficiency and asset turns will help us improve our profitability and Return on Capital Employed.

DESCRIPTION OF OUR BUSINESS

Our Business Operations


We are in the business of designing, sourcing, marketing and selling a wide portfolio of men’s, women’s and kids’ branded apparels, footwear, innerwear and accessories across multiple brands. We also distribute and sell a select range of branded beauty products. We sell our products across India and through multiple distribution channels. The table below summarizes our brands presence across key categories:



| Segments | Brands and Store Formats | Categories |
|----------------------|---|--|
| Premium | Calvin Klein, Tommy Hilfiger, Sephora | Casual wear, Innerwear, Beauty products, Kids’ wear, accessories |
| Mass Premium | Arrow, U. S. Polo Assn., Ed Hardy, Aeropostale, Flying Machine, Stride, Cole Haan | Casual wear, Formal wear, Innerwear, Kids’ wear, Accessories, Footwear |
| Value Fashion | Unlimited* | Casual wear, Formal wear, Innerwear, Kids’ wear |

**Note: Unlimited is a value fashion store under which we sell owned and licensed brands as well as private labels such as Anahi, Cherokee, Donut, Excalibur, Elle Studio, Karigari, Ruggers, Sugr, Colt and Bronz. Additionally, at Unlimited stores we also sell products of other owned brands, licensed brands and third party brands.*

OUR BRAND AND PRODUCT PORTFOLIO

Our portfolio of brands operates in the branded apparel, beauty products, footwear and accessories categories. The details of our brands and product portfolio are as follows:

| Brand | Owned/ Licensed | Owner/ Licensee | Brand Description and Product Categories |
|--|----------------------------|----------------------------|--|
|  U.S. POLO ASSN. SINCE 1890 | Licensed | ALBL | U. S. Polo Assn., the sport inspired lifestyle brand is the official brand of United States Polo Association, the governing body for the sport of polo in the United States since 1890. It |

| Brand | Owned/ Licensed | Owner/ Licensee | Brand Description and Product Categories |
|---|--------------------|--------------------|---|
| | | | offers men's, women's & kid's apparel, accessories and footwear. |
| TOMMY HILFIGER | Licensed | PVH AFPL | Tommy Hilfiger is an international designer lifestyle brands. It offers men's, women's and children's apparel, denim, accessories and footwear. |
| ARROW | Licensed | AFL | Arrow is an international premium brand which offers men's apparel, accessories as well as women's accessories. Under Arrow, it also offers Arrow Sport and Arrow New York that offer smart casual wear and fashionable formals. |
|  | Owned | AYBPL | Flying Machine is our first homegrown brand. It offers men's, women's and children's apparel, denim, accessories and men's footwear. |
| CALVIN KLEIN | Licensed | PVH AFPL | Calvin Klein is a global lifestyle brand and offers men's and women's Jeans & Underwear as well as white label products for men's casual sportswear, casual shoes, suits, belts, coats & women's casual sportswear, dresses, suits, handbags, belts and coats. |
| SEPHORA | Licensed | ABBRPL | Sephora is a beauty retail concept brand that retails products of Sephora brand and products that can only be sold from Sephora stores exclusively, such as Benefit, Make Up For Ever, Burt's Bees. Sephora Stores also sell selective global brands such as Dior, Estee Lauder, Clinique, Givenchy |
| STRIDE | Owned | AFL | Stride is a footwear destination where an extensive range of footwear of our home grown brands and licensed brands are offered. |
| COLE HAAN | Licensed | AFL | Cole Haan is global men's and women's footwear and accessories brand. It offers men's & women's footwear, handbags, belts and other accessories. |
|  | Licensed | ALBL | Ed Hardy is an alternative lifestyle fashion brand that celebrates the classic American tattoo as an art form. The brand offers men's & women's apparel, socks, belts, handbags and backpacks. |
| AÉROPOSTALE | Licensed | ALBL | Aéropostale is an American youth fashion brand which specializes in casual apparel and accessories which include young men's & women's apparel and kid's apparel & accessories. |
| UNLIMITED | Owned | ALBL | Unlimited, is a value fashion store chain from our Company with offerings for the entire family. Through Unlimited we sells owned, licensed brands and private labels such as Anahi, Cherokee (licensed), Donut, Excalibur, Elle Studio (licensed), Karigari, Ruggers, Sugr, Colt and Bronz. At Unlimited stores we also sell products of other owned brands, licensed brands and third party brands. |

The revenue from our Top 5 brands i.e. U. S. Polo Assn., Arrow, Flying Machine, Tommy Hilfiger and Calvin Klein constituted 69.92% and 67.76% for nine month period ended December 31, 2020 and for Fiscal 2020, respectively, on consolidated basis.

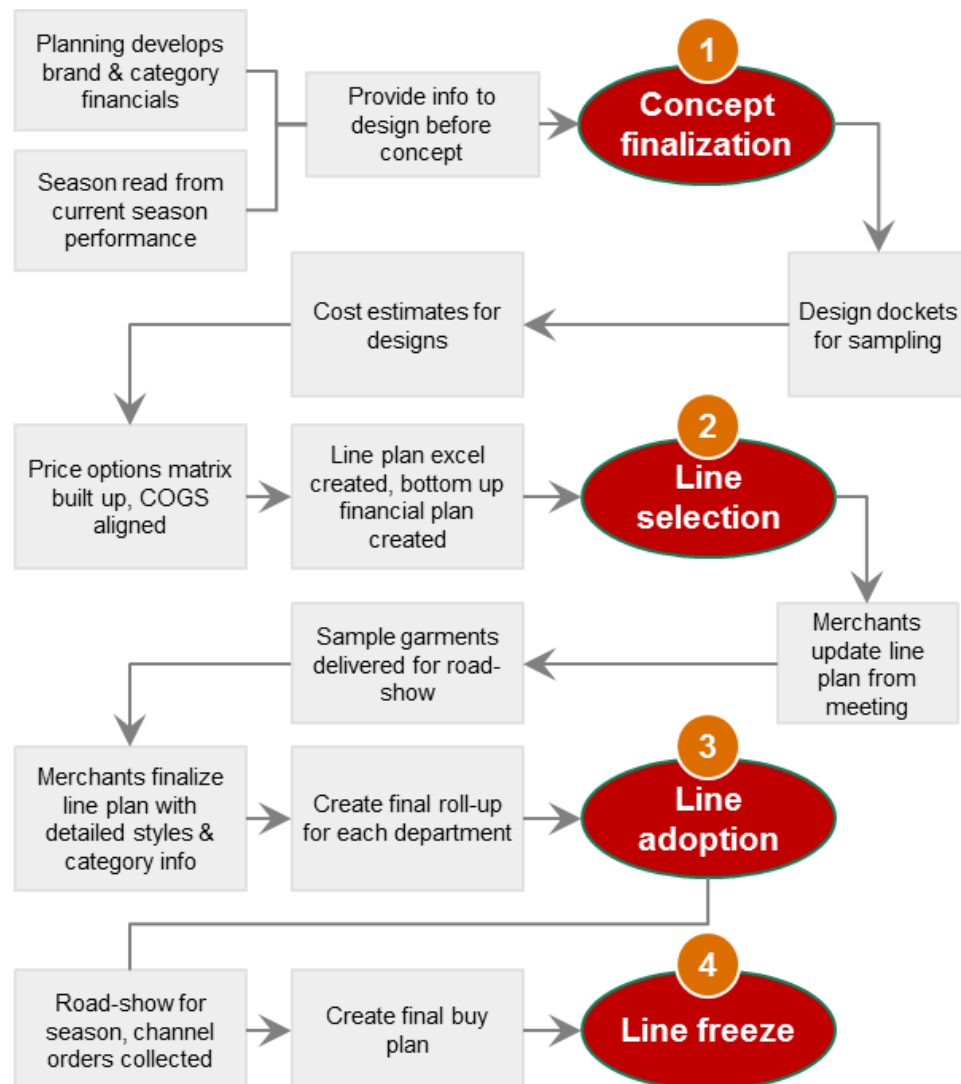
Product Design

In order to offer new and varied products to our customers, we focus on creating innovative designs with an emphasis on quality through our dedicated in-house design and merchandising team of approximately 136 members as on December 31, 2020, with expertise across men's wear, women's wear, kids' wear, footwear and innerwear

categories. Our design team design and develop apparel and footwear, based on brand guidelines, by creating the fit and comfort of our products which are suited to our target customers using their deep understanding of consumer preferences, in-depth market research and data analysis.

For our beauty products under Sephora, we select a range of global and local brand and products with a selection based on the Indian consumer complexion and Indian regional preferences on a replenishment model.

For our products, we typically follow a Concept to Shelf process, which is a structured approach to the design process with a few key milestones as indicated below:



Distribution Network

Our multi-channel distribution network comprises of EBOs, MBOs, LFSs and e-commerce through platform operated by us viz. www.NNNow.com as well as NNNow Android and iOS apps, and also through key e-commerce players in India.

Exclusive Brand Outlets (EBOs)

Our EBOs are operated either by us directly, or through our Franchise partners with whom we have franchise agreements, where the Company or the franchise partner, as the case may be, shall enter into lease agreements with

property owners to run and operate the EBOs. In certain cases, agreements are also entered with our franchise partners and property owners where the lease of the property is taken by the franchise owner while the outlet is operated by us. Similarly, in certain cases, the lease of the property is between us and the property owner while the outlet is run and operated by the franchise partner. As of December 31, 2020, we had 346 company operated EBOs and 901 franchisee operated EBOs.

We enter into lease agreements to occupy EBOs wherever feasible. Under certain lease agreements, we are required to pay rent or revenue share or both. In some of the cases, it will be higher of rent or percentage of revenue. We are required to make an upfront refundable security deposit to the landlord as per agreed terms. The rent or revenue share is paid on a monthly basis for the duration of the lease, subject to periodic rent escalations at agreed rates.

We enter into franchise agreements where we determine that collaboration with a local player with existing experience in a city or market will assist in our operations and enable us to scale up our operations and retail presence. Pursuant to our franchise agreements, the franchise partners operate our stores on an exclusive basis. As per the terms of the franchise agreements, we typically agree to share with our franchisees a certain percentage of the margin on the Maximum Retail Price net of discounts and taxes. While generally the franchisee is required to enter into lease agreements for such stores, in certain situations we enter into lease agreements with landlords with or without the right to sub-lease the store to our franchisees. Our franchisees are required to adhere to store designs as per the brand specification so that brand standards are maintained.

We endeavor to ensure that the customer experience at all our EBOs is standardized for each brand. Each brand has a defined brand guideline which needs to be adhered to while opening a new store. Sales of products at EBOs accounted for 42.18% and 46.04% of our revenue from operations for nine months period ended December 31, 2020 and Fiscals 2020, respectively.

Multi-Brand Outlets (MBOs)

We distribute our products through several MBOs. We either sell our products directly to such MBOs or enter into distribution agreements with distributors to further sell products to MBOs. The distribution agreements permit distributors to sell our products in a certain specified territory on a non-exclusive basis.

As part of these agreements, distributors are required to provide adequate warehousing, office space, vehicles and personnel in order to ensure efficient distribution of our products. We typically provide a discount or margin on Maximum retail Price and provide trade incentives in accordance with our policies. Our sales of products at MBOs accounted for 0.63% and 7.19% of our consolidated revenue from operations for nine months period ended December 31, 2020 and Fiscals 2020, respectively.

Large Format Stores (LFS)

As of December 31, 2020, we sell our products through more than 3,600 LFS. Our agreements with such LFS are non-exclusive in nature and are renewable subject to mutual agreement. As per the terms of our agreements, we supply stock on outright basis or sale or return basis. Under these agreements, we are required to share a certain percentage of the margin on the Maximum Retail Price less discount of our products and share the cost of discount on mutually agreed terms. Sales of products at LFS accounted for 15.36% and 27.03% of our consolidated revenue from operations for nine months period ended December 31, 2020 and Fiscals 2020, respectively.

E-Commerce

We operate an e-commerce platform consisting of www.NNNow.com and NNNow Android and iOS apps to market, distribute and sell apparel, beauty products, footwear, and accessories. We avail technical support services as well as customer support services from Arvind Internet (“**Service Provider**”) for www.NNNow.com and NNNow Android and iOS apps. We also distribute our products through key e-commerce players in India. Our agreements with online retailers are non-exclusive in nature and are generally for a renewable term of one or two years. We agree to share either a specified percentage of the margin on the Maximum Retail Price or an additional margin on the basis of the revenues generated from the sale of our products. In certain cases, we also agree to share any discount granted, on mutually agreed terms.

Sales of products through online accounted for 36.15% and 14.17% of our consolidated revenue from operations for nine months period ended December 31, 2020 and Fiscal 2020, respectively.

Branding, Marketing and Advertising

We have a defined set of guidelines which govern the branding, marketing and advertising initiatives of our various brands to ensure that these activities are in line with brand guidelines and identities. We utilize identifiable and standardized colours and typography across packaging material, at point of sales and in our communication both online and at physical stores. Our EBOs and some of the MBOs have standardized visual designs and layouts which cater to our brands, in order to make them readily identifiable.

We utilize both traditional and digital/social media vehicles, in our marketing and advertising initiatives, to increase brand awareness, acquire new customers, market new concepts, drive customer traffic across our point of sales and strengthen and reinforce the image of our brands. Our traditional media vehicles include print advertorials and product seeding, radio and out of home displays. We also use mall branding, in-store communication and store facades to advertise our brands. Adapting to changing media trends and channels, we are strengthening our digital and social marketing capabilities to reach out to the consumers through the most relevant communication channels which include e-commerce banners, notifications, social media posts and influencer marketing. We periodically undertake promotional activities to create awareness. Our marketing research activities include secondary research and discussions with retail staff to enable feedback.

We have well established loyalty programs across most of our brands. The structure of the loyalty programs varies across each brand in line with the target customer group and brand positioning and is deployed across most stores of our EBO channel. As of December 31, 2020, we had more than 1 crore registered customers under loyalty programs across different brands, of whom more than 14,00,000 are active users. Apart from giving loyalty benefits to our customers, we also have targeted campaigns using advanced analytics which aims to drive target customer traffic to our sales channels to improve repeat purchase frequencies.

We have a dedicated marketing team comprising of 33 employees, as of December 31, 2020. For nine months period ended on December 31, 2020, our advertising and publicity expenses on a consolidated basis were ₹ 57.91 crores or, 4.04% of our consolidated revenue from operations.

Human Resources

We believe our employees are one of our most important assets and critical to maintaining our competitive position in our key geographical markets and in our industry. As on December 31, 2020 we had 4,081 full time employees. The following table sets forth a bifurcation of the number of our employees as of December 31, 2020:

| Sr. No. | Description | No. of Employees |
|----------------|--------------------|-------------------------|
| 1. | Retail | 2,956 |
| 2. | Corporate | 1,032 |
| 3. | Regional | 56 |
| 4. | Warehouse | 37 |
| | Total | 4,081 |

Our Company believes in creating a culture and environment that allows our human resources utilize their skills, knowledge and leadership abilities in order to facilitate the growth of our operations. In the year 2012 and 2018, our Company has been honoured with 'Great Place to Work' by 'Great Place to Work' Institute and 'Best Company to Work in Retail' by 'Business Today' respectively.

Competition

We face competition from established Indian and International brands operating in India. These include standalone stores in the organized and unorganized sector, as well as other chains of stores including online channels. However,

we believe that our position with a nation-wide multi distribution network of stores in various categories provides us a competitive edge.

Information Technology

We believe that Information Technology is a powerful tool in operating our business and have accordingly invested in creating a strong IT system, network and processes. We have upgraded our SAP AFS (Apparel & Footwear Solution) system to SAP FMS (Fashion Management Solution), an Enterprise Resource Planning System, which works as a backbone application for our Company and provides omni channel automation to both the back end operations as well as the front end operations. With Oracle Xstore software for our front-end operations and SAP (Fashion Management Solution), an Enterprise Resource Planning (ERP) at the backend, we have a fully integrated real-time platform available for managing the complexities of our business. Apart from the features of managing inventories, discounts and sales data, we have other modules such as for Employee Discount/Promotion Management System we have “Oracle Retail Customer Management and Segmentation Foundation”, for Performance Management System we have “Darwinbox”, for Customer Relationship Management we have “Capillary”, for Gift Vouchers and Gift Card application we have “qwiksilver”.

OUR MANAGEMENT

Our Board of Directors

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than fifteen Directors, unless otherwise determined by our Company through a special resolution. As on the date of this Letter of Offer, our Board comprises of 12 (twelve) Directors, of which 1 (one) Director is Executive Director and 11 (eleven) Directors are Non-Executive Directors including 6 (six) Independent Directors out of which 2 (two) are woman Directors. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth the details regarding our Board as on the date of this Letter of Offer:

| Sr. No. | Name, Designation, Term, Period of Directorship, Occupation, Date of Birth, DIN and Address | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| 1. | Sanjaybhai Shrenikbhai Lalbhai Designation: Chairman and Non-Executive Director Term: Liable to retire by rotation Period of Directorship: Director since February 7, 2017 Occupation: Industrialist Date of Birth: April 10, 1954 DIN: 00008329 Address: Lalbaug, Shahibaug, Ahmedabad – 380 004, Gujarat, India. | 66 | 1. Arvind Limited; 2. The Anup Engineering Limited; 3. Arvind SmartSpaces Limited; 4. Arvind Foundation; 5. Animesh Holdings Private Limited; 6. Arvind Worldwide Inc. USA; and 7. Arvind Textile Mills Ltd. Bangladesh |
| 2. | Shailesh Shyam Chaturvedi* Designation: Managing (Additional) Director and Chief Executive Officer * Current Term: For a period of five years with effect from February 1, 2021* Period of Directorship: Director since November 12, 2020 Occupation: Service Date of Birth: June 5, 1968 DIN: 03023079 Address: Villa 296, Adarsh Palm Retreat, Phase 02 Lane 3, Bellandur Outer Ring Road, Devarabisanahalli, Bellandur, Bangalore – | 52 | 1. Arvind Beauty Brands Retail Private Limited; 2. NMIMS Business School Alumni Association; 3. Arvind Lifestyle Brands Limited; and 4. PVH Arvind Fashion Private Limited |

| Sr. No. | Name, Designation, Term, Period of Directorship, Occupation, Date of Birth, DIN and Address | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| | 560 103, Karnataka, India | | |
| 3. | Suresh Jayaraman Designation: Additional Non-Executive Director Term: Liable to retire by rotation Period of Directorship: Director since August 1, 2018 Occupation: Service Date of Birth: January 6, 1957 DIN: 03033110 Address: S-02, Magnolia, No 170/5, Defense Colony, 5 th Main, Indiranagar, Bengaluru – 560 038, Karnataka, India. | 64 | 1. Arvind Beauty Brands Retail Private Limited; 2. Arvind Lifestyle Brands Limited; 3. Arvind Youth Brands Private Limited; and 4. Value Fashion Retail Limited |
| 4. | Kulin Sanjay Lalbhai Designation: Non-Executive Director Term: Liable to retire by rotation Period of Directorship: Director since February 7, 2017 Occupation: Industrialist Date of Birth: August 13, 1985 DIN: 05206878 Address: Lalbaug, Shahibaug, Ahmedabad – 380 004, Gujarat, India. | 35 | 1. Zyduz Wellness Limited; 2. Arvind Limited; 3. Arvind Smartspaces Limited; 4. Retailers Association of India; 5. Arvind Goodhill Suit Manufacturing Private Limited; and 6. Arvind Internet Limited |
| 5. | Punit Sanjay Lalbhai Designation: Non-Executive Director Term: Liable to retire by rotation Period of Directorship: Director since April 2, 2019 Occupation: Industrialist Date of Birth: March 12, 1982 | 38 | 1. Arvind Limited; 2. The Anup Engineering Limited; 3. Arvind PD Composites Private Limited; 4. Arvind OG Nonwovens Private Limited; 5. Confederation of Indian Textile Industry; 6. Arvind Smart Textiles Limited; 7. Arvind Polser Engineered Composite Panels Private Limited; 8. Arvind Envisol Limited; 9. Adient Arvind Automotive Fabrics India Private Limited; and 10. Arvind Norm CBRN Systems Private Limited |

| Sr. No. | Name, Designation, Term, Period of Directorship, Occupation, Date of Birth, DIN and Address | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| | DIN: 05125502 Address: Lalbaug, Shahibaug, Ahmedabad – 380 004, Gujarat, India. | | |
| 6. | Nithya Easwaran Designation: Non-Executive Director Term: Liable to retire by rotation Period of Directorship: Director since February 7, 2017 Occupation: Service Date of Birth: August 19, 1973 DIN: 03605392 Address: A-405, Ashok Garden, T. J. Road, Swan Mills, Sewri, Mumbai – 400 015, Maharashtra, India. | 47 | 1. Dam Capital Advisors Limited; 2. Multiples Alternate Asset Management Private Limited; 3. APAC Housing Finance Private Limited; and 4. APAC Financial Services Private Limited |
| 7. | Nilesh Dhirajlal Shah Designation: Independent Director Term: 5 years with effect from February 7, 2017 to February 6, 2022 Period of Directorship: Director since February 7, 2017 Occupation: Service Date of Birth: November 22, 1968 DIN: 01711720 Address: 501, Radhika CHS, Plot No. 55, Gulmohar Road, JVPD Scheme, Vile Parle (West), Mumbai – 400 049, Maharashtra, India. | 52 | 1. Arvind Limited; 2. Kotak Mahindra Asset Management Company Limited; 3. Association of Mutual Funds in India; 4. Kotak Mahindra Pension Fund Limited; and 5. Kotak Mahindra Asset Management (Singapore) Pte. Limited |
| 8. | Nagesh Dinkar Pinge Designation: Independent Director Term: 5 years with effect from October 10, 2018 to October 9, 2023 Period of Directorship: Director since | 62 | 1. Goa Carbon Limited; 2. Inventia Healthcare Limited; 3. Hero Housing Finance Limited; 4. Multi Commodity Exchange Clearing Corporation Limited; 5. Aditya Birla Sun Life Insurance Company Limited; 6. Brahmani River Pellets Limited; |

| Sr. No. | Name, Designation, Term, Period of Directorship, Occupation, Date of Birth, DIN and Address | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| | <p>October 10, 2018</p> <p>Occupation: Service</p> <p>Date of Birth: October 1, 1958</p> <p>DIN: 00062900</p> <p>Address: B-403, Rajkamal CHS, Subhas Road, Near Vile Parle Mahila Sangh School, Vile Parle (East), Mumbai – 400 057, Maharashtra, India.</p> | | <p>7. Bhushan Power & Steel Limited;</p> <p>8. Automobile Corporation of Goa Limited; and</p> <p>9. Utkarsh Small Finance Bank Limited</p> |
| 9. | <p>Vallabh Roopchand Bhanshali</p> <p>Designation: Independent Director</p> <p>Term: 5 years with effect from October 10, 2018 to October 9, 2023</p> <p>Period of Directorship: Director since October 10, 2018</p> <p>Occupation: Business</p> <p>Date of Birth: March 4, 1951</p> <p>DIN: 00184775</p> <p>Address: 18th Floor, Vandan CHS, 191, Dongarsi Road, Walkeshwar, Malabar Hills, Mumbai – 400 006, Maharashtra, India.</p> | 69 | <p>1. Suroop Fresh Private Limited;</p> <p>2. Indore Composite Private Limited;</p> <p>3. Enam Financial Consultants Private Limited;</p> <p>4. Enam Investment & Services Private Limited;</p> <p>5. Enam Securities Private Limited;</p> <p>6. Foundation for Liberal and Management Education;</p> <p>7. Desh Apnayen Sahayog Foundation;</p> <p>8. Shantilal Muttha Foundation; and</p> <p>9. Sarvatra Technologies Private Limited</p> |
| 10. | <p>Achal Anil Bakeri</p> <p>Designation: Independent Director</p> <p>Term: 5 years with effect from October 10, 2018 to October 9, 2023</p> <p>Period of Directorship: Director since October 10, 2018</p> <p>Occupation: Industrialist</p> <p>Date of Birth: January 9, 1960</p> <p>DIN: 00397573</p> <p>Address: 415, Opp. Nehru Foundation, Bodakdev, Ahmedabad – 380 054, Gujarat, India.</p> | 61 | <p>1. Symphony Limited;</p> <p>2. Scarlet Living Private Limited;</p> <p>3. Harmony Holdings Private Limited; and</p> <p>4. Sanskrut Tradecom Private Limited</p> |

| Sr. No. | Name, Designation, Term, Period of Directorship, Occupation, Date of Birth, DIN and Address | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| 11. | Abanti Sankaranarayanan Designation: Independent Director Term: 5 years with effect from October 10, 2018 to October 9, 2023 Period of Directorship: Director since October 10, 2018 Occupation: Service Date of Birth: August 14, 1969 DIN: 01788443 Address: 10, Sealand Co. Op. Hsg. Soc., 4 th Floor, 41, Cuffe Parade, Mumbai – 400 005, Maharashtra, India. | 51 | 1. Diageo Distilleries Private Limited; 2. International Spirits and Wines Association of India; 3. Arvind Lifestyle Brands Limited; 4. The Advertising Standards Council of India; and 5. Diageo India Private Limited |
| 12. | Vani Kola Designation: Independent Director Term: 5 years with effect from April 2, 2019 to April 1, 2024 Period of Directorship: Director since April 2, 2019 Occupation: Business Date of Birth: January 23, 1964 DIN: 01827653 Address: #7142, Prestige Shantiniketan, Whitefield Road, Near ITPL, Mahadevpura, Bengaluru – 560 048, Karnataka, India. | 57 | 1. Yourstory Media Private Limited; 2. Aaidea Solutions Private Limited; 3. Kalaari Capital Advisors Private Limited; 4. Curefit Healthcare Private Limited; 5. Wehub Foundation; and 6. Dream11, Inc. |

**Shailesh Shyam Chaturvedi has been appointed as Managing Director and Chief Executive Officer of our Company, for a period of five years with effect from February 1, 2021 by Board of Directors at its meeting held on November 12, 2020 subject to approval of shareholders at the ensuing general meeting of the Company.*

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

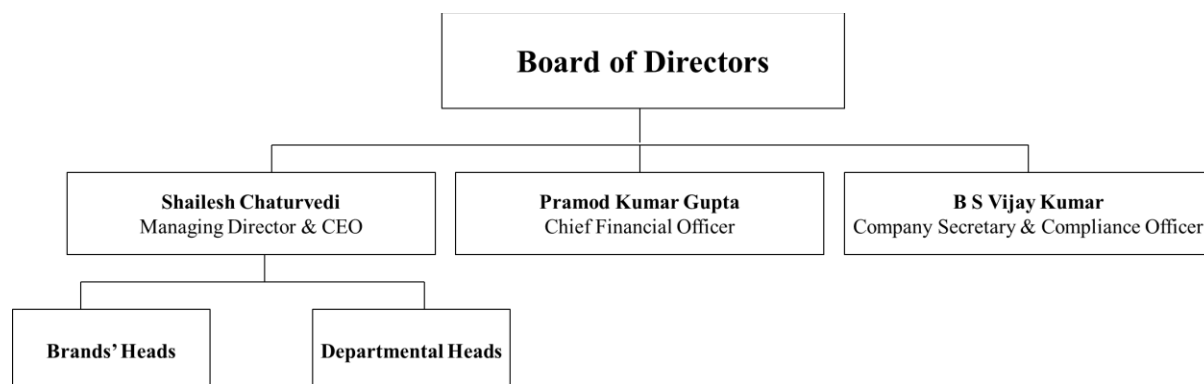
Except as disclosed below, none of our Directors is or was a director of any listed company during the last ten years immediately preceding the date of filing this Letter of Offer, which has been, or was delisted from any stock exchange during the term of their directorship in such company:

| Sr. No. | Particulars | Details | Details |
|---------|--|---|--|
| 1. | Name of the Company | Arvind Limited | Arvind Smartspaces Limited (formerly known as Arvind Infrastructure Limited) |
| 2. | Currently listed on | BSE and NSE | BSE and NSE |
| 3. | Delisted from | Ahmedabad Stock Exchange Limited (“ASE”) | ASE |
| 4. | Date of delisting on the stock exchange | December 23, 2015 | December 23, 2015 |
| 5. | Compulsory or Voluntary delisting | Voluntary | Voluntary |
| 6. | Reasons for delisting | ASE became non-operational stock exchange and no trading in shares was recorded | ASE became non-operational stock exchange and no trading in shares was recorded |
| 7. | Whether relisted | No | No |
| 8. | Term of director(s) | a. Sanjaybhai Shrenikbhai Lalbhai – Since March, 1979 till date b. Kulin Sanjay Lalbhai – Since July 2012 till date c. Punit Sanjay Lalbhai – Since July 2012 till date d. Nilesh Dhirajlal Shah – Since May 2015 till date e. Vallabh Roopchand Bhanshali – Since May 2014 till May 2019 | a. Sanjaybhai Shrenikbhai Lalbhai – Since March 2015 till date b. Kulin Sanjay Lalbhai – Since March 2013 till date |

Our Key Management Personnel and Senior Management Personnel

| Sr. No. | Name of key management personnel and senior management personnel | Designation | Associated with Company since |
|---------|--|--|-------------------------------|
| 1. | Shailesh Chaturvedi | Managing (Additional) Director and Chief Executive Officer | November 12, 2020 |
| 2. | Pramod Kumar Gupta | Chief Financial Officer | January 28, 2019 |
| 3. | B S Vijay Kumar | Company Secretary and Compliance Officer | February 22, 2017 |

Management Organisation Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

| Sr. No. | Particulars | Page Number |
|----------------|---|--------------------|
| 1. | Unaudited Consolidated Financial Results for the nine months period ended December 30, 2020 | 101-104 |
| 2. | Audited Consolidated Financial Statements as at and for the year ended March 31, 2020 | 105-192 |

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SORAB S. ENGINEER & CO. (Regd.)

CHARTERED ACCOUNTANTS

TELEPHONE : +91 79 29700466

: +91 79 48006782

EMAIL : sseahm@sseco.in

sseahm@hotmail.com

WEB : www.sseco.in



804, SAKAR-IX,
BESIDES OLD RBI,
ASHRAM ROAD,
AHMEDABAD-380 009

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS OF ARVIND FASHIONS LIMITED

TO THE BOARD OF DIRECTORS OF ARVIND FASHIONS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Arvind Fashions Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and nine months ended December 31, 2020 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Parent Company

Arvind Fashions Limited

Subsidiary Companies

Arvind Lifestyle Brands Limited

Arvind Beauty Brands Retail Private Limited

PVH Arvind Fashion Private Limited (Previously known as Calvin Klein Arvind Fashion Private Limited)

Arvind Youth Brands Private Limited

Value Fashion Retail Limited



Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.
Telephone : +91 22 2282 4811, 2204 0861 • Email : sorabsengineer@yahoo.com, ssemum@sseco.in

Bengaluru Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bengaluru-560020.
Telephone : +91 9925879234 • Email : sseblr@sseco.in

SORAB S. ENGINEER & CO. (Regd.)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to note 4 of the Statement which describes the uncertainties and management's assessment of the financial impact due to COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

7. We did not review the interim financial results of one subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs. 420.13 Crores and Rs. 711.49 Crores, total net loss after tax of Rs. 127.54 Crores and Rs. 337.05 Crores and the total comprehensive loss of Rs. 127.28 Crores and Rs. 335.50 Crores, for the quarter and nine months ended December 31, 2020 respectively. This interim financial result has been reviewed by other auditors whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

8. The consolidated unaudited financial results include the interim financial results of one subsidiary which has not been reviewed by their auditors, whose interim financial results reflects total revenue of Rs. 101.97 Crores and Rs. 155.60 Crores, total net profit after tax of Rs. 5.29 Crores and loss of Rs. 0.58 Crores and total comprehensive profit of Rs. 5.28 Crores and loss of Rs. 0.60 Crores for the quarter and nine months ended December 31, 2020 respectively as considered in the Statement. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For **Sorab S. Engineer & Co.**

Chartered Accountants

Firm Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.

Partner

Membership No.100892

UDIN: 21100892AAAA CZ5525



Ahmedabad

February 03, 2021

ARVIND FASHIONS LIMITED

A MEMBER OF THE JALRIIAI GROUP

Corporate Office: Du Parc Tower, 8th Floor, 17, M.G. Road, Bengaluru - 560 001

Tel: 91-80-4155 0001

www.arvindfashions.com

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2020

(Rs. in Crores except per share data)

| Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | 31.12.20 Unaudited | 30.09.20 Unaudited | 31.12.19 Unaudited | 31.12.20 Unaudited | 31.12.19 Unaudited | 31.03.20 Audited |
| A Continuing Operations | | | | | | |
| 1 Income | | | | | | |
| (a) Revenue from operations | 901.42 | 436.83 | 1,051.61 | 1,432.59 | 2,940.26 | 3,613.57 |
| (b) Other Income (Refer Note 6) | 9.71 | 26.98 | 10.67 | 102.73 | 18.01 | 59.78 |
| Total Income | 911.13 | 463.81 | 1,062.28 | 1,535.32 | 2,958.27 | 3,673.35 |
| 2 Expenses | | | | | | |
| (a) Cost of trims and accessories consumed | - | - | 0.26 | - | 1.60 | 5.15 |
| (b) Purchases of stock-in-trade | 413.33 | 53.44 | 421.19 | 478.78 | 1,656.98 | 2,071.95 |
| (c) Changes in inventories | 114.15 | 216.59 | 160.67 | 388.46 | (24.86) | (84.83) |
| (d) Employee benefits expense | 60.13 | 58.02 | 76.53 | 162.24 | 244.07 | 313.06 |
| (e) Finance costs | 51.22 | 56.78 | 73.28 | 172.77 | 205.72 | 273.55 |
| (f) Depreciation and amortisation expense | 66.77 | 75.78 | 117.16 | 219.10 | 322.09 | 420.66 |
| (g) Other expenses | 239.88 | 154.24 | 279.97 | 481.84 | 812.03 | 1,050.45 |
| Total Expenses | 945.48 | 614.85 | 1,129.05 | 1,903.19 | 3,217.63 | 4,049.99 |
| 3 Profit/(Loss) before exceptional items and tax (1-2) | (34.35) | (151.04) | (66.78) | (367.87) | (259.36) | (376.64) |
| 4 Exceptional items (Refer Note 4 and 5) | - | (45.20) | - | (45.20) | - | (60.69) |
| 5 Profit/(Loss) Before Tax (3-4) | (34.35) | (196.24) | (66.78) | (413.07) | (259.36) | (437.33) |
| 6 Tax Expense | | | | | | |
| Current Tax | - | - | (2.92) | - | (0.17) | (0.17) |
| (Excess)/short provision related to earlier years | - | - | - | - | (0.17) | (0.17) |
| Deferred Tax Charge/(Credit) | 9.54 | (6.75) | (29.72) | 14.52 | (94.85) | (77.26) |
| Total Tax Expense/(Credit) | 9.54 | (6.75) | (32.64) | 14.52 | (95.02) | (77.43) |
| 7 Net Profit/(Loss) for the period from Continuing Operations (5-6) | (43.89) | (189.49) | (34.14) | (427.59) | (164.34) | (359.90) |
| 8 Discontinuing Operations (Refer Note 10) | | | | | | |
| 9 Profit/(Loss) Before Tax for the period from Discontinuing Operations | (21.73) | (28.30) | (14.12) | (68.95) | (33.02) | (59.09) |
| 10 Tax Expense/(Credit) on Discontinuing Operations | - | - | - | - | (5.29) | (19.80) |
| 11 Net Profit/(Loss) for the period from Discontinuing Operations (9-10) | (21.73) | (28.30) | (14.12) | (68.95) | (26.73) | (39.29) |
| 12 Net Profit/(Loss) for the period from Continuing Operations and Discontinuing Operations (7+11) | (65.62) | (217.79) | (48.26) | (496.54) | (191.07) | (399.19) |
| Attributable to: | | | | | | |
| Equity Holders of the Parent | (68.00) | (211.76) | (50.86) | (476.53) | (196.40) | (400.74) |
| Non-controlling interest | 2.38 | (6.03) | 2.60 | (20.01) | 5.33 | 1.55 |
| 13 Other Comprehensive Income/ (Loss) (Net of Tax) | (65.62) | (217.79) | (48.26) | (496.54) | (191.07) | (399.19) |
| (a) Items that will not be classified to profit and loss | | | | | | |
| (i) Re-measurement gain/(loss) on defined benefit plans | 0.22 | 3.06 | (0.33) | 2.45 | (1.55) | 1.04 |
| (ii) Income Tax related to the item above | (0.16) | (1.04) | 0.06 | (0.94) | 0.49 | (0.19) |
| (b) Items that will be classified to profit and loss | | | | | | |
| (i) Effective portion of gains / (loss) on cash flow hedges | (0.09) | (1.92) | 2.99 | (4.75) | 3.15 | 5.77 |
| (ii) Income Tax related to the item above | - | - | 0.01 | - | - | - |
| Other Comprehensive Income/ (Loss) (Net of Tax) | (0.03) | 0.10 | 2.73 | (3.24) | 2.09 | 6.62 |
| Attributable to: | | | | | | |
| Equity holders of the Parent | 0.13 | 1.04 | 1.28 | (0.79) | 0.58 | 3.46 |
| Non-controlling interest | (0.16) | (0.94) | 1.45 | (2.49) | 1.51 | 3.16 |
| 14 Total Comprehensive Income/ (Loss) for the Period (11+12) | (65.65) | (217.69) | (45.53) | (499.78) | (188.98) | (392.57) |
| Attributable to: | | | | | | |
| Equity holders of the Parent | (67.87) | (210.70) | (49.38) | (477.28) | (195.82) | (397.28) |
| Non-controlling interest | 2.22 | (6.99) | 4.05 | (22.50) | 5.84 | 4.71 |
| 15 Paid-up Equity Share Capital (Face Value ₹ 4/- per share) | 39.47 | 39.46 | 23.47 | 39.47 | 23.47 | 23.47 |
| 16 Other Equity | - | - | - | - | - | 573.83 |
| 17 Earning Per Share In Rs (Not Annualised) | | | | | | |
| Continuing Operations | | | | | | |
| -Basic | (3.01) | (19.60) | (4.76) | (45.67) | (22.03) | (46.92) |
| -Diluted | (3.15) | (19.51) | (4.71) | (45.65) | (21.83) | (46.59) |
| Discontinuing Operations | | | | | | |
| -Basic | (2.14) | (3.10) | (1.83) | (7.69) | (3.47) | (5.10) |
| -Diluted | (2.16) | (3.08) | (1.82) | (7.69) | (3.44) | (5.06) |
| Continuing and Discontinuing Operations | | | | | | |
| -Basic | (5.15) | (22.70) | (6.59) | (53.36) | (25.50) | (52.02) |
| -Diluted | (5.31) | (22.59) | (6.53) | (53.34) | (25.27) | (51.65) |

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

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
February 03, 2021



For Arvind Fashions Limited

Shailosh Chaturvedi
Managing Director & CEO
DIN:03023079

Bengaluru
February 03, 2021



ARVIND

Regd. Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad - 380 025
CIN: L52399GJ2016PLC085595

ARVIND FASHIONS LIMITED

A MEMBER OF THE LALBHAJI GROUP

Corporate Office: Du Parc Trinity, 8th Floor, 17, M G Road, Bengaluru - 560 001

Tel: 91 -80-4153 0601

www.arvindfashions.com

Notes to the Consolidated Financial Results:

- 1 The above consolidated financial results have been prepared in accordance with Indian Accounting Standards 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.
- 2 The above consolidated financial results for the quarter and nine month ended December 31, 2020 which have been subjected to review by the Statutory Auditors, were reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their meeting held on February 03, 2021 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. The Statutory Auditors have expressed an unqualified audit opinion.
- 3 The Group is primarily engaged in the business of Branded Apparels (Garments and Accessories) which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting segment.
- 4 Due to Covid19, the fashion business has been severely impacted. This has led to lower sales, resulting into inventory build-up and slower collection of receivables. With easing of lockdown restrictions, the company's performance for the current quarter has been progressive and we expect the momentum to continue with an overall improvement in Covid situation.

The Group has taken several steps including raising of equity capital by way of rights issue of Rs. 399.79 Crores, strategic partnership with Flipkart India Private Limited for its youth brands Flying Machine which has resulted in cash flow of Rs. 260 Crores, discontinuation of certain brands, sharp reduction in overheads and closure of unviable stores. With objectives of faster releasing cash and have fresh inventory offered to customers, the Group has decided to offer higher discounts to liquidate old inventory rapidly and take back goods sold from customers where collection of funds is getting delayed and sell it through other channels for faster liquidation. In order to achieve these objectives, during the quarter ended December 31, 2020, the Group has made special provision of Rs. Nil consisting of Rs. Nil for Margin on Sales Return and Scheme and Discounts, Rs. Nil for Inventory Dormancy and Rs. Nil for Allowance for Doubtful Debtors. (Quarter ended September 30, 2020 and nine months ended December 31, 2020, Rs. 157.11 Crores, Rs. 34.74 Crores, Rs. 96.83 Crores and Rs. 25.54 Crores respectively; Year ended March 31, 2020: Rs. 60.69 Crores, Rs. 37.49 Crores, Rs. 13.19 Crores and Rs. 10.01 Crores respectively) which are disclosed under Exceptional Items.

The Company believes that this pandemic is not likely to impact the recoverability of the carrying value of its assets further. The Company is closely monitoring the developments and possible effects that may result from the present pandemic on its financial condition, liquidity and operations and working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.

- 5 The Parent Company and Arvind Lifestyle Brands Limited (ALBL), a wholly owned subsidiary Company have transferred by way of sale, the wholesale trading business and retail trading business of "Flying Machine" ("FM") brand respectively as a going concern to Arvind Youth Brands Private Limited (AYBPL), a subsidiary company on a slump sale basis for a lump sum consideration of Rs. 61.90 Crores and Rs. 151.30 Crores respectively during the quarter ended September 30, 2020.

The Flipkart India Private Limited has purchased a significant minority stake in AYBPL through purchase of Compulsorily Convertible Preference Shares for Rs. 260 Crores. Rs. 111.91 crores, being the gain on sale of shares has been disclosed under Exceptional Items during the quarter ended September 30, 2020.

- 6 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. Pursuant to the above amendment, the Group has applied the practical expedient by accounting the unconditional rent concessions of Rs. 6.68 Crores (Rs. 14.31 Crores for the quarter ended September 30, 2020 and Rs. 85.87 Crores for the nine months ended December 31, 2020). The above unconditional rent concessions for the quarter ended December 31, 2020 includes Rs. 0.49 Crores pertaining to periods after December 31, 2020. Unconditional rent concession for the quarter ended September 30, 2020 included Rs. 14.84 Crores pertaining to periods after September 30, 2020.
- 7 During the quarter, the Company has allotted 27,000 equity shares (quarter ended September 30, 2020: Nil, quarter ended December 31, 2019: Nil, year ended March 31, 2020: 6,84,691) pursuant to exercise of stock options by employees.
- 8 The National Company Law Tribunal (NCLT), vide its order dated July 14, 2020 has approved the scheme of amalgamation of Tommy Hilfiger Arvind Fashion Private Limited with Calvin Klein Arvind Fashion Private Limited now renamed as PVH Arvind Fashion Private Limited. The scheme has become effective with appointed date i.e. April 01, 2019. As required by applicable accounting standard the consolidated financial results of previous periods have been restated.
- 9 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. There is no deviation in use of proceeds from the objects stated in the Offer document for Right Issue.

Pursuant to IND AS 33, basic and diluted earnings per share for the previous periods have been restated for the bonus element in respect of right issue.

- 10 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 and Ruf & Tuf. 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. The previous periods have been re-classified to give effect to the presentation requirements of Ind AS 105: Non-current Assets Held for Sale and Discontinued Operations.
- 11 The Parliament of India has approved the Code of Social Security, 2020 (the Code) which may impact the contribution by the Company 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.
- 12 Previous period's figures have been regrouped/rearranged wherever necessary, to conform to current period presentation.

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

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
February 03, 2021



For Arvind Fashions Limited

Shallesh Chaturvedi

Managing Director & CEO
DIN:03023079

Bengaluru
February 03, 2021



Arvind
Regd. Office : Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad - 380 025
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND FASHIONS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Arvind Fashions Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and the notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter Paragraph

We draw your attention to Note 25 of the consolidated financial statements which explains the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government of India and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment in the subsequent period is highly dependent upon circumstances as they evolve.

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Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.
Telephone : +91 22 2282 4811, 2204 0861 • **Email** : sorabsengineer@yahoo.com, ssemum@sseco.in

Bengaluru Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bengaluru-560020.
Telephone : +91 9925879234 • **Email** : sseblr@sseco.in

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.

A. Recognition of Revenue from Contracts with Customers

Key Audit Matter Description

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 recognised over a period, estimate of variable consideration, reduction of revenue on the basis of consideration payable to customers in the form of loyalty points, determination of Principal versus agent consideration, recognition of contract assets and refund liability that is amount of returns, and discounts that have been incurred and not yet settled with the customer. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Refer Note 4 and 16 to the Consolidated Financial Statements

How the Key Audit Matter Was Addressed in the Audit

We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in these contracts and compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine (a) the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration; (b) for determination of Principal versus agent consideration, recognition of contract assets and refund liability including historical trend of returns.
 - Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
 - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

- Analysed returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.
- We reviewed the collation of information to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

B. Valuation of Inventory

Key Audit Matter Description

Valuation of inventory requires (a) measurement of cost to be recognised as an inventory and carried forward until the related revenues are recognised; (b) any write-down to net realisable value; (c) identification of slow moving stock; and (d) accuracy of expected selling prices, particularly for products with significant time lapse between manufacture and ultimate date of sale of product to the consumer. These include inherently subjective judgements about forecast future demand with the risk increased due to recent situation of COVID 19 and estimated net realisable value at the time the product is expected to be sold based upon a detailed analysis of old season inventory.

Refer Note 4 and 9 to the Consolidated Financial Statements

How the Key Audit Matter Was Addressed in the Audit

We assessed the Company's process to identify and measurement of all costs which comprise of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the design of internal controls relating to identification and measurement of cost of inventory, slow moving goods and estimated net realisable value;
- Selected sample of Inventory to verify the correctness of cost components.
- Tested the relevant information technology systems generating report of slow moving goods specifically in relation to validity and completeness of the inventory flags and season codes applied;
- Performed sample testing for accuracy of net realizable value of inventory including slow moving goods with sales invoices;
- Validated cost write-down to estimated net realizable value.

C. Adoption of Ind AS 116 – "Leases"

Key Audit Matter Description

Effective from April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach which substantially modifies accounting for Leases. Due to large volume of leases in which the Company act as lessee, this standard had a significant impact on the financial statements. A number of judgements have been applied and estimates made in determining the impact of the standard.

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The Company designed an implementation plan for the adoption of this standard which, among other actions, analysed and defined the criteria to be applied in the transition process, the lease identification processes, the monitoring and control of the leases in force and the development of the methodology to be applied in the measurement of the leases.

The large volume of leases, the diverse nature thereof and the significance and impact of the estimates made (mainly to assess the term of each lease and the applicable discount rate), lead us to consider this matter to be a key matter in our audit.

Refer Note 35 to the Consolidated Financial Statements

Our key audit matter was focused on the following areas of risk:

- Leasing arrangements within the scope of IND AS 116 are not identified or appropriately included in the calculation of the transitional impact;
- Specific assumptions applied to determine the discount rates for each lease are inappropriate;
- The underlying lease data used to calculate the transitional impact is incomplete and/or inaccurate;
- The mechanical accuracy of lease calculations is flawed; and
- The disclosures in the financial statements are insufficient, precluding investors from obtaining a clear understanding as to the transitional impact of the change in accounting standard.

How the Key Audit Matter Was Addressed in the Audit

In responding to the identified key audit matter, we completed the following audit procedures:

- An evaluation of the design, implementation and operating effectiveness of the relevant controls established by the Company in relation to the methodologies developed and estimates made in order to evaluate the main impacts of the standard.
 - Assessed the appropriateness of the discount rates applied in determining lease liabilities;
 - Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked the integrity and mechanical accuracy of the IND AS 116 calculations for each lease sampled through recalculation of the expected IND AS 116 adjustment;
 - Considered completeness by testing the reconciliation to the Company's operating lease commitments (disclosed per note 25 to the financial statements), and by investigating key service contracts to assess whether they contained a lease under IND AS 116;
 - Assessed whether the disclosures within the financial statements are in conformity with the applicable regulatory framework.

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

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

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higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

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

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

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

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- Due to COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Also, we were not able to physically observe the stock verification, wherever carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" which includes inspection of supporting documentation relating to purchases, sales, results of cyclical count performed by the Management through the year and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these consolidated financial statements.

Our report on the Statement is not modified in respect of this matter.

- We did not audit the financial information of two subsidiaries, whose financial statements reflect total assets of Rs. 3,264.90 Crores as at March 31, 2020, total revenue of Rs. 2854.94, total net loss after tax of Rs. 342.43 Crores, total comprehensive loss of Rs. 340.12 Crores and cash flows (net) of Rs. 2.30 Crores for the year ended March 31, 2020, as considered in the consolidated financial statements. These financial information have been audited by other auditors 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 matter with respect to our reliance on the work done and the reports of the other auditors.

- We did not audit the financial information of two subsidiaries, whose financial statements reflect total assets of Rs. 0.02 Crores as at March 31, 2020, total revenue of Rs. Nil, total net loss after tax of Rs. Nil, total comprehensive income/loss of Rs. Nil and cash flows (net) of Rs. 0.02 Crores for the year ended March 31, 2020, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

Our report on the Statement is not modified in respect of the above matter with respect to our reliance on the financial statements certified by the Board of the Directors. Our conclusion on the Statement is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

SORAB S ENGINEER & CO. (Regd.)

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with 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:
- The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - There has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
UDIN: 20100892AAAAOT6435

Ahmedabad
July 09, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Arvind Fashions Limited ("the Holding Company") and its subsidiary companies incorporated in India, for the year ended March 31, 2020 in conjunction with our audit of the Consolidated Ind AS financial statements of the Holding Company.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

SORAB S. ENGINEER & CO. (Regd.)

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion the Holding Company and its subsidiary companies, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
July 09, 2020

| | | Rs. In Crores | |
|---|--------|-------------------------|-------------------------|
| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
| ASSETS | | | |
| I. Non-current assets | | | |
| (a) Property, plant and equipment | 5 | 298.87 | 373.10 |
| (b) Capital work-in-progress | - | 1.44 | 5.74 |
| (c) Right-of-use asset | 35 | 733.69 | |
| (d) Goodwill on consolidation | 6 | 111.23 | 111.23 |
| (e) Intangible assets | 6 | 90.37 | 53.13 |
| (f) Intangible assets under development | - | - | 5.70 |
| (g) Financial assets | | | |
| (i) Investments | 7 (a) | - | 0.02 |
| (ii) Loans | 7 (c) | 0.07 | 0.31 |
| (iii) Other financial assets | 7 (f) | 206.65 | 235.97 |
| (h) Deferred tax assets (net) | 26 | 440.06 | 269.18 |
| (i) Other non-current assets | 8 | 7.75 | 11.04 |
| Total non-current assets | | 1,890.13 | 1,065.42 |
| II. Current assets | | | |
| (a) Inventories | 9 | 1,305.83 | 1,184.16 |
| (b) Financial assets | | | |
| (i) Trade receivables | 7 (b) | 781.35 | 878.72 |
| (ii) Cash and cash equivalents | 7 (d) | 10.09 | 7.72 |
| (iii) Bank balances other than (ii) above | 7 (e) | 1.54 | 4.35 |
| (iv) Loans | 7 (c) | 4.17 | 3.65 |
| (v) Others financial assets | 7 (f) | 47.13 | 27.82 |
| (c) Current tax assets (net) | 10 | 38.38 | 30.23 |
| (d) Other current assets | 8 | 372.62 | 322.27 |
| Total current assets | | 2,561.11 | 2,458.92 |
| Total Assets | | 4,451.24 | 3,524.34 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 11 | 23.47 | 23.20 |
| (b) Other equity | 12 | 575.03 | 1,106.21 |
| Equity attributable to Equity holders of the Parent | | 598.50 | 1,129.41 |
| Non controlling Interest | | 88.86 | 91.17 |
| Total equity | | 687.36 | 1,220.58 |
| LIABILITIES | | | |
| I. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 (a) | 162.78 | 86.30 |
| (ii) Lease Liabilities | 35 | 830.62 | |
| (iii) Other financial liabilities | 13 (c) | 79.00 | 66.94 |
| (b) Long-term provisions | 14 | 19.65 | 21.36 |
| (c) Other non current liabilities | 15 | 0.23 | - |
| Total non-current liabilities | | 1,092.28 | 174.60 |
| II. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13 (a) | 1,047.61 | 704.50 |
| (ii) Lease Liabilities | 35 | 87.70 | |
| (iii) Trade payables | 13 (b) | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | 177.32 | 135.41 |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,147.98 | 1,103.55 |
| (iv) Other financial liabilities | 13 (c) | 141.05 | 104.47 |
| (b) Other current liabilities | 15 | 47.70 | 59.94 |
| (c) Short-term provisions | 14 | 22.24 | 21.29 |
| Total current liabilities | | 2,671.60 | 2,129.16 |
| Total Equity and Liabilities | | 4,451.24 | 3,524.34 |

Significant Accounting Policies

3

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

In terms of our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place : Ahmedabad
Date : July 9, 2020

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

Sanjay S. Lalbhai
Chairman & Director
DIN - 00008329
Place : Ahmedabad

Suresh Jayaraman
Managing Director & CEO
DIN - 03033110
Place : Bangalore

Pramod Kumar Gupta
Chief Financial Officer
Place : Bangalore
Date : July 9, 2020

Vijaykumar B. S.
Company Secretary
Place : Bangalore

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

| Particulars | Notes | Rs. In Crores | |
|--|-------|------------------------------|------------------------------|
| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
| I. Income | | | |
| Revenue from operations | | | |
| Sale of Products | 16 | 3,830.51 | 4,589.80 |
| Sale of Services | 16 | 31.75 | 30.14 |
| Operating Income | 16 | 4.04 | 23.92 |
| Revenue from operations | | 3,866.30 | 4,643.86 |
| Other income | 17 | 59.78 | 4.13 |
| Total income (I) | | 3,926.08 | 4,647.99 |
| II. Expenses | | | |
| Cost of trims and accessories consumed | 18 | 5.15 | 5.85 |
| Purchases of stock-in-trade | 19 | 2,211.17 | 2,739.07 |
| Changes in inventories of stock-in-trade | 20 | (84.83) | (456.20) |
| Employee benefits expense | 21 | 349.23 | 407.76 |
| Finance costs | 22 | 289.11 | 126.21 |
| Depreciation and amortisation expense | 23 | 437.51 | 153.16 |
| Other expenses | 24 | 1,154.47 | 1,659.26 |
| Total expenses (II) | | 4,361.81 | 4,635.11 |
| III. Profit/(Loss) before exceptional items and tax (I-II) | | (435.73) | 12.88 |
| IV. Exceptional items | | | |
| V. Profit/(Loss) before tax (III-IV) | 25 | (60.69) | - |
| VI. Tax expense | | | |
| Current tax | 26 | 3.19 | 21.16 |
| (Excess)/short provision related to earlier years | | (0.17) | - |
| Deferred Tax charge / (credit) | 26 | (100.08) | (29.76) |
| Total tax expense | | (97.06) | (8.60) |
| VII. Profit/(Loss) for the year (V-VI) | | (399.36) | 21.48 |
| VIII. Other comprehensive Income | | | |
| A. Items that will not be reclassified to profit or loss: | | | |
| Re-measurement gains / (losses) on defined benefit plans | 31 | 1.04 | (6.58) |
| Income tax effect on above | 26 | (0.33) | 2.45 |
| Net gain / (loss) on FVOCI equity instruments | | 0.71 | (4.13) |
| Net other comprehensive Income/(loss) not to be reclassified to profit or loss (A) | | 0.71 | (4.13) |
| B. Items that will be reclassified to profit or loss: | | | |
| Net gains / (loss) on hedging instruments in a cash flow hedge | | 5.77 | (3.32) |
| Income tax effect on above | 26 | (1.04) | 0.77 |
| Net other comprehensive Income/(loss) that will be reclassified to profit or loss (B) | | 4.73 | (2.55) |
| Total other comprehensive Income/(loss) for the year, net of tax (A+B) | | 5.44 | (6.68) |
| IX. Total comprehensive income for the year, net of tax (VII+VIII) | | (393.92) | 14.80 |
| X. Profit / (Loss) for the year attributable to: | | | |
| Equity holders of the parent | | (400.82) | 16.61 |
| Non-controlling Interest | | 1.46 | 4.87 |
| | | (399.36) | 21.48 |
| XI. Other Comprehensive Income/(Loss) for the year attributable to: | | | |
| Equity holders of the parent | | 2.87 | (5.67) |
| Non-controlling Interest | | 2.57 | (1.01) |
| | | 5.44 | (6.68) |
| XII. Total comprehensive income/(loss) attributable to: | | | |
| Equity holders of the parent | | (397.95) | 10.94 |
| Non-controlling Interest | | 4.03 | 3.86 |
| | | (393.92) | 14.80 |
| XIII. Earnings per equity share | | | |
| Nominal Value per share - Rs. 4 (Previous Year Rs. 4) | | | |
| Basic - Rs. | 33 | (68.37) | 2.87 |
| Diluted - Rs. | 33 | (67.89) | 2.81 |
| Significant Accounting Policies | 3 | | |

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

In terms of our report attached
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No. 110417W
CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Place : Ahmedabad
Date : July 9, 2020

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

Sanjay S. Lalbhai
Chairman & Director
DIN - 00008329
Place : Ahmedabad

Suresh Jayaraman
Managing Director & CEO
DIN - 03033110
Place : Bangalore

Pramod Kumar Gupta
Chief Financial Officer
Place : Bangalore
Date : July 9, 2020

Vijay Kumar B. S.
Company Secretary
Place : Bangalore

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, 2019 | Net cash flows | Non Cash Changes | | | As at March 31, 2020 |
|--|----------|---------------------|----------------|---|--|----------------|----------------------|
| | | | | Adjustment on account of Business Combination | Effect of change in Foreign Currency Rates | Other Changes* | |
| As at March 31, 2020 | | | | | | | |
| Borrowings: | | | | | | | |
| Long term borrowings | 13 (a) | 119.62 | 76.61 | - | - | - | 196.23 |
| Short term borrowings | 13 (a) | 704.50 | 341.52 | - | 1.59 | - | 1,047.61 |
| Interest accrued on borrowings | 13 (c) | 6.37 | (6.37) | - | - | 12.72 | 12.72 |
| Total | | 830.49 | 411.76 | - | 1.59 | 12.72 | 1,256.56 |

| Particulars of liabilities arising from financing activity | Note No. | As at April 1, 2018 | Net cash flows | Non Cash Changes | | | As at March 31, 2019 |
|--|----------|---------------------|----------------|---|--|----------------|----------------------|
| | | | | Adjustment on account of Business Combination | Effect of change in Foreign Currency Rates | Other Changes* | |
| Borrowings: | | | | | | | |
| Long term borrowings | 13 (a) | 154.46 | (34.84) | - | - | - | 119.62 |
| Short term borrowings | 13 (a) | 590.22 | 96.76 | 18.71 | (1.19) | - | 704.50 |
| Interest accrued on borrowings | 13 (c) | 10.52 | (10.52) | - | - | 6.37 | 6.37 |
| Total | | 755.20 | 51.40 | 18.71 | (1.19) | 6.37 | 830.49 |

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

Notes:

- 1) 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"
- 2) Purchase of property plant and equipment/Intangible Assets include movement of Capital Advances, Capital work-in-progress and intangible assets under develop

In terms of our report attached
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No. 110417W

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

Place : Ahmedabad
Date : July 9, 2020

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

Sanjay S. Lalbhai
Sanjay S. Lalbhai
Chairman & Director
DIN - 00008329
Place : Ahmedabad

Pramod Kumar Gupta
Pramod Kumar Gupta
Chief Financial Officer
Place : Bangalore
Date : July 9, 2020

Suresh Jayaraman
Suresh Jayaraman
Managing Director & CEO
DIN - 03033110
Place : Bangalore

Vijay Kumar B. S.
Vijay Kumar B. S.
Company Secretary
Place : Bangalore

A. Equity share capital

| Balance | Rs. In Crores Note 11 |
|---|--------------------------|
| As at April 1, 2018 | 23.17 |
| Add: Shares allotted pursuant to exercise of Employee Stock Option Plan | 0.12 |
| Less: Cancellation of Shares under scheme of arrangement (Note No 41) | (20.78) |
| Add: Allotment of Shares pursuant to Scheme of Arrangement (Note No 41) | 20.69 |
| As at March 31, 2019 | 23.20 |
| Add: Shares allotted pursuant to exercise of Employee Stock Option Plan | 0.27 |
| As at March 31, 2020 | 23.47 |

B. Other equity

| Particulars | Attributable to the equity holders | | | | | | | | Rs. In Crores | | |
|---|---|-----------------------------|--------------------|-------------------|-------------------------------------|----------------------------------|-------------------------|---|------------------------|------------------------------|--------------|
| | Reserves and Surplus | | | | Items of Other Comprehensive Income | | | | Total Other Equity (A) | Non-controlling Interest (B) | Total equity |
| | Share Application Money Pending Allotment | 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 | | | |
| | Note 12 | Note 12 | Note 12 | Note 12 | Note 12 | Note 12 | Note 12 | Note 12 | | | |
| Balance as at April 1, 2018 | - | 2.08 | 1,157.14 | 24.30 | - | (237.08) | - | 90.16 | 1,036.60 | 87.31 | 1,123.91 |
| Profit/ (Loss) for the year | - | - | - | 16.61 | - | - | - | - | 16.61 | 4.87 | 21.48 |
| Other comprehensive income for the year | - | - | - | (4.36) | - | - | - | (Rs. -5,283) | (4.36) | (1.01) | (5.37) |
| Total Comprehensive income for the year | - | 2.08 | 1,157.14 | 36.55 | - | (237.08) | - | 90.16 | 1,048.85 | 91.17 | 1,140.02 |
| Addition during the year | 8.51 | 1.67 | 3.29 | - | - | - | (2.55) | - | 10.92 | - | 10.92 |
| Share of Non Controlling Interest | - | - | - | - | - | - | 1.24 | - | 1.24 | - | 1.24 |
| Addition due to Business Combination (Refer Note 41) | - | - | - | - | 45.39 | - | - | - | 45.39 | - | 45.39 |
| Transfer to securities premium | - | (0.16) | - | - | - | - | - | - | (0.16) | - | (0.16) |
| Transfer from share based payment reserve | - | - | 0.16 | - | - | - | - | - | 0.16 | - | 0.16 |
| Share based payment of Employee Stock Option to erstwhile Holding Co. | - | - | - | (0.19) | - | - | - | - | (0.19) | - | (0.19) |
| Balance as at March 31, 2019 | 8.51 | 3.59 | 1,160.59 | 36.36 | 45.39 | (237.08) | (1.31) | 90.16 | 1,106.21 | 91.17 | 1,197.38 |
| Balance as at April 1, 2019 | 8.51 | 3.59 | 1,160.59 | 36.36 | 45.39 | (237.08) | (1.31) | 90.16 | 1,106.21 | 91.17 | 1,197.38 |
| Profit/ (Loss) for the year | - | - | - | (400.82) | - | - | - | - | (400.82) | 1.46 | (399.36) |
| Other comprehensive income for the year | - | - | - | 0.51 | - | - | - | - | 0.51 | 2.57 | 3.08 |
| Total Comprehensive income for the year | - | - | - | (363.95) | - | - | - | - | - | - | - |
| Addition during the year | - | 3.74 | 9.03 | - | - | - | 4.73 | - | 17.50 | - | 17.50 |
| Share of Non Controlling Interest | - | - | - | - | - | - | (2.36) | - | (2.36) | - | (2.36) |
| Shares issued during the year | (8.51) | - | - | - | - | - | - | - | (8.51) | - | (8.51) |
| Impact on adoption of Ind AS 116 | - | - | - | (209.67) | - | - | - | - | (209.67) | (6.34) | (216.01) |
| Tax impact on adoption of Ind AS 116 | - | - | - | 72.17 | - | - | - | - | 72.17 | - | 72.17 |
| Transfer from Net Gain/(Loss) on FVOCI Equity Instruments | - | - | - | (Rs. 4,272/-) | - | - | - | - | - | - | - |
| Transfer to Retained earnings | - | - | - | - | - | - | - | (Rs. 4,272/-) | - | - | - |
| Transfer to securities premium | - | (0.90) | - | - | - | - | - | - | (0.90) | - | (0.90) |
| Transfer from share based payment reserve | - | - | 0.90 | - | - | - | - | - | 0.90 | - | 0.90 |
| Balance as at March 31, 2020 | - | 6.43 | 1,170.52 | (501.45) | 45.39 | (237.08) | 1.06 | 90.16 | 575.03 | 88.86 | 663.89 |

In terms of our report attached
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Membership No. 100892
Partner

Place : Ahmedabad
Date : July 9, 2020

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

Sanjay S. Lalbhai
Chairman & Director
DIN - 00008329
Place : Ahmedabad
Date : July 9, 2020

Suresh Jayaraman
Managing Director & CEO
DIN - 03033110
Place : Bangalore

Pramod Kumar Gupta
Chief Financial Officer
Place : Bangalore

Vijaykumar B. S.
Company Secretary
Place : Bangalore

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| A Operating activities | | |
| Profit/(Loss) Before taxation | (496.42) | 12.88 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Depreciation /Amortization | 437.51 | 153.16 |
| Interest Income | (2.61) | (2.21) |
| Gain on Reassessment of Lease | (52.61) | - |
| Interest and Other Borrowing Cost | 289.11 | 126.21 |
| Sundry debits written off | 2.32 | 0.19 |
| Allowance for doubtful debts | 11.50 | 2.41 |
| Investments written off | 0.02 | - |
| Provision for Litigation/Disputes | 2.01 | 4.30 |
| Bad debts written off | 0.64 | 10.50 |
| Foreign Exchange Difference | 1.59 | (1.19) |
| Property, Plant & Equipment written off | 0.59 | 0.50 |
| (Profit)/Loss on Sale of Property, Plant & Equipment /Intangible assets | (1.79) | (0.07) |
| Share based payment expense | 3.74 | 1.48 |
| Operating Profit before Working Capital Changes | 195.60 | 308.16 |
| Working Capital Changes: | | |
| (Increase)/Decrease in Inventories | (121.67) | (250.92) |
| (Increase)/Decrease in trade receivables | 85.23 | (72.48) |
| (Increase)/Decrease in other assets | (58.80) | 86.68 |
| (Increase)/Decrease in other financial assets | 15.69 | (19.17) |
| (Increase)/Decrease in Other Bank Balances | 2.81 | 11.78 |
| Increase/(Decrease) in trade payables | 86.34 | 170.99 |
| Increase/(Decrease) in other liabilities | (12.01) | (9.11) |
| Increase/(Decrease) in other financial liabilities | 25.40 | (10.52) |
| Increase/(Decrease) in provisions | (1.73) | (3.44) |
| Net Changes in Working Capital | 21.26 | (96.19) |
| Cash Generated from Operations | 216.86 | 211.97 |
| Direct Taxes paid (Net of Income Tax refund) | (11.17) | (36.88) |
| Net Cash flow received/ (used in) Operating Activities | 205.69 | 175.09 |
| B Cash Flow from Investing Activities | | |
| Purchase of Property, Plant & Equipment /Intangible assets | (129.80) | (154.91) |
| Proceeds from disposal of Property, Plant & Equipment/Intangible assets | 9.72 | 1.47 |
| Changes in Loans and Advances | (0.28) | 1.10 |
| Interest Received | 2.70 | 2.41 |
| Net Cash flow received/ (used in) Investing Activities | (117.66) | (149.93) |
| C Cash Flow from Financing Activities | | |
| Proceeds from Issue of share capital | 9.30 | 3.41 |
| Changes in Share application money | (8.51) | 8.51 |
| Changes in long term borrowings | 76.61 | (34.84) |
| Changes in short term borrowings | 341.52 | 96.76 |
| Repayment of lease liabilities | (238.58) | - |
| Interest and Other Borrowing Cost Paid | (265.67) | (119.78) |
| Net Cash flow received/ (used in) Financing Activities | (85.33) | (45.94) |
| Net Increase/(Decrease) in cash & cash equivalents | 2.70 | (20.78) |
| Cash & Cash equivalent at the beginning of the year | 7.24 | 9.92 |
| Add : Adjustment due to Business Combination (Refer Note 41) | - | 18.10 |
| Cash & Cash equivalent at the end of the year | 9.94 | 28.02 |
| Figures in brackets indicate outflows. | | 7.24 |
| | | |
| Particulars | Rs. In Crores | |
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Cash and cash equivalents comprise of: | | |
| Cash on Hand | 0.01 | 0.04 |
| Balances with Banks | 10.08 | 7.68 |
| Cash and cash equivalents as per Balance Sheet (Note 7d) | 10.09 | 7.72 |
| Less: Bank Overdraft (Note 13c) | 0.15 | 0.48 |
| Cash and cash equivalents | 9.94 | 7.24 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Arvind Fashions Limited ("the Group" or "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 BSE Limited and National Stock Exchange of India Limited ("the Stock Exchanges").

The Group is operating in branded apparels, beauty and footwear space. The Group is having a portfolio of owned and licensed international brands including US Polo, Arrow, Flying Machine, Tommy Hilfiger, Aeropostale, GAP, Calvin Klein, Unlimited, Sephora, Hanes, The Children's Place and others.

The Group has diversified business by brands (power, emerging, value and specialty retail), gender (menswear, womenswear and kidswear), categories (denims, tops, trousers, innerwear, footwear, beauty etc.) and sales channels (retail, distribution, departmental stores and online). It also operates apparel value retails stores UNLIMITED.

The Group's Consolidated Financial Statements were approved by Board of Directors in the meeting held on July 09, 2020.

2. Statement of Compliance and Basis of Preparation

2.1 Basis of Preparation and Presentation and Statement of Compliance

The Consolidated Financial Statements have been prepared on a historical cost convention on the accrual basis except for the certain financial assets and liabilities measured at fair value, the provisions of the Companies Act, 2013 to the extent notified ("the Act").

Accounting policies were consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standards 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, 2020 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.

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 of Amount

The Consolidated Financials Statement 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 into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses including unrealized gain /loss and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests

- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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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. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

Non-Current Assets classified as held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered 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.

3.2. Use of estimates and judgements

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

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

3.3. Business combinations and goodwill

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's Consolidated Financial Statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Group's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to other equity and is presented separately from other capital reserves. The Group's shares

issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, the assets or liabilities related to employee benefit arrangements and related to leases are recognised and measured in accordance with Ind AS 12 "Income Taxes", Ind AS 19 "Employee Benefits" and Ind AS 116 "Leases" respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group

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

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

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

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

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

3.4.Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities

denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.5.Fair value measurement

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

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

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

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

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

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

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

3.6. Property, plant and equipment

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

profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

Derecognition

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

Depreciation

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

| Asset | Useful Life as prescribed by Schedule II of the Companies Act, 2013 | Estimated Useful Life |
|---------------------|---|-----------------------|
| Buildings | 30 Years | 20 Years |
| Plant & Machinery | 15 Years | 6 to 15 Years |
| Office Equipment | 5 Years | 6 to 8 Years |
| Furniture & Fixture | 10 Years | 6 to 9 Years |
| Motor Cars | 6 Years | 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 file are being applied prospectively in accordance with Ind AS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

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

3.7. 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 includes 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.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date;
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application;
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

3.8. 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.

3.9.Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Amortisation

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

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3.10. 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.

All other inventories are valued at cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.11. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.12. Revenue Recognition

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 below, because it typically controls the goods or services before transferring them to the customer.

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, i.e., generally on delivery of the goods.

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 (xiv) 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 rights of return

i. Right of return assets

Right of return 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 decreases 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. Refund liabilities

A refund 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 refund 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 contracts 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.

3.13. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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

(ii) Subsequent measurement of financial assets

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

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

- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

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

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

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

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

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

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

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

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

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

- **Equity instruments:**

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

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

(iv) Reclassification of financial assets

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

(v) Impairment of financial assets

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

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

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

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- 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.

3.14. 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.

3.15. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

The 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.

3.16. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, 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.

3.17. 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.

3.18. 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.

3.19.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.

3.20.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 will be recovered 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.

3.21.Segment Reporting

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

3.22.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.

3.23.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

3.24.Changes in accounting policies and disclosures

New and amended standards

a) Ind AS 116 Leases

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 35.

b) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- i. Determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- ii. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

c) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

The Appendix did not have an impact on the consolidated financial statements of the Group.

d) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

4. 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 Company 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 31.

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 37 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 34.

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 26.

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, 2019, 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 significant 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 27).

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.

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Note 5 : Property, plant and equipment

| Particulars | Buildings | Plant & machinery | Furniture & fixture | Vehicles | Leasehold improvements | Office equipment | Computers, Servers and Network | Ra. In Crores Total |
|---|-----------|-------------------|---------------------|----------|------------------------|------------------|--------------------------------|------------------------|
| Gross Carrying Value | | | | | | | | |
| As at April 1, 2018 | - | 80.39 | 181.42 | 6.83 | 275.42 | 27.53 | 32.89 | 604.48 |
| Additions | - | 17.18 | 39.80 | 2.96 | 54.29 | 8.50 | 10.07 | 132.80 |
| Adjustment due to Business Combination (Refer Note No 41) | 6.94 | 0.58 | 3.94 | 0.06 | 1.57 | 0.48 | 0.09 | 13.66 |
| Deductions | - | 3.88 | 6.95 | 1.29 | 14.33 | 0.99 | 1.15 | 28.59 |
| As at March 31, 2019 | 6.94 | 94.27 | 218.21 | 8.56 | 316.95 | 35.92 | 41.90 | 722.35 |
| Additions | - | 0.35 | 31.90 | 1.31 | 34.56 | 3.84 | 11.34 | 92.30 |
| Deductions | - | 12.89 | 31.45 | 4.55 | 42.52 | 3.52 | 2.04 | 96.98 |
| As at March 31, 2020 | 6.94 | 90.73 | 218.66 | 5.31 | 308.99 | 35.84 | 51.20 | 717.67 |
| Depreciation and Impairment | | | | | | | | |
| As at April 1, 2018 | - | 35.56 | 68.53 | 3.00 | 112.54 | 13.03 | 17.68 | 250.34 |
| Depreciation for the year | 0.06 | 20.39 | 37.38 | 2.06 | 50.58 | 6.69 | 8.94 | 126.10 |
| Deductions | - | 3.94 | 7.39 | 0.86 | 12.97 | 0.90 | 1.13 | 27.19 |
| As at March 31, 2019 | 0.06 | 52.01 | 98.52 | 4.20 | 150.15 | 18.82 | 25.49 | 349.25 |
| Depreciation for the year | 0.21 | 18.79 | 46.24 | 1.59 | 75.29 | 7.14 | 8.81 | 158.07 |
| Deductions | - | 12.44 | 29.16 | 3.90 | 37.81 | 3.18 | 2.01 | 88.52 |
| As at March 31, 2020 | 0.27 | 58.36 | 115.60 | 1.89 | 187.61 | 22.78 | 32.29 | 418.80 |
| Net Carrying Value | | | | | | | | |
| As at March 31, 2020 | 6.67 | 32.37 | 103.06 | 3.42 | 121.38 | 13.06 | 18.91 | 298.87 |
| As at March 31, 2019 | 6.88 | 42.26 | 119.69 | 4.36 | 166.80 | 16.70 | 16.41 | 373.10 |

Notes:

- 1) In respect of Building, registration is pending in favour of the Holding Company.
- 2) W.e.f. April 1, 2019, The life of immovable fixed assets have been aligned with the lease term considered for Ind AS 116 and accordingly the assets have been depreciated considering the lease term or useful life whichever is lower. Depreciation includes accelerated amounts on account of this alignment as well as change in estimate of useful lives of property, plant and equipment resulting from store closures of Rs. 11.47 Crores for year ending March 31, 2020
- 3) For Properties pledge as security Refer Note 13.
- 4) Refer Note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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 | Rs. In Crores Goodwill on Consolidation |
|---|-------------------|------------------------------|----------------------|-------------------------------|---------------------|-----------------------|---------|-------------------------|--|
| Gross Carrying Value | | | | | | | | | |
| As at April 1, 2018 | 21.71 | 42.01 | 2.09 | 24.74 | - | 36.89 | - | 127.44 | 111.23 |
| Additions | 2.75 | - | - | 8.00 | - | - | - | 10.75 | - |
| Adjustment due to Business Combination (Refer Note No 41) | 0.40 | - | - | - | - | - | 2.46 | 2.86 | - |
| Deductions | 0.09 | - | - | - | - | - | - | 0.09 | - |
| As at March 31, 2019 | 24.77 | 42.01 | 2.09 | 32.74 | - | 36.89 | 2.46 | 140.96 | 111.23 |
| Additions (Refer Note 3 below) | 27.92 | - | - | 7.48 | 18.58 | - | - | 53.98 | - |
| Deductions | 0.13 | - | - | - | - | - | - | 0.13 | - |
| As at March 31, 2020 | 52.56 | 42.01 | 2.09 | 40.22 | 18.58 | 36.89 | 2.46 | 194.81 | 111.23 |
| Amortisation and Impairment | | | | | | | | | |
| As at April 1, 2018 | 13.95 | 27.10 | 2.09 | 9.90 | - | 7.81 | - | 60.85 | - |
| Amortisation for the Year | 3.47 | 13.96 | - | 6.00 | - | 3.08 | 0.53 | 27.06 | - |
| Deductions | 0.08 | - | - | - | - | - | - | 0.08 | - |
| As at March 31, 2019 | 17.34 | 41.08 | 2.09 | 15.90 | - | 10.89 | 0.53 | 87.83 | - |
| Amortisation for the Year | 5.17 | 0.64 | - | 6.54 | 0.39 | 3.09 | 0.85 | 16.68 | - |
| Deductions | 0.07 | - | - | - | - | - | - | 0.07 | - |
| As at March 31, 2020 | 22.44 | 41.72 | 2.09 | 22.44 | 0.39 | 13.98 | 1.38 | 104.44 | - |
| Net Carrying Value | | | | | | | | | |
| As at March 31, 2020 | 30.12 | 0.29 | - | 17.78 | 18.19 | 22.91 | 1.08 | 90.37 | 111.23 |
| As at March 31, 2019 | 7.43 | 0.93 | - | 16.84 | - | 26.00 | 1.93 | 53.13 | 111.23 |

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, the 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 at March 31, 2020: Rs. 34.95 Crores (March 31, 2019: Rs. 49.04 Crores) is the total minimum royalty to be paid under this agreement over the balance period of the term. The Company is required to spend 1% of net sales on advertising the license products and trademarks on an annual basis. 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.

- 3) Product Developments, Software and Intangible Assets under development includes development cost being internally generated intangible assets.

Note 7 : Financial assets

7 (a) Investments

| | | | Rs. In Crores |
|--|-----------------------------------|-------------------------|-------------------------|
| Particulars | Face Value per share in Rs. | As at March 31, 2020 | As at March 31, 2019 |
| Non-current investment | | | |
| (a) Investment in equity shares (fully paid up) | | | |
| I. Others - Fair Value through Other Comprehensive Income (FVOCI) | | | |
| Arvind SmartSpaces Limited (March 31, 2020: Nil, March 31, 2019: 100) | 10 | - | (Rs. 13,090) |
| (b) Investment in government securities - measured at amortised cost | | | |
| National Saving Certificates | | - | 0.02 |
| Total Investments | | - | 0.02 |
| Aggregate amount of quoted investments | | - | (Rs. 13,090) |
| Aggregate amount of unquoted investments | | - | 0.02 |
| Aggregate impairment in value of investment | | - | - |

7 (b) Trade receivables - Current

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Unsecured, considered good | 897.88 | 939.32 |
| Credit Impaired | 23.27 | 16.33 |
| Less : Allowance for doubtful debts | (23.27) | (16.33) |
| | 897.88 | 939.32 |
| Less: Refundable Liability - Refer Note 3 | (116.53) | (60.60) |
| Total Trade receivables | 781.35 | 878.72 |

- 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
- 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 | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Balance at the beginning of the year | 16.33 | 15.48 |
| Add : Adjustment on Consolidation/Business Combination (Refer Note 41) | - | 4.53 |
| Add : Allowance for the year (Refer Note 24 and Note 25) | 11.50 | 2.41 |
| Less : Write off of bad debts (Net of recovery) | (4.56) | (6.09) |
| Balance at the end of the year | 23.27 | 16.33 |

7 (c) Loans

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| (Unsecured, considered good unless otherwise stated) | | |
| Non-current | | |
| Loans to employees | 0.07 | 0.31 |
| | 0.07 | 0.31 |
| Current | | |
| Loans to employees | 4.17 | 3.65 |
| | 4.17 | 3.65 |
| Total Loans | 4.24 | 3.96 |

No loans are due from directors or promoters of the Group either severally or jointly with any person.

7 (d) Cash and cash equivalents

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Cash on hand | 0.01 | 0.04 |
| Balances with Bank | | |
| In Current accounts and debit balance in cash credit accounts | 10.08 | 7.67 |
| In Deposit Account | - | 0.01 |
| Total cash and cash equivalents | 10.09 | 7.72 |

7 (e) Other bank balance

| Particulars | Rs. In Crores | |
|----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| In Deposit Account | | |
| Held as Margin Money* | 1.52 | 4.34 |
| Lodged with Sales Tax Department | 0.02 | 0.01 |
| Total other bank balances | 1.54 | 4.35 |

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

(Unsecured, considered good unless otherwise stated)

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Non-current | | |
| Security deposits | | |
| Considered Good | 204.62 | 234.50 |
| Doubtful | - | 0.02 |
| Less: Allowance for Doubtful Deposits | - | (0.02) |
| | 204.62 | 234.50 |
| Bank deposits with maturity of more than 12 months | 2.03 | 1.47 |
| | 206.65 | 235.97 |
| Current | | |
| Security deposits | 20.60 | 4.25 |
| Doubtful | 0.66 | 0.93 |
| Less: Allowance for Doubtful Deposits | (0.66) | (0.93) |
| | 20.60 | 4.25 |
| Income receivable | 1.46 | 1.46 |
| Accrued Interest | 0.15 | 0.24 |
| Mark to market of derivative financial instruments | 4.42 | - |
| Insurance claim receivable | 0.80 | 1.17 |
| Other Receivables | 19.70 | 20.70 |
| | 47.13 | 27.82 |
| Total other financial assets | 253.78 | 263.79 |

Other current financial assets are given as security for borrowings as disclosed under Note 13

Allowance for doubtful deposits

The Group has provided allowance for doubtful deposits based on the lifetime expected credit loss model using provision matrix
Movement in allowance for doubtful advances :

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Balance at the beginning of the year | 0.95 | 2.35 |
| Add : Adjustment on Consolidation/Business Combination (Refer Note 41) | - | 0.02 |
| Add : Allowance for the year | - | - |
| Less : Write off (Net of recovery) | 0.29 | 1.42 |
| Balance at the end of the year | 0.66 | 0.95 |

7 (g) Financial assets by category

| Particulars | Rs. In Crores | | |
|--|---------------|---------------------|-----------------|
| | FVTPL | FVOCI | Amortised Cost |
| March 31, 2020 | | | |
| Trade Receivables | - | - | 781.35 |
| Loans | - | - | 4.24 |
| Cash & Bank balance | - | - | 11.63 |
| Mark to market of derivative financial instruments | - | 4.42 | - |
| Other financial assets | - | - | 249.36 |
| Total Financial Assets | - | 4.42 | 1,046.58 |
| March 31, 2019 | | | |
| Investments | | | |
| - Equity Shares | - | (Rs. 13,090) | - |
| - Government Securities | - | - | 0.02 |
| Trade Receivables | - | - | 878.72 |
| Loans | - | - | 3.96 |
| Cash & Bank balance | - | - | 12.07 |
| Other financial assets | - | - | 263.79 |
| Total Financial Assets | - | (Rs. 13,090) | 1,158.56 |

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 8 : Other assets

(Unsecured, considered good unless otherwise stated)

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Non-current | | |
| Capital advances | 2.03 | 8.51 |
| GST/Sales tax / VAT / service tax receivable (net) | 5.72 | - |
| Prepaid expenses | - | 2.53 |
| | 7.75 | 11.04 |
| Current | | |
| Advance to suppliers | | |
| Considered Good | 74.54 | 69.47 |
| Doubtful | 1.66 | 4.26 |
| Less : Provision for doubtful advances | (1.66) | (4.26) |
| | 74.54 | 69.47 |
| Balance with Government Authorities (Refer Note 1) | 109.70 | 125.60 |
| Export incentive receivable | 0.52 | 1.18 |
| Returnable Asset (Refer Note 3) | 60.92 | 31.88 |
| Prepaid expenses | 11.46 | 13.08 |
| Sales tax paid under protest | 38.62 | 40.98 |
| Prepaid Gratuity | 0.21 | - |
| Other Current Assets | 76.65 | 40.08 |
| | 372.62 | 322.27 |
| Total | 380.37 | 333.31 |

Advance to directors or to firm/private company where director is interested

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
3. Returnable Asset are recognised pursuant to Ind AS 115 - Revenue from Contracts with Customers

Provision for Doubtful Advances

Movement in provision for doubtful advances:

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Balance at the beginning of the year | 4.26 | 9.64 |
| Less : Write off of doubtful advances | (2.60) | (5.38) |
| Balance at the end of the year | 1.66 | 4.26 |

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

| Particulars | Rs. In Crores | |
|---------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Trims and accessories | 37.38 | 7.15 |
| Trims in transit | - | 3.92 |
| Stock-in-trade | 1,250.29 | 1,165.46 |
| Stock-in-trade in transit | 4.14 | - |
| Packing materials | 14.02 | 7.63 |
| Total | 1,305.83 | 1,184.16 |

1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value for Rs. 61.79 Crores (March 31, 2019 Rs. 47.18 Crores). The changes in write downs are recognised as an expense in the Statement of Profit and Loss.

2) Inventories are given as security for borrowings as disclosed under Note 13

Note 10 : Current Tax Assets (Net)

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Tax Paid in Advance (Net of Provision) | 38.38 | 30.23 |
| Total | 38.38 | 30.23 |

Note 11 : Equity share capital

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|---------------|----------------------|---------------|
| | No. of shares | Rs. In Crores | No. of shares | Rs. In Crores |
| Authorised share capital | | | | |
| Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each) | 18,75,00,000 | 75.00 | 18,75,00,000 | 75.00 |
| Issued and subscribed share capital | | | | |
| Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each) | 5,86,79,364 | 23.47 | 5,79,94,673 | 23.20 |
| Subscribed and fully paid up | | | | |
| Equity shares of Rs.4 each (March 31, 2019: Rs. 4 each) | 5,86,79,364 | 23.47 | 5,79,94,673 | 23.20 |
| Total | 5,86,79,364 | 23.47 | 5,79,94,673 | 23.20 |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------|----------------------|---------------|
| | No. of shares | Rs. In Crores | No. of shares | Rs. In Crores |
| At the beginning of the period | 5,79,94,673 | 23.20 | 11,58,51,454 | 23.17 |
| Less: Consolidation of Shares (Refer Note 11.6) | - | - | (5,79,25,727) | - |
| Add: Shares allotted pursuant to exercise of Employee Stock Option Plan | 6,84,691 | 0.27 | 2,98,911 | 0.12 |
| Less: Cancellation of shares under scheme of arrangement (Refer Note 41) | - | - | (5,19,53,379) | (20.78) |
| Add: Allotment of Shares pursuant to Scheme of Arrangement (Refer Note 41) | - | - | 5,17,23,414 | 20.69 |
| Outstanding at the end of the year | 5,86,79,364 | 23.47 | 5,79,94,673 | 23 |

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.

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

| Name of the Shareholder | As at March 31, 2020 | | As at March 31, 2019 | |
|--------------------------------------|----------------------|-------------------|----------------------|-------------------|
| | No. of shares | % of shareholding | No. of shares | % of shareholding |
| Aura Securities Private Limited | 1,91,12,362 | 32.57% | 1,91,12,362 | 32.96% |
| Plenty Private Equity Fund I Limited | 39,35,458 | 6.71% | 39,35,458 | 6.79% |

11.4. 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 26,04,676 Equity Shares as bonus shares by capitalization of Securities Premium during the year 2017-18 in the ratio of 0.023 equity shares for 1 existing equity share held.
- 2) The Company has allotted 5,17,23,414 Equity Shares pursuant to the scheme of arrangement during the year 2018-19.

11.5. Shares reserved for issue under options and contracts

Refer Note 34 for details of shares to be issued under Employee Stock Option Schemes (ESOPs)

11.6. Change in Authorised Capital and Consolidation of Shares

Pursuant to scheme of arrangement approved by NCLT, Ahmedabad with effect from October 26, 2018,

- (a) 2 shares of Rs. 2 each were consolidated into 1 share of Rs. 4 each; and
- (b) Authorised Capital has been increased from Rs. 25 Crores to Rs. 75 Crores.

11.7. Objective, policy and procedure of capital management, refer Note 40

Note 12 : Other Equity

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Note 12.1 Reserves & Surplus | | |
| Capital reserve on Consolidation | | |
| Balance as per last financial statements | (237.08) | (237.08) |
| Balance at the end of the year | (237.08) | (237.08) |
| Capital reserve | | |
| Balance as per last financial statements | 45.39 | - |
| Add: Adjustment due to business combination (Refer Note 41) | - | 45.39 |
| Balance at the end of the year | 45.39 | 45.39 |
| Share application money pending allotment | | |
| Balance as per last financial statements | 8.51 | - |
| Add: Addition during the year | - | 8.51 |
| Less: Shares issued during the year | (8.51) | - |
| | - | 8.51 |
| Securities premium | | |
| Balance as per last financial statements | 1,160.59 | 1,157.14 |
| Add: Addition during the year | 9.03 | 3.29 |
| Add: Transfer from share based payment reserve | 0.90 | 0.16 |
| Less: Utilized during the year | - | - |
| Balance at the end of the year | 1,170.52 | 1,160.59 |
| Share based payment reserve (Refer Note 34) | | |
| Balance as per last financial statements | 3.59 | 2.08 |
| Add: Addition during the year | 3.74 | 1.67 |
| Less: Transfer to Securities Premium Account | (0.90) | (0.16) |
| Balance at the end of the year | 6.43 | 3.59 |
| Surplus in statement of profit and loss | | |
| Balance as per last financial statements | 36.36 | 24.30 |
| Add: Profit/ (Loss) for the year | (400.82) | 16.61 |
| (Less): Impact on adoption of Ind AS 116 | (209.67) | - |
| Add : Tax impact on adoption of Ind AS 116 | 72.17 | - |
| Add: Transfer from Net Gain/(Loss) on FVOCI Equity Instruments | (Rs. 4,272/-) | - |
| Add / (Less): OCI for the year | 0.51 | (4.36) |
| | (501.45) | 36.55 |
| Less: Share based payment of Employee Stock Option to erstwhile Holding Co. | - | (0.19) |
| Balance at the end of the year | (501.45) | 36.36 |
| Total reserves & surplus | 483.81 | 1,017.36 |
| Note 12.2 Other comprehensive income | | |
| Net Gain/(Loss) on FVOCI Equity Instruments | | |
| Balance as per last financial statements | 90.16 | 90.16 |
| Add: Addition during the year | - | (Rs. -5,283) |
| Less: Transfer to Retained Earnings | (Rs. 4,272/-) | - |
| Balance at the end of the year | 90.16 | 90.16 |
| Cash Flow Hedge reserve | | |
| Balance as per last financial statements | (1.31) | - |
| Add: Gain /(Loss) for the year | 5.77 | (3.32) |
| Add/(Less): Tax impact | (1.04) | 0.77 |
| Less: Share of Non Controlling Interest | (2.36) | 1.24 |
| Balance at the end of the year | 1.06 | (1.31) |
| Total Other comprehensive income | 91.22 | 88.85 |
| Total Other equity | 575.03 | 1,106.21 |

The description of the nature and purpose of each reserve within equity is as follows :

Arvind Fashions Limited

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Notes to the Consolidated Financial Statements
a Capital reserve on consolidation

Gain on purchase, i.e. excess of fair value of net assets acquired over the fair value of consideration in a business combination or on acquisition of interest in subsidiary is recognised as capital reserve on Consolidation.

b Capital reserve

Capital reserve represents capital reserve on amalgamation/business combination. This reserve arose pursuant to scheme of arrangement and shall not be considered to be reserve created by the Group.

c Securities premium

Securities premium is created due to premium on issue of shares. 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 34

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

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Long-term Borrowings (Refer Note 1(a) below) | | |
| (At amortised cost) | | |
| Non-current portion | | |
| Secured | | |
| Term loan from Banks | 156.79 | 86.30 |
| | <u>156.79</u> | <u>86.30</u> |
| Unsecured | | |
| Deferred payment liabilities - from others | 5.99 | - |
| | <u>5.99</u> | <u>-</u> |
| Current maturities (Refer Note 13c) | | |
| Secured | | |
| Term loan from Banks | 33.45 | 33.32 |
| Term loan from Financial Institution and Others | - | - |
| | <u>33.45</u> | <u>33.32</u> |
| Total long-term borrowings | <u>196.23</u> | <u>119.62</u> |
| Short-term Borrowings (Refer Note 1(b) and 2(a) below) | | |
| (At amortised cost) | | |
| Secured | | |
| Working Capital Loans repayable on demand from Banks | 937.75 | 611.00 |
| Under Buyer's Credit Arrangement | 1.09 | - |
| Unsecured | | |
| Under Buyer's Credit Arrangement | 38.51 | 58.50 |
| Working Capital Loans repayable on demand from Banks | 20.00 | - |
| Intercompany Deposits | - | - |
| From Related Parties (Refer Note 32) | 50.08 | - |
| From Others | 0.18 | - |
| Commercial Paper | - | 35.00 |
| Total short-term borrowings | <u>1,047.61</u> | <u>704.50</u> |
| Total borrowings | <u>1,243.84</u> | <u>824.12</u> |

Arvind Fashions Limited
 CTN L52399G12016P1C085595
 Notes to the Consolidated Financial Statements
 1. Secured Borrowings
 (a) Long term

| Particulars | Rs. In Crores | Rate of interest | Security | Terms of repayment |
|---------------------|---------------|------------------|---|---|
| Rupee Loans | 3.85 | 8.50% to 13.65% | 1. Secured against pari passu first charge over the entire fixed assets of the subsidiary Company both present and future, and second charge is created over the entire stock, receivables and other current assets of the subsidiary company 2. Corporate Guarantee given by Holding Company | Repayable in monthly/ quarterly instalments ranging between 4 to 26 with moratorium period in some of the loans |
| Rupee Loans | 18.18 | 8.90% | Secured against first charge over the entire fixed assets of the Company both present and future, and second charge is created over the entire stock, receivables and other current assets of the Company both present and future | Repayable in quarterly instalments beginning from September, 2019 |
| Rupee Loans | 64.76 | 11.65% | 1. First Pari-passu charge over the entire fixed assets (present and future) of the Company and proposed project, comprising electrical, data processing, furniture & fixture, office equipments, plant & machineries, other leasehold improvements with other term lenders. 2. Second Charge over entire stock of raw material, stock in process, finished goods, stores & spares, goods in transit, receivable and other current assets of the company with other WC lenders. 3. Corporate Guarantee given by Holding Company | Repayable in 22 instalments in 5 years beginning from December, 2019 |
| Rupee Loans | 99.90 | 10.45% | 1. First Pari-passu charge over the entire fixed assets of the Borrower (both present and future) 2. Second Charge over current assets of the Borrower 3. Corporate Guarantee given by Holding Company | Repayable in 17 quarterly instalments starting from March 31, 2020 |
| Hire Purchase loans | 3.55 | 8.10% to 10.15% | Secured by hypothecation of related vehicles | Payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans |

(b) Short term

| Particulars | Rs. in Crores | Rate of interest | Security |
|-----------------------|---------------|------------------|---|
| Working Capital loans | 568.58 | 8.45% - 11.00% | 1. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future 2. Corporate Guarantee given by Holding Company |
| Working Capital loans | 105.97 | 8.65% to 9.15% | First pari passu charge on entire current assets of the borrower present and future |
| Working Capital loans | 55.13 | 9.25% | 1. First pari passu charge on entire current assets of the borrower present and future 2. Second pari passu charge on entire fixed assets of the borrower present and future |
| Working Capital loans | 117.93 | 8.4% to 8.8% | The loans are secured by hypothecation of subsidiary company's entire stocks and receivables |
| Cash Credits | 21.23 | 9% to 9.05% | |
| Working Capital loans | 70.00 | 8.7% to 10.30% | 1. First exclusive charge over subsidiary company's current assets of Rs. 80 Cr, both present & future 2. Corporate Guarantee from PVH Corp, USA for Rs 28.05 Cr 3. Letter of comfort from PVH Corp., USA |

2. Unsecured Borrowings
(a) Long Term

| Particulars | Rs. in Crores | Rate of interest |
|---|---------------|------------------|
| Deferred Payment Liabilities - From Others | 5.99 | 6.53% to 8% |

(b) Short Term

| Particulars | Rs. in Crores | Rate of interest | Other Conditions |
|---|---------------|------------------|---|
| Buyers' Credit | 38.51 | 1.46% to 2.78% | - |
| Working Capital Loans repayable on demand from Banks | 20.00 | 9.50% | Corporate Guarantee given by Holding Company |
| Intercompany Deposits | 50.28 | 8.50% to 8.75% | - |

13 (b) Trade payables

| Particulars | As at March 31, 2020 | Rs. In Crores As at March 31, 2019 |
|--|-------------------------|--|
| Current | | |
| Acceptances | 259.05 | 324.86 |
| Other Trade Payables (Refer Note a below) | | |
| -Total outstanding dues of micro enterprises and small enterprises | 177.32 | 135.41 |
| -Total outstanding dues other than micro enterprises and small enterprises | 888.93 | 778.69 |
| Total | 1,325.30 | 1,238.96 |

a Based on the information available, the disclosures as required under section 22 of the Micro, Small and Medium Enterprise Small Enterprise Development (MSMED) Act, 2006 are presented as follows :

| Particulars | As at March 31, 2020 | Rs. In Crores As at March 31, 2019 |
|--|-------------------------|--|
| (a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year: | | |
| i) Principal | 177.32 | 135.41 |
| ii) Interest | 29.17 | 15.30 |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | 1.83 | - |
| (c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | 29.17 | 15.30 |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | 29.17 | 15.30 |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | 29.17 | 15.30 |

13 (c) Other financial liabilities

| Particulars | As at March 31, 2020 | Rs. In Crores As at March 31, 2019 |
|---|-------------------------|--|
| Non-current | | |
| Security Deposit | 79.00 | 66.94 |
| | 79.00 | 66.94 |
| Current | | |
| Security Deposit | 1.87 | 0.77 |
| Current maturity of long term borrowings (Refer Note 13a) | 33.45 | 33.32 |
| Interest accrued and due on others | 34.07 | 16.98 |
| Interest accrued but not due on borrowings | 12.72 | 6.37 |
| Payable to employees | 29.94 | 23.16 |
| Book overdraft | 0.15 | 0.48 |
| Payable for capital goods | 28.85 | 19.61 |
| Foreign Exchange Forward contracts (Cash flow hedge) | - | 3.32 |
| Other Financial Liabilities | - | 0.46 |
| | 141.05 | 104.47 |
| Total | 220.05 | 171.41 |

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

13(d) : Financial Liabilities by category

| Particulars | Rs. In Crores | |
|--|---------------|-----------------|
| | FVOCI | Amortised Cost |
| March 31, 2020 | | |
| Borrowings | - | 1,210.39 |
| Current maturity of long term borrowings | - | 33.45 |
| Trade payables | - | 1,325.30 |
| Security Deposits | - | 80.87 |
| Payable to employees | - | 29.94 |
| Interest accrued but not due | - | 12.72 |
| Interest accrued and due | - | 34.07 |
| Payable in respect of Capital goods | - | 28.85 |
| Lease Liabilities | - | 918.32 |
| Bank overdraft | - | 0.15 |
| Total Financial Liabilities | - | 3,674.06 |
| March 31, 2019 | | |
| Borrowings | - | 790.80 |
| Current maturity of long term borrowings | - | 33.32 |
| Trade payables | - | 1,238.96 |
| Security Deposits | - | 67.71 |
| Payable to employees | - | 23.16 |
| Interest accrued but not due | - | 6.37 |
| Interest accrued and due | - | 16.98 |
| Payable in respect of Capital goods | - | 19.61 |
| Bank overdraft | - | 0.48 |
| Foreign Exchange Forward contracts (Cash flow hedge) | 3.32 | - |
| Other Financial Liabilities | - | 0.46 |
| Total Financial Liabilities | 3.32 | 2,197.85 |

For Financial instruments risk management objectives and policies, refer Note 39

Fair value disclosure for financial assets and liabilities are in Note 37 and fair value hierarchy disclosures are in Note 38

Note 14: Provisions

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Long-term | | |
| Provision for employee benefits (Refer Note 31) | | |
| Provision for leave encashment | 7.80 | 10.38 |
| Provision for Gratuity | 11.85 | 10.98 |
| | 19.65 | 21.36 |
| Short-term | | |
| Provision for employee benefits (Refer Note 31) | | |
| Provision for leave encashment | 4.38 | 5.31 |
| Provision for Gratuity | 0.07 | 0.20 |
| Others | | |
| Provision for Wealth tax | 0.01 | 0.01 |
| Short term provision for litigation/disputed matters (Refer Note a below) | 17.78 | 15.77 |
| | 22.24 | 21.29 |
| Total | 41.89 | 42.65 |

(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 | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Balance as per last financial statements | 15.77 | 13.47 |
| Add: Provision during the year (Refer Note 24) | 2.01 | 4.30 |
| Less: Adjusted during the year | - | (2.00) |
| Balance as at the end of the year | 17.78 | 15.77 |

Note 15 : Other current liabilities

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Non-Current | | |
| Fair valuation of security deposits from customers | 0.23 | - |
| | 0.23 | |
| Current | | |
| Advance from customers | 21.47 | 9.41 |
| Statutory dues including provident fund and tax deducted at source etc | 20.01 | 42.78 |
| Fair valuation of security deposits from customers | 0.18 | 0.68 |
| Unaccrued Sale | 1.15 | 2.10 |
| Deferred income of loyalty program reward points (Refer note (a) below) | 4.89 | 4.97 |
| | 47.70 | 59.94 |
| Total | 47.93 | 59.94 |

(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 | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Balance as per last financial statements | 4.97 | 7.39 |
| Add : Provision Made during the year (Net of expiry) (Refer Note 16) | 14.05 | 13.21 |
| Less : Deferment/Redeemed during the year (Net) | (14.13) | (15.63) |
| Balance at the end of the year | 4.89 | 4.97 |

Note 16 : Revenue from operations

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Sale of products | 3,830.51 | 4,589.80 |
| Sale of services | 31.75 | 30.14 |
| Operating income | | |
| Export incentives | 0.44 | 0.35 |
| Gift Voucher Income | 1.08 | 1.29 |
| Foreign Exchange fluctuation on Vendors and Customers (Net) | 0.01 | 8.57 |
| Royalty | 0.48 | 5.61 |
| Miscellaneous receipts | 2.03 | 8.10 |
| | 4.04 | 23.92 |
| Total | 3,866.30 | 4,643.86 |

| I. Disaggregation of revenue from contracts with customers | | Rs. In Crores |
|--|------------------------------|------------------------------|
| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| A. Revenue based on Geography | | |
| i. Domestic | 3,843.72 | 4,618.89 |
| ii. Export | 22.58 | 24.97 |
| | 3,866.30 | 4,643.86 |
| B. Revenue based on Business Segment | | |
| Branded Apparels, Cosmetics and Accessories | 3,866.30 | 4,643.86 |

| II. Reconciliation of Revenue from Operation with Contract Price | | Rs. In Crores |
|--|------------------------------|------------------------------|
| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Contract Price | 4,498.45 | 5,300.95 |
| Less: | | |
| Schemes and Discounts | 618.10 | 643.88 |
| Customer Loyalty Program | 14.05 | 13.21 |
| Total Revenue from Operations | 3,866.30 | 4,643.86 |

Note 17 : Other income

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Interest income on financial assets recognised at amortised cost | 2.61 | 2.21 |
| Gain on Reassessment of Lease (Refer Note 35) | 52.61 | - |
| Profit on sale of Property, Plant & Equipment (Net) | 1.79 | 0.07 |
| Miscellaneous income | 2.77 | 1.85 |
| Total | 59.78 | 4.13 |

Note 18 : Cost of Trims and accessories consumed

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Stock at the beginning of the year | 7.15 | 6.08 |
| Add : Purchases | 35.38 | 6.92 |
| | 42.53 | 13.00 |
| Less : Inventory at the end of the year | 37.38 | 7.15 |
| Total | 5.15 | 5.85 |

Note 19 : Purchases of stock-in-trade

| Particulars | Rs. In Crores | |
|-----------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Garments, Cosmetics & Accessories | 2,211.17 | 2,739.07 |
| Total | 2,211.17 | 2,739.07 |

Note 20 : Changes in inventories of stock-in-trade

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Stock at the end of the year | | |
| Stock-in-trade | 1,250.29 | 1,165.46 |
| Stock at the beginning of the year | | |
| Stock-in-trade | 1,165.46 | 709.26 |
| Total | (84.83) | (456.20) |

Note 21 : Employee benefits expense

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 31) | 299.87 | 342.06 |
| Contribution to provident and other funds (Refer Note 31) | 22.82 | 31.35 |
| Welfare and training expenses | 22.80 | 32.87 |
| Share based payment to employees (Refer Note 34) | 3.74 | 1.48 |
| Total | 349.23 | 407.76 |

Note 22 : Finance costs

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Interest Expenses on financial liabilities measured at amortised cost | | |
| Loans | 81.07 | 24.22 |
| Lease Liabilities (Refer Note 35) | 109.67 | - |
| Others | 64.06 | 70.55 |
| Other borrowing cost | 34.31 | 31.44 |
| Total | 289.11 | 126.21 |

Note 23 : Depreciation and amortization expense

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Depreciation and Amortization on Property, Plant & Equipment (Refer Note 5) | 158.07 | 126.10 |
| Depreciation on Right-of-use Assets (Refer Note 35) | 262.76 | - |
| Amortization on Intangible assets (Refer Note 6) | 16.68 | 27.06 |
| Total | 437.51 | 153.16 |

Note 24 : Other expenses

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Power and fuel | 42.22 | 43.31 |
| Insurance | 6.22 | 5.11 |
| Processing charges | 4.18 | 4.60 |
| Printing, stationery & communication | 12.84 | 16.75 |
| Rent | | |
| - Short Term leases and leases of low-value assets (Refer Note 35) | 17.44 | - |
| - Rent on Operating Leases | - | 342.43 |
| Commission & Brokerage | 286.96 | 379.97 |
| Rates and taxes | 6.90 | 3.00 |
| Repairs : | | |
| To Building | 1.33 | 2.10 |
| To Others | 64.20 | 65.89 |
| Royalty on Sales | 143.91 | 170.77 |
| Freight, Insurance & clearing charge | 60.42 | 60.24 |
| Legal & Professional charges | 18.76 | 21.29 |
| Housekeeping Charges | 15.43 | 17.21 |
| Security Charges | 17.97 | 17.85 |
| Computer Expenses | 10.57 | 12.83 |
| Conveyance & Travelling expense | 29.08 | 37.48 |
| Advertisement and Publicity | 151.73 | 174.78 |
| Charges for Credit Card Transactions | 10.46 | 14.52 |
| Packing Materials Expenses | 15.13 | 23.23 |
| Contract Labour Charges | 170.60 | 158.40 |
| Sundry debits written off | 2.32 | 0.19 |
| Investment written off | 0.02 | - |
| Bad debt written off | 0.64 | 10.50 |
| Allowance for doubtful debts (Refer Note 7b) | 1.49 | 2.41 |
| Provision for Litigation/Disputed Matters (Refer Note 14) | 2.01 | 4.30 |
| Sampling and Testing Expenses | 11.23 | 12.66 |
| Director's sitting fees | 0.11 | 0.08 |
| Auditor's remuneration (Refer Note a below) | 1.96 | 2.02 |
| Business Conducting Fees | 1.46 | 1.72 |
| Bank charges | 4.63 | 5.15 |
| Warehouse Charges | 14.32 | 19.32 |
| Spend on CSR activities (Refer Note 36) | 1.12 | 0.84 |
| HVAC Charges | 7.58 | 8.17 |
| Property, Plant & Equipment written off | 0.59 | 0.50 |
| Exchange Difference Loss (Net) | 2.11 | - |
| Termination fees | 3.82 | - |
| Miscellaneous expenses | 12.71 | 19.64 |
| Total | 1,154.47 | 1,659.26 |

a. Break up of Auditor's Remuneration

| Particulars | Rs. In Crores | |
|---------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Payment to Auditors as : | | |
| Auditors | 1.38 | 1.46 |
| For tax audit | 0.20 | 0.29 |
| For other certification work | 0.30 | 0.15 |
| For reimbursement of expenses | 0.08 | 0.12 |
| Total | 1.96 | 2.02 |

Note 25 : Exceptional Items

The Pandemic of COVID-19 is having an unprecedented impact globally on people and on the economy. It has caused severe effects on the economy, world over including India due to lockdowns, disruptions in transportation, supply chain, travel plans, quarantines, social distancing and other emergency measures. As a result of the lockdown imposed by the Government of India owing to spread of COVID-19 in the country, the Group closed its offices from March 23, 2020 and moved to the concept of Work from Home (WFH) for all employees. Post the recent relaxation in lockdown, the Group has gradually started opening its offices in certain geographies with limited workforce in-line with the Government's directives issued as on date.

The Group is engaged in the business of trading and retailing of readymade garments, cosmetics and accessories. It has a large retail and wholesale network. The operations of the Group has been severely affected by this disruption. Both retail and wholesale operations have remain under suspension for substantial part of Q1FY21. The effects such as lower than normal business, other disruptions are expected to have continuing effect at least for the next few quarters based on current assessment.

The Group has made detailed assessment of its liquidity position and of the recoverability and carrying value of its assets as at balance sheet date and has made appropriate adjustment along with adjustment to revenue recognition and actuarial assumptions. In assessing the recoverability of its assets including receivables and inventories, the Group has considered internal and external information up to the date of approval of these financial statements including economic forecasts. However, the overall environment continues to remain uncertain and our assumptions used for preparing the financial statements may undergo change depending on the evolving economic and health environment in the Country. The Group will continue to monitor the situation and constantly assess the financial impact to its retail as well wholesale operations.

The Group has taken additional provisions arising out of Covid, the impact of which are disclosed under Exceptional Items and the details are as under:

| Particulars | Rs. In Crores | |
|-------------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Margin on Sales Return Provision | 35.15 | - |
| Inventory Dormancy Provision | 13.19 | - |
| Allowance for Doubtful Debtors | 10.01 | - |
| Provision for Schemes and Discounts | 2.34 | - |
| Total | 60.69 | - |

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Notes to the Consolidated Financial Statements

Note 26 : Income Tax

The major component of income tax expense:

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Statement of Profit & Loss | | |
| Current Tax | | |
| Current income tax | 3.19 | 21.16 |
| Excess provision related to earlier years | (0.17) | - |
| Deferred Tax | | |
| Deferred tax Charge/(Credit) | (100.08) | (29.76) |
| Income tax expense reported in the statement of consolidated profit & loss | (97.06) | (8.60) |

OCI Section

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Statement to Other comprehensive income (OCI) | | |
| Deferred tax Charge/(Credit) | 1.37 | (3.22) |
| Deferred tax charged to OCI | 1.37 | (3.22) |

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

A) Current tax

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Accounting profit/(loss) before tax | (496.42) | 12.88 |
| Tax Rate | 34.944% | 34.944% |
| Current Tax Expenses on Profit before tax at the enacted income tax rate in India | (173.47) | 4.50 |
| Adjustments | | |
| Difference in Tax Rates for certain entities of the Group | 0.78 | 1.10 |
| Expenditure not deductible for Tax | 4.59 | 7.89 |
| Share based payment expense | (0.15) | (18.12) |
| Deferred tax assets not recognised as realisation is not probable | 72.55 | - |
| Others | (1.36) | (3.97) |
| At the effective income tax | (97.06) | (8.60) |
| Effective Income Tax Rate % | 0.00% | 0.00% |

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B) Deferred tax

| Particulars | Rs. In Crores | | | | |
|---|-------------------------------|--|---|-------------------------------|---|
| | Consolidated Balance Sheet | Consolidated Statement of Profit & Loss and Other Comprehensive Income | Impact on adoption of Ind AS 116 recognised in Retained Earnings | Consolidated Balance Sheet | Consolidated Statement of Profit & Loss and Other Comprehensive Income |
| | As at March 31, 2020 | Year Ended March 31, 2020 | As on April 1, 2019 | As at March 31, 2019 | Year Ended March 31, 2019 |
| Accelerated depreciation for tax purposes | 117.77 | 25.45 | - | 92.32 | 20.24 |
| Expenditure allowable on payment basis/ over the period | 14.13 | 0.03 | - | 14.10 | 4.78 |
| Expenses on Employee Stock Option | 0.47 | 0.17 | - | 0.30 | 0.21 |
| Unused losses available for offsetting against future taxable income | 155.75 | 66.37 | - | 89.38 | (25.40) |
| Allowance for Doubtful Receivables/Advances | 2.67 | 0.57 | - | 2.10 | 1.93 |
| Unused tax credit available for offsetting against future taxable income (MAT credit entitlement) | 15.79 | (0.33) | - | 16.12 | 6.29 |
| Deferred Tax on unrealised profit | 66.18 | 17.82 | - | 48.36 | 21.10 |
| Impact on adoption of Ind AS 116 | 61.36 | (10.81) | 72.17 | - | - |
| Others | 5.94 | (0.56) | - | 6.50 | 3.83 |
| Net deferred tax assets/(liabilities) | 440.06 | 98.71 | 72.17 | 269.18 | 32.98 |

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.

The Group has unused carried forward losses of Rs. 660.23 Crores as at March 31, 2020 (March 31, 2019: Rs. 266.53 Crores). Out of the same, tax credits on losses of Rs. 208.81 Crores (March 31, 2019: Rs. Nil) have not been recognized on the basis that recovery is not probable in the foreseeable future.

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Opening balance as at April 1 | 269.18 | 236.20 |
| Impact on adoption of Ind AS 116 recognised in Retained Earnings | 72.17 | - |
| Deferred Tax income/(expense) during the period recognised in profit or loss | 100.08 | 29.76 |
| Deferred Tax income/(expense) during the period recognised in OCI | (1.37) | 3.22 |
| Closing balance as at March 31 | 440.06 | 269.18 |

Note 27 : Contingent liabilities

| Particulars | Rs. In Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Contingent liabilities not provided for | | |
| a. Bills discounted | 7.11 | 36.75 |
| b. Claims against the Group not acknowledged as debts | 10.09 | 9.87 |
| c. Disputed demands in respect of | | |
| Excise/Customs duty (Refer Note d) | 25.41 | 25.16 |
| Sales tax/ GST (Refer Note e) | 50.01 | 68.03 |
| Income tax | 4.59 | 8.60 |
| Textile Committee Cess | 0.11 | 0.11 |
| Provident Fund | 0.76 | 0.80 |
| d. Guarantee given by bank on behalf of the group | 1.97 | 0.87 |

Notes :

- (a) It is not practical for the Group to estimate the timing of cash outflows, if any, respect of the above pending
- (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 Company is confident that it's position will likely be upheld in the appellate process against the above demand. However, the Company had deposited Rs.1.69 Crores under protest in previous year.
- (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.
- (f) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Group will make provision, on receiving further clarity on the subject.

Note 28 : Capital commitment and other commitments

| Particulars | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Capital commitments | | |
| Estimated amount of Contracts remaining to be executed on capital account and not provided for | 38.74 | 9.80 |
| Other commitments | - | - |

Note 29 : Foreign Exchange Derivatives and Exposures not hedged

A. Foreign Exchange Derivatives

| Nature of instrument | Average Exchange rate (in equivalent Rs.) | In FC | Rs. in Crores |
|-------------------------------------|---|------------|------------------|
| | | | |
| Forward contracts - Purchase | | USD | |
| As at March 31, 2020 | 73.70 | 1.18 | 86.97 |
| As at March 31, 2019 | 70.60 | 2.90 | 204.75 |

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

B. Exposure Not Hedged

| Nature of exposure | In FC USD | | Rs. in Crores | | In FC EURO | | Rs. in Crores | | In FC SEK | | Rs. in Crores | | In FC AED | | Rs. in Crores | |
|-----------------------------------|--------------|-------|------------------|------|---------------|------|------------------|------|--------------|---|------------------|---|--------------|---|------------------|---|
| | | | | | | | | | | | | | | | | |
| Receivables | | | | | | | | | | | | | | | | |
| As at March 31, 2020 | 0.05 | 4.14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 0.10 | 6.70 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payable towards borrowings | | | | | | | | | | | | | | | | |
| As at March 31, 2020 | 0.52 | 39.60 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 0.62 | 43.15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payable to creditors | | | | | | | | | | | | | | | | |
| As at March 31, 2020 | 0.78 | 59.30 | 0.03 | 2.40 | 0.05 | 0.40 | 0.01 | 0.13 | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 0.51 | 35.15 | 0.03 | 2.27 | 0.10 | 0.74 | - | - | - | - | - | - | - | - | - | - |

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Notes to the Consolidated Financial Statements**Note 30 : Segment Reporting**

Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Group.

The Group's business activity falls within a single operating business segment of Branded Apparels (Garments and Accessories) through Retail and Departmental Store facilities.

Geographical segment

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

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Segment Revenue* | | |
| a) In India | 3,843.72 | 4,618.89 |
| b) Rest of the world | 22.58 | 24.97 |
| Total Sales | 3,866.30 | 4,643.86 |
| Carrying Cost of Segment Assets** | | |
| a) In India | 4,447.10 | 3,517.64 |
| b) Rest of the world | 4.14 | 6.70 |
| Total | 4,451.24 | 3,524.34 |
| Carrying Cost of Segment Non Current Assets**@ | | |
| a) In India | 1,243.35 | 559.94 |
| b) Rest of the world | - | - |
| Total | 1,243.35 | 559.94 |

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Assets

Note:

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

Note 31 : 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 | Rs. In Crores | |
|-----------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Provident Fund | 10.80 | 10.82 |
| Contributory Pension Scheme | 7.30 | 8.61 |
| Superannuation Fund | - | (Rs. 24,986) |
| | 18.10 | 19.43 |

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) The Group's Superannuation Fund is administered by Life Insurance Company. The Group has no further obligations to the plan beyond its contribution.

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. The Gratuity plan is a Funded plan administered by a Trust and the Group makes contributions to recognised Trust in 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 Parent Company and some of the subsidiaries contribute all ascertained liabilities to their respective Employees' Gratuity Fund Trust ("the Trust"). Trustees administer contributions made to the Trusts and contributions are invested in a scheme as permitted by Indian law. Other subsidiaries 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.

March 31, 2020: Changes in defined benefit obligation and plan assets

| Gratuity cost charged to statement of profit and loss | | | | | | | | | | | | | Rs. In Crores | |
|---|---------------|---|----------------------|--|---------------|--|---|---|------------------------|---------------------------|--|---------------------------|----------------|--|
| 2019-20 | April 1, 2019 | Gratuity cost charged to statement of profit and loss | | | Benefit paid | Remeasurement gains/(losses) in other comprehensive income | | | | | Increase (decrease) due to effect of business combination / transfer | Contributions by employer | March 31, 2020 | |
| | | Service cost | Net interest expense | Sub-total included in statement of profit and loss | | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | | |
| Gratuity | | | | | | | | | | | | | | |
| Defined benefit obligation | 20.18 | 3.93 | 1.31 | 5.24 | (3.73) | - | 0.25 | 0.54 | 0.87 | 1.66 | - | - | 20.03 | |
| Fair value of plan assets | (9.00) | - | (0.60) | (0.60) | 3.61 | (0.62) | - | - | - | (0.62) | - | (2.95) | (8.32) | |
| Total benefit liability | 11.18 | 3.93 | 0.71 | 4.64 | (0.12) | (0.62) | 0.25 | 0.54 | 0.87 | 1.04 | - | (2.95) | 11.71 | |

March 31, 2019: Changes in defined benefit obligation and plan assets

| Changes in defined benefit obligation and plan assets | | | | | | | | | | | | | Rs. In Crores | |
|---|---------------|---|----------------------|--|---------------|--|---|---|------------------------|---------------------------|--|---------------------------|----------------|--|
| 2018-19 | April 1, 2018 | Gratuity cost charged to statement of profit and loss | | | | Remeasurement gains/(losses) in other comprehensive income | | | | | Increase (decrease) due to effect of business combination / transfer | Contributions by employer | March 31, 2019 | |
| | | 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 | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI | | | | |
| | | | | | | | | | | | | | | |
| Gratuity | | | | | | | | | | | | | | |
| Defined benefit obligation | 14.45 | 4.52 | 1.05 | 5.57 | (2.80) | - | 0.55 | (2.35) | (0.63) | (2.43) | 0.53 | - | 20.18 | |
| Fair value of plan assets | (4.81) | - | (0.51) | (0.51) | 2.33 | (0.24) | - | - | - | (0.24) | - | (6.25) | (9.00) | |
| Total benefit liability | 9.64 | 4.52 | 0.54 | 5.06 | (0.47) | (0.24) | 0.55 | (2.35) | (0.63) | (2.67) | 0.53 | (6.25) | 11.18 | |

Note 31 : Disclosure pursuant to Employee benefits (Continued)

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, 2020 | Year Ended March 31, 2019 |
|-------------------------------------|------------------------------|------------------------------|
| Others (Insurance company Products) | 100% | 100% |
| (%) of total plan assets | 100% | 100% |

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

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|--|---|
| Discount rate | 5.8% to 6.65% | 6.8%-7.75% |
| Future salary increase | 3% to 9% | 6.6%-13% |
| Expected rate of return on plan assets | 6.2% to 6.5% | 6.8%-7.3% |
| Attrition rate | 9.3% to 38.3% | 10.4%-39.9% |
| 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:

| Particulars | Sensitivity level | Rs. In Crores | |
|-----------------|--------------------------|--|------------------------------|
| | | Increase / (Decrease) in defined benefit obligation (Impact) | |
| | | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Gratuity | | | |
| Discount rate | 50 basis points increase | (0.39) | (0.57) |
| | 50 basis points decrease | 0.41 | 0.51 |
| Salary increase | 50 basis points increase | 0.35 | 0.49 |
| | 50 basis points decrease | (0.34) | (0.46) |
| Attrition rate | 50 basis points increase | (0.07) | (0.12) |
| | 50 basis points decrease | 0.07 | 0.12 |

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 :

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Gratuity | | |
| Within the next 12 months (next annual reporting period) | 4.18 | 3.12 |
| Between 2 and 5 years | 16.29 | 16.38 |
| Beyond 5 years | 16.83 | 23.04 |
| Total Expected Payments | 37.30 | 42.54 |

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

| Particulars | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
|-----------------|------------------------------|------------------------------|
| Gratuity | 4 years to 8.76 years | 3 years to 12.73 years |

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 | Rs. In Crores | |
|------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Leave encashment | 3.49 | 6.66 |
| | 3.49 | 6.66 |

Note 32 : Related Party Transactions

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 : | Period |
|---|--|---|
| Arvind Limited | Holding Company Enterprise having significant influence by Non-Executive Director | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind Ruf & Tuf Private Limited | Fellow Subsidiary Company Enterprise having significant influence by Key Management Personnel | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind True Blue Limited | Fellow Subsidiary Company Enterprise having significant influence by Key Management Personnel | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind Premium Retail Limited | Fellow Subsidiary Company Enterprise having significant influence by Key Management Personnel | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind Goodhill Suit Manufacturing Private Limited | Fellow Subsidiary Company Enterprise having significant influence by Non-Executive Director | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind Internet Limited | Fellow Subsidiary Company Enterprise having significant influence by Non-Executive Director | up to November 29, 2018 w.e.f. November 30, 2018 |
| Arvind Envisol Limited | Fellow Subsidiary Company Enterprise having significant influence by Non-Executive Director | up to November 29, 2018 w.e.f. November 30, 2018 |
| Aura Securities Private Limited | Enterprise having significant influence by Non-Executive Director | |
| Multiples Private Equity Fund II LLP | Enterprise having significant influence by Non-Executive Director | up to October 10, 2018 |
| PVH Singapore Private Limited | Joint Venture Partners /LLP of the Company | |
| Tommy Hilfiger Europe B.V. | Joint Venture Partners /LLP of the Company | |
| PVH B.V. | Joint Venture Partners /LLP of the Company | |
| PVH Corp. | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Tommy Hilfiger (HK) Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Tommy Hilfiger Asia Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Tommy Hilfiger Licensing LLC | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Hongkong Services Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Hongkong Sourcing Service Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Asia Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Far East Limited | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Europe, Inc. | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| PVH Neckwear Inc. | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Calvin Klein Inc. | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Calvin Klein Europe BV | Owned/ controlled by the joint ventures partners directly/ Indirectly | |
| Suresh Javaraman, Managing Director | Key Management Personnel | |
| Kannan S., Chief Financial Officer | Key Management Personnel | up to April 1, 2019 |
| Pramod Kumar Gupta, Chief Financial Officer | Key Management Personnel | w.e.f. April 2, 2019 |
| Vijay Kumar BS, Company Secretary | Key Management Personnel | |
| Saniyabhai S. Lalbhai | Non Executive Director | |
| Javesh K. Shah | Non Executive Director | |
| Renuka Ramnath | Non Executive Director | up to October 10, 2018 |
| Nithya Easwaran | Non Executive Director | |
| Kulin S. Lalbhai | Non Executive Director | |
| Punit S. Lalbhai | Non Executive Director | w.e.f. April 2, 2019 |
| Nilesh D. Shah | Non Executive Director | |
| Abanti Sankaranarayanan | Non Executive Director | w.e.f. October 10, 2018 |
| Vallabh R. Bhansali | Non Executive Director | |
| Naqesh D. Pinde | Non Executive Director | w.e.f. October 10, 2018 |
| Achal A. Bakeri | Non Executive Director | w.e.f. October 10, 2018 |
| Vani Kola | Non Executive Director | w.e.f. April 2, 2019 |
| Arvind Fashions Limited Employee Group Gratuity Trust | Trust | |
| Arvind Lifestyle Brands Limited Employee Group Gratuity Trust | Trust | |
| Arvind Beauty Brands Retail Private Limited Employee Group Gratuity Trust | Trust | |

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

b Transactions with related parties for the year ended March 31, 2020 and years ended March 31, 2019.

| Particulars | Rs. In Crores | | | | | |
|--|-----------------|---------------------|--|--|--|---|
| | Holding Company | Fellow Subsidiaries | Key Managerial Personnel and Non-Executive Directors | Enterprise having significant influence by Key Management Personnel and Non-Executive Director | Joint Venture Partners/ LLP of the Company | Entities Owned/ Controlled by the joint venture partners directly/ indirectly |
| Purchase of Goods and Materials (Net) | | | | | | |
| March 31, 2020 | - | - | - | 45.04 | 2.75 | 66.39 |
| March 31, 2019 | 14.52 | 7.28 | - | 20.26 | 0.43 | 65.61 |
| Purchase of Property, Plant & Equipment and Intangible Assets | | | | | | |
| March 31, 2020 | - | - | - | 20.78 | - | - |
| March 31, 2019 | 0.31 | - | - | 0.32 | - | - |
| Sales of Goods and Materials | | | | | | |
| March 31, 2020 | - | - | - | 5.22 | - | - |
| March 31, 2019 | 6.80 | - | - | 0.10 | - | - |
| Sales Return of Goods and Materials | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 4.35 | - | - | 9.79 | - | - |
| Sale of Property, Plant & Equipment | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | - | - | - | 0.08 | - | - |
| Receiving of Services-Royalty | | | | | | |
| March 31, 2020 | - | - | - | - | 32.83 | 12.19 |
| March 31, 2019 | - | - | - | - | 30.78 | 12.96 |
| Receiving of Services-Shared services and Others | | | | | | |
| March 31, 2020 | - | - | - | 0.41 | - | 1.92 |
| March 31, 2019 | 7.66 | - | - | 5.02 | 2.32 | 1.44 |
| Receiving of Services-Commission | | | | | | |
| March 31, 2020 | - | - | - | 5.94 | - | - |
| March 31, 2019 | 1.08 | - | - | 2.68 | - | - |
| Receiving of Services-Rent | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 0.35 | - | - | - | - | - |
| Receiving of Services-Others | | | | | | |
| March 31, 2020 | - | - | - | 12.78 | - | - |
| March 31, 2019 | 0.01 | - | - | 0.71 | 2.30 | - |
| Rendering of Services-Royalty | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 4.48 | - | - | - | - | - |
| Rendering of Services-Commission & Incentive | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 0.08 | 0.12 | - | 0.37 | - | - |
| Rendering of Services-Shared service | | | | | | |
| March 31, 2020 | - | - | - | 19.29 | - | - |
| March 31, 2019 | 10.12 | 0.73 | - | 2.82 | - | - |
| Rendering of Services-Rent | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | - | 0.30 | - | 0.18 | - | - |
| Interest Expense | | | | | | |
| March 31, 2020 | - | - | - | 0.10 | - | - |
| March 31, 2019 | 0.04 | 11.41 | - | 6.39 | - | - |

b Transactions with related parties for the year ended March 31, 2020 and years ended March 31, 2019.

| Particulars | Rs. In Crores | | | | | |
|---|-----------------|---------------------|--|--|--|---|
| | Holding Company | Fellow Subsidiaries | Key Managerial Personnel and Non Executive Directors | Enterprise having significant Influence by Key Management Personnel and Non-Executive Director | Joint Venture Partners/ LLP of the Company | Entities Owned/ Controlled by the joint venture partners directly/ indirectly |
| Remuneration | | | | | | |
| March 31, 2020 | - | - | 6.07 | - | - | - |
| March 31, 2019 | - | - | 4.43 | - | - | - |
| Sitting Fees | | | | | | |
| March 31, 2020 | - | - | 0.11 | - | - | - |
| March 31, 2019 | - | - | 0.08 | - | - | - |
| Contribution Given for Employee Benefit Plans | | | | | | |
| March 31, 2020 | - | - | - | - | - | 2.95 |
| March 31, 2019 | - | - | - | - | - | 6.00 |
| Loan Taken/(Repayment of Loan) | | | | | | |
| March 31, 2020 | - | - | - | 50.00 | - | - |
| March 31, 2019 | (1.02) | 256.49 | - | (310.14) | - | - |
| Share Capital Cancelled under scheme of Arrangements | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 20.78 | - | - | - | - | - |
| Issue of Equity shares under scheme of Arrangements | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | - | - | - | 7.64 | - | - |
| Issue of Shares | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | - | - | - | 2.16 | - | - |
| Transfer of Assets under scheme of Arrangements | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | 462.22 | - | - | - | - | - |
| Liability no longer required, written back | | | | | | |
| March 31, 2020 | - | - | - | - | - | - |
| March 31, 2019 | - | - | - | 0.21 | - | - |

c Balances

| Particulars | Rs. In Crores | | | | | |
|------------------------------------|-----------------|--------------------|--|--|--|---|
| | Holding Company | Subsidiary Company | Key Managerial Personnel and Non Executive Directors | Enterprise having significant Influence by Key Management Personnel and Non-Executive Director | Joint Venture Partners/ LLP of the Company | Entities Owned/ Controlled by the joint venture partners directly/ indirectly |
| Trade and Other Receivable | | | | | | |
| March 31, 2020 | - | - | - | 2.20 | - | - |
| March 31, 2019 | - | - | - | 4.50 | - | - |
| Trade and Other Payable | | | | | | |
| March 31, 2020 | - | - | - | 43.60 | - | - |
| March 31, 2019 | - | - | - | 5.05 | 8.13 | 21.87 |
| Payable in respect of Loans | | | | | | |
| March 31, 2020 | - | - | - | 50.08 | - | - |
| March 31, 2019 | - | - | - | - | - | - |

d Terms and conditions of transactions with related parties

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

2) Loans given by related party carries interest rate of 8.5% (March 31, 2019 : 8.5%)

e Commitments with related parties

The Group has not provided any commitment to the related party (March 31, 2019: Rs. Nil)

f Transactions with key management personnel

Compensation of key management personnel of the Group

| Particulars | Rs. In Crores | |
|--|---------------------------------|---------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Short-term employee benefits | 5.55 | 3.86 |
| Termination benefits | 0.09 | 0.38 |
| Share based payments | 0.43 | 0.19 |
| Total compensation paid to key management personnel | 6.07 | 4.43 |

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 Directors is Rs 0.06 Crores (March 31, 2019 Rs. 0.03 Crores)

Note 33 : Earnings per share (Basic and Diluted)

| Particulars | Rs. In Crores | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Profit/(Loss) attributable to ordinary equity holders | (400.82) | 16.61 |
| Total no. of equity shares at the end of the year | 5,86,79,364 | 5,79,94,673 |
| Weighted average number of equity shares (Refer Note a) | | |
| For basic EPS | 5,86,25,498 | 5,77,96,491 |
| For diluted EPS | 5,90,42,632 | 5,91,38,299 |
| Nominal value of equity shares | 4 | 4 |
| Basic earnings per share | (68.37) | 2.87 |
| Diluted earnings per share | (67.89) | 2.81 |
| Weighted average number of equity shares (Refer Note a) | | |
| Weighted average number of equity shares for basic EPS | 5,86,25,498 | 5,77,96,491 |
| Effect of dilution: Share options | 4,17,134 | 13,41,808 |
| Weighted average number of equity shares adjusted for the effect of dilution | 5,90,42,632 | 5,91,38,299 |

Note 34 : 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"), pursuant to the approval of the shareholders of the Company at their General Meeting held on October 15, 2016 and on May 12, 2018 respectively. ESOP Schemes were amended pursuant to Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashions Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective Shareholders and creditors ("the Scheme") and approved by shareholders on July 16, 2018. As on March 31, 2019, the Company has granted 16,87,193 options under ESOP 2016 and issued 3,15,200 options under ESOP 2018 in lieu of demerger under the Scheme and convertible into equal number of Equity Shares of face value of Rs. 4 each. During the year 2019-20, the Company has issued 3,35,000 options under ESOP 2016.

The following table sets forth the particulars of ESOP 2016 and ESOP 2018 :

| Scheme | ESOP 2016 | | | | ESOP 2018 | |
|---------------------------|---|--------------------|---|-----------|----------------------------------|----------------------------------|
| | 03-May-18 | 12-Nov-18 | 05-Sep-19 | 05-Sep-19 | 12-Feb-19 | 12-Feb-19 |
| Date of grant | | | | | | |
| Number of options granted | 83,886 | 5,00,000 | 2,45,000 | 90,000 | 1,80,000 | 1,35,200 |
| Exercise price per option | Rs. 212 | Rs. 1381.08 | Rs. 468.80 | Rs. 100 | Rs. 669.51 | Rs. 1,057.11 |
| Vesting period | Over a period of 4 years | | Over a period of 4 years | | Vested | Vesting on 30-Apr-19 |
| Vesting requirements | Performance based vesting | Time based vesting | Time based vesting | | Time based vesting | |
| Exercise period | At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier. | | At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier. | | 5 years from the date of vesting | 3 years from the date of vesting |
| Method of settlement | Equity | | Equity | | Equity | |

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

| Particulars | ESOP 2016 | |
|---|----------------|---------------|
| | March 31, 2020 | 2018-19 |
| Options | | |
| Outstanding at the beginning of the year | 16,87,193 | 34,72,179 |
| Issued during the year | 3,35,000 | 5,83,886 |
| Vested but not exercised at the beginning of the year | - | - |
| Granted during the year | - | - |
| Forfeited during the year | (1,80,057) | (83,886) |
| Exercised during the year | (6,84,691) | (5,97,822) |
| Reduction in options due to consolidation of shares | - | (16,87,164) |
| Outstanding at the end of the year | 11,57,445 | 16,87,193 |
| Exercisable at the end of the year | 1,24,178 | 6,85,396 |
| Weighted average exercise price per option (Rs.) | 471.77 | 343.41 |

| Particulars | ESOP 2018 | |
|---|----------------|---------------|
| | March 31, 2020 | 2018-19 |
| Options | | |
| Outstanding at the beginning of the year | 3,15,200 | - |
| Issued during the year | - | 3,15,200 |
| Vested but not exercised at the beginning of the year | - | - |
| Granted during the year | - | - |
| Forfeited during the year | - | - |
| Exercised during the year | - | - |
| Outstanding at the end of the year | 3,15,200 | 3,15,200 |
| Exercisable at the end of the year | 3,15,200 | 1,80,000 |
| Weighted average exercise price per option (Rs.) | 890.86 | 890.86 |

Share Options Exercised

| Option Series | No. of Options | Exercise Date | Weighted Average Share Price at Exercise Date |
|---------------|----------------|---------------|---|
| ESOS 2016 | 5,97,822 | 09-Nov-18 | 486.00 |
| ESOS 2016* | 1,58,725 | 12-Mar-19 | 121.58 |
| ESOS 2016* | 2,94,510 | 13-Mar-19 | 127.28 |
| ESOS 2016* | 75,242 | 14-Mar-19 | 144.72 |
| ESOS 2016* | 7,417 | 15-Mar-19 | 179.92 |
| ESOS 2016* | 68,477 | 18-Mar-19 | 169.21 |
| ESOS 2016* | 25,647 | 19-Mar-19 | 105.58 |
| ESOS 2016* | 8,688 | 20-Mar-19 | 177.90 |
| ESOS 2016* | 1,279 | 26-Mar-19 | 189.64 |
| ESOS 2016 | 8,308 | 16-Aug-19 | 105.58 |
| ESOS 2016 | 1,279 | 21-Aug-19 | 189.64 |
| ESOS 2016 | 21,470 | 26-Aug-19 | 189.64 |
| ESOS 2016 | 1,023 | 29-Aug-19 | 189.64 |
| ESOS 2016 | 2,046 | 04-Sep-19 | 189.64 |
| ESOS 2016 | 1,279 | 09-Sep-19 | 212.00 |
| ESOS 2016 | 2,046 | 10-Sep-19 | 189.64 |
| ESOS 2016 | 5,755 | 11-Sep-19 | 212.00 |
| ESOS 2016 | 1,500 | 15-Sep-19 | 189.64 |

* Allotment of Shares made in April 2019

The share options outstanding at the end of the year under ESOP 2016 have a weighted average remaining contractual life of 6.91 years (March 31, 2019; 4.3 years). The range of exercise price is from Rs. 100.00 to Rs. 1,381.08

The share options outstanding at the end of the period under ESOP 2018 have a weighted average remaining contractual life of 2.26 years (March 31, 2019; 3.26 years). The range of exercise price is from Rs. 669.51 to Rs. 1057.11

| Particulars | ESOP 2016 | ESOP 2018 |
|------------------------------------|------------|----------------------------------|
| Share price as at measurement date | Rs. 460.45 | |
| Expected volatility | 42.42% | |
| Expected life (years) | 3.65 years | No grants made during the period |
| Dividend yield | 0% | |
| Risk-free Interest rate (%) | 5.97% | |

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 | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| Employee option plan | 3.74 | 1.48 |
| Total employee share based payment expense | 3.74 | 1.48 |

Note 35 : Leases

- A. Effective from April 1, 2019, the Group has adopted Ind AS 116 "Leases". For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. The weighted average incremental borrowing rate of 9% to 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The Group has adopted modified retrospective approach as per para C8 (C) (i) of Ind-AS 116 "Leases" to its leases. Consequently, the Group has recorded lease liability of Rs. 1330.95 Crores calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 1117.89 Crores determined at net of the amount calculated by applying the standard since the date of the commencement of lease (including regrouped from Prepaid Rent of Rs. 2.95 Crores) and the resulting depreciation up to the date of adoption. The net effect of Rs. 137.50 Crores (net of (a) deferred tax asset of Rs. 72.17 Crores and (b) Share of Non Controlling Interest of Rs. 6.34 Crores) on initial application of Ind AS 116 has been adjusted to retained earnings as on April 1, 2019.

- B. The Group has taken Showrooms 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:

C. Changes in the carrying value of right of use assets (Showrooms)

| Particulars | Rs. In Crores |
|---|------------------------------|
| | Year Ended March 31, 2020 |
| Balance at the beginning of the year | - |
| Recognition of right of use asset on adoption of Ind AS 116 | 1,114.94 |
| Regrouping on adoption of Ind AS 116 | 2.95 |
| Additions | 186.17 |
| Deletions | (307.61) |
| Depreciation | (262.76) |
| Balance at the end of the year | 733.69 |

D. Movement in lease liabilities

| Particulars | Rs. In Crores |
|--|------------------------------|
| | Year Ended March 31, 2020 |
| Balance at the beginning of the year | - |
| Recognition of Lease Liability on adoption of Ind AS 116 | 1,330.95 |
| Additions | 186.17 |
| Deletions | (360.22) |
| Finance cost accrued during the year | 109.67 |
| Payment of lease liabilities | (348.25) |
| Balance at the end of the year | 918.32 |

- E. The Group incurred Rs. 17.44 Crores for the year ended on March 31, 2020 towards expenses related to lease of low-value assets and short term rent

F. Contractual maturities of lease liabilities

| Particulars | Rs. In Crores |
|----------------------|------------------------------|
| | Year Ended March 31, 2020 |
| Less than one year | 87.70 |
| One to five years | 514.97 |
| More than five years | 315.65 |
| Total | 918.32 |

- G. 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.

Note 36 : Corporate Social Responsibility (CSR) Activities

| Particulars | Rs. In Crores | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2020 | Year Ended March 31, 2019 |
| a) Gross amount required to be spent by the Company during the year | 1.12 | 0.84 |
| b) Amount spent during the year on, | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 1.12 | 0.84 |
| c) Amount unspent during the year | - | - |

Note 37 : 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 | Rs. In Crores | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Financial assets | | |
| Investments measured at fair value through OCI | | |
| Carrying Amount | - | (Rs. 13,090) |
| Fair Value | - | (Rs. 13,090) |
| Investments measured at amortised cost | | |
| Carrying Amount | - | 0.02 |
| Fair Value | - | 0.02 |
| Financial liabilities | | |
| Borrowings | | |
| Carrying Amount | 1,243.84 | 824.12 |
| Fair Value | 1,243.84 | 824.12 |

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

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

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

Note 38 : Fair value hierarchy

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

| Particulars | Date of valuation | Fair value measurement using | | | | Rs. In Crores |
|--|-------------------|------------------------------|---|---|--|---------------|
| | | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| Assets measured at fair value | | | | | | |
| Fair value through Other Comprehensive Income | | | | | | |
| Investment in Equity Shares, Quoted | March 31, 2020 | - | - | - | - | - |
| | March 31, 2019 | (Rs. 13,090) | (Rs. 13,090) | - | - | - |
| Foreign Exchange Forward Contracts (Cash Flow Hedge) | March 31, 2020 | 4.42 | - | 4.42 | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Liabilities measured at fair value | | | | | | |
| Fair value through Other Comprehensive Income | | | | | | |
| Foreign Exchange Forward Contracts (Cash Flow Hedge) | March 31, 2020 | - | - | - | - | - |
| | March 31, 2019 | 3.32 | - | 3.32 | - | - |

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.

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Note 39 : 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, 2020, approximately 16% of the Group's Borrowings are at fixed rate of Interest (March 31, 2019: 12%)

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:

| Rs. In Crores | |
|-----------------------------|-----------------------------|
| Particulars | Effect on profit before tax |
| March 31, 2020 | |
| Increase in 50 basis points | (5.26) |
| Decrease in 50 basis points | 5.26 |
| March 31, 2019 | |
| Increase in 50 basis points | (2.45) |
| Decrease in 50 basis points | 2.45 |

Exclusion from this analysis are as follows:

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currency, primarily in USD. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Group may use forward contracts 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 29.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and SEK 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.

| Rs. In Crores | | | | | | |
|-----------------------|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|
| Particulars | Change in USD rate | Effect on profit before tax | Change in EUR rate | Effect on profit before tax | Change in SEK rate | Effect on profit before tax |
| March 31, 2020 | +2% | (1.78) | +2% | (0.01) | +2% | (0.01) |
| | -2% | 1.78 | -2% | 0.01 | -2% | 0.01 |
| March 31, 2019 | +2% | (1.59) | +2% | (0.04) | +2% | (0.01) |
| | -2% | 1.59 | -2% | 0.04 | -2% | 0.01 |

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 7b. 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 37.

(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 | Rs. In Crores | |
|----------------------------------|------------------|-----------------|
| | Less than 1 year | 1 year or more |
| As at March 31, 2020 | | |
| Interest bearing borrowings | 1,081.06 | 162.78 |
| Lease Liabilities | 87.70 | 830.62 |
| Trade payables | 1,325.30 | - |
| Security deposits from customers | 1.87 | 79.00 |
| Other financial liabilities# | 105.73 | - |
| | 2,601.66 | 1,072.40 |
| As at March 31, 2019 | | |
| Interest bearing borrowings | 737.82 | 86.30 |
| Trade payables | 1,238.96 | - |
| Security deposits from customers | 0.77 | 66.94 |
| Other financial liabilities# | 70.38 | - |
| | 2,047.93 | 153.24 |

Other financial liabilities includes interest accrued but not due of Rs. 12.72 Crores (March 31, 2019: Rs. 6.37 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. The Group is leader in apparels in the country and has a diversified portfolio of brands.

Note 40 : Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

| Particulars | Rs. In Crores | |
|--|----------------------|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Interest-bearing loans and borrowings (Note 13) | 1,243.84 | 824.12 |
| Less: Cash and Cash equivalent (including other bank balance and Bank Overdraft) | (13.51) | (13.06) |
| Net debt | 1,230.33 | 811.06 |
| Equity share capital (Note 11) | 23.47 | 23.20 |
| Other equity (Note 12) | 575.03 | 1,106.21 |
| Total capital | 598.50 | 1,129.41 |
| Capital and net debt | 1,828.83 | 1,940.47 |
| Gearing ratio | 67.27% | 41.80% |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements and other ratios. Breaches in meeting the financial covenants would permit the bank to charge penal interest or immediately call borrowings. There have been breaches in the financial covenants of borrowing as at March 31, 2020 but it don't require accelerated payments. Accordingly, the management has considered the classification of loan based upon the original repayment schedule.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020, March 31, 2019.

Note 41 : Business Combination

I Summary of business combinations during the year ended March 31, 2020

- (A) The Board of Directors of the Holding Company and Arvind Lifestyle Brands Limited, a wholly owned subsidiary Company in their meeting held on February 21, 2020, have recommended and subsequently approved by the members of the respective companies, the proposal to transfer the "Flying Machine" ("FM") wholesale and retail trading business of the respective Companies as a going concern to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Group by way of slump sale at a lump sum consideration which will not be less than book value of FM division as appearing on the date of closure of the transaction.
- (B) In the board meetings held on November 4, 2019, the respective Board of Directors of Tommy Hilfiger Arvind Fashion Private Limited ("TH") and Calvin Klein Arvind Fashion Private Limited ("CK") have approved the scheme of amalgamation between TH and CK pursuant to provisions of Section 230 to 232 of the Companies Act, 2013 whereby it is proposed to amalgamate TH into CK. The Scheme is subject to approval of relevant regulatory authorities. Pending such approvals, the Group has not given effect of the scheme in the audited financial information for the year ended March 31, 2020.

II Summary of business combinations during the year ended March 31, 2019

The National Company Law Tribunal, Ahmedabad Bench vide its order dated October 26, 2018 has approved the scheme of arrangement for demerger of Branded Apparel undertaking of Arvind Limited to Arvind Fashions Limited with effect from November 30, 2018 (the appointed date). The Scheme became effective from November 30, 2018. Pursuant to the Scheme, all the assets, liabilities, income and expenses of the Branded Apparel undertaking has been transferred to the Company from the appointed date. Additionally, Investments of Company were written off against Capital Reserve. Company's existing shares issued to Arvind Limited were cancelled and fresh shares were issued to shareholders of Arvind Limited in the ratio of 1:5 as on the appointed date.

| Particulars | Rs. In Crores |
|---|---------------|
| Assets: | |
| Property Plant and Equipment | 16.52 |
| Current Assets | 58.58 |
| Cash and Cash Equivalent | 18.10 |
| Investment | 416.92 |
| Total Assets acquired (A) | 510.12 |
| Liabilities: | |
| Current Liabilities | 29.19 |
| Borrowing | 18.71 |
| Total Liabilities assumed (B) | 47.90 |
| Net Identifiable Assets Acquired (A-B) | 462.22 |

| Particulars | Rs. In Crores |
|---|---------------|
| Total Identifiable assets acquired | 462.22 |
| Investment written off as per Scheme | (416.92) |
| Cancellation of shares under scheme of arrangement | 20.78 |
| Allotment of Shares pursuant to Scheme of Arrangement | (20.69) |
| Capital Reserve | 45.39 |

Arvind Fashions Limited

CIN L52399GJ2016PLC085595

Notes to the Consolidated Financial Statements**Note 42 : Interest in Other Entities**

- (1) The Consolidated Financial Statements present the consolidated accounts of Arvind Fashions Limited with its subsidiaries and controlled joint ventures

| Sl. No. | Name of Entities | Country of Incorporation | Activities | Proportion of ownership of interest | |
|---------------------------|---|--------------------------|------------------|-------------------------------------|----------------------|
| | | | | As at March 31, 2020 | As at March 31, 2019 |
| Subsidiaries | | | | | |
| 1 | Arvind Lifestyle Brands Limited | India | Branded Garments | 100% | 100% |
| 2 | Arvind Beauty Brands Private Limited | India | Beauty Products | 100% | 100% |
| 3 | Arvind Youth Brands Private Limited * | India | Branded Garments | 100% | - |
| 4 | Value Fashion Retail Limited * | India | Branded Garments | 100% | - |
| Controlled joint ventures | | | | | |
| 5 | Calvin Klein Arvind Fashion Private Limited | India | Branded Garments | 50% | 50% |
| 6 | Tommy Hilfiger Arvind Fashion Private Limited | India | Branded Garments | 50% | 50% |

* Held by Arvind Lifestyle Brands Limited

(2) Material - party owned subsidiaries

IND AS 112.12 requires the disclosure of financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e. the Group). A subsidiary may have significant non-controlling interest per se but disclosure is not required if that interest is not material at the Group level. Similarly, these disclosures do not apply to the non-controlling interests that are material in aggregate but not individually.

The Group does not have any subsidiaries that have non-controlling interests that are material to the Group.

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

| Name of the Entities | 2019-2020 | | | | | | | |
|--|--|-----------------|----------------------|-----------------|-------------------------------------|---------------|-------------------------------------|-----------------|
| | Net Assets i.e. Total Assets Minus Total Liabilities | | Share in Profit | | Share in Other comprehensive Income | | Share in Total comprehensive Income | |
| | As a % of Consolidat | Rs. In Crores | As a % of Consolidat | Rs. In Crores | As a % of Consolidat | Rs. In Crores | As a % of Consolidat | Rs. In Crores |
| Parent : | | | | | | | | |
| Arvind Fashions Limited | 67% | 1,349.26 | 1% | (4.89) | -3% | (0.17) | 1% | (5.06) |
| Subsidiaries/Controlled Joint Venture : | | | | | | | | |
| Arvind Beauty Brands Retail Private Limited | 2% | 44.91 | 4% | (15.50) | -3% | (0.14) | 4% | (15.64) |
| Arvind Lifestyle Brand Limited | 21% | 428.14 | 95% | (345.01) | 11% | 0.60 | 96% | (344.41) |
| Calvin Klein Arvind Fashion Private Limited | 2% | 39.27 | -1% | 2.58 | 31% | 1.71 | -1% | 4.29 |
| Tommy Hilfiger Arvind Fashion Private Limited | 7% | 138.45 | 0% | 0.33 | 63% | 3.44 | -1% | 3.77 |
| Sub Total | 100% | 2,000.03 | 100% | (362.49) | 100% | 5.44 | 100% | (357.05) |
| Inter Company Eliminations and Consolidations Adjustment | | 1,401.53 | | 38.33 | | 2.57 | | 40.90 |
| Total | | 598.50 | | (400.82) | | 2.87 | | (397.95) |
| Non Controlling Interest in Subsidiaries | | 88.86 | | 1.46 | | 2.57 | | 4.03 |
| Grand Total | | 687.36 | | (399.36) | | 5.44 | | (393.92) |

| Name of the Entities | 2018-2019 | | | | | | | |
|--|--|-----------------|------------------------------|---------------|-------------------------------------|---------------|-------------------------------------|---------------|
| | Net Assets i.e. Total Assets Minus Total Liabilities | | Share in Profit | | Share in Other comprehensive Income | | Share in Total comprehensive Income | |
| | As a % of Consolidat ion net | Rs. In Crores | As a % of Consolidat ion net | Rs. In Crores | As a % of Consolidat ion net | Rs. In Crores | As a % of Consolidat ion net | Rs. In Crores |
| Parent : | | | | | | | | |
| Arvind Fashions Limited | 55% | 1,349.85 | 99% | 61.51 | 21% | (1.42) | 108% | 60.09 |
| Subsidiaries/Control Joint Venture : | | | | | | | | |
| Arvind Beauty Brands Retail Private Limited | 3% | 69.07 | -8% | (4.81) | 0% | 0.01 | -9% | (4.80) |
| Arvind Lifestyle Brand Limited | 34% | 841.83 | -7% | (4.20) | 49% | (3.25) | -13% | (7.45) |
| Calvin Klein Arvind Fashion Private Limited | 2% | 36.79 | 2% | 1.06 | 10% | (0.68) | 1% | 0.38 |
| Tommy Hilfiger Arvind Fashion Private Limited | 6% | 145.56 | 14% | 8.68 | 20% | (1.34) | 13% | 7.34 |
| Sub Total | 100% | 2,443.10 | 100% | 62.24 | 100% | (6.68) | 100% | 55.56 |
| Inter Company Eliminations and Consolidations Adjustment | | (1,313.69) | | (45.63) | | 1.01 | | (44.62) |
| Total | | 1,129.41 | | 16.61 | | (5.67) | | 10.94 |
| Non Controlling Interest in Subsidiaries | | 91.17 | | 4.87 | | (1.01) | | 3.86 |
| Grand Total | | 1,220.58 | | 21.48 | | (6.68) | | 14.80 |

Note 44 : New Accounting Pronouncements to be adopted on or after April 1, 2020

There are no standards or interpretations which are notified but not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

Note 45 : Regrouped, Recast, Reclassified

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

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2020, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

1. Outbreak of COVID-19 for details, see the “*Risk Factor - The recent novel coronavirus (“COVID-19”) outbreak has impacted our business, results of operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain*” on page 18 and the chapter titled “*Financial Statements*” on page 100;
2. The Board of Directors of our Company has, at its meeting held on June 21, 2020, had approved revised size of rights issue of 3,99,79,347 equity shares of face value of ₹ 4 each at a price of ₹100 per equity shares (including premium of ₹ 96 per equity share) aggregating to ₹ 399.79 Crores in the ratio of 62:91, i.e. 62 new equity shares for every 91 existing equity shares held by the eligible equity shareholders on the record date, i.e. March 18, 2020 and on July 24, 2020, the Company had approved the allotment of 3,99,79,347 equity shares of face value ₹ 4 each to the applicants as fully paid up;
3. Our Company and ALBL, have transferred by way of sale, the wholesale trading business and retail trading business of “Flying Machine” brand respectively as a going concern to AYBPL on a slump sale basis for a lump sum consideration of ₹61.90 crores and ₹151.30 crores, respectively in terms of business transfer agreements dated July 08, 2020. Further, Flipkart India Private Limited has purchased a significant minority stake in AYBPL by acquiring the equity share and compulsory convertible preference shares of AYBPL for a consideration of ₹260.00 crores;
4. The Board of Directors of our Company has, at its meeting held on July 9, 2020, approved the audited standalone and consolidated financial results for the year ended March 31, 2020 and the shareholders of the Company have, at annual general meeting of the Company held on September 28, 2020, adopted the audited standalone and consolidated financial statements for the year ended March 31, 2020;
5. The National Company Law Tribunal (NCLT), *vide* its order dated July 14, 2020, has approved the scheme of amalgamation of Tommy Hilfiger Arvind Fashion Private Limited with Calvin Klein Arvind Fashion Private Limited (now known as PVH Arvind Fashion Private Limited). The scheme has become effective with appointed date i.e. April 01, 2019;
6. Our Company has, on July 27, 2020, granted 2,00,000 stock options to eligible employees in terms of AFL – Employees Stock Option Scheme - 2016;
7. The Board of Directors of our Company has, at its meeting held on September 02, 2020, *inter alia*, approved the unaudited standalone and consolidated financial results for the quarter ended June 30, 2020;
8. Our Company has, on September 02, 2020, granted 4,85,000 stock options to eligible employees in terms of AFL – Employees Stock Option Scheme – 2016;
9. ALBL has decided to discontinue the business under the brands GAP, Hanes, New Prort and Ruf & Tuf;
10. Our Company has, *vide* deed of pledge dated September 09, 2020, pledged 4,63,51,265 equity shares of ALBL held by it in favour of Axis Trustee Services Limited for securing the working capital facilities of ₹371.32 crores availed by ALBL from the State Bank of India;
11. The Board of Directors of our Company has, at its meeting held on November 12, 2020, *inter alia*, approved the unaudited standalone and consolidated financial results for the quarter and half year ended September 30, 2020;

12. Our Company has, on December 29, 2020, allotted 27,000 Equity Shares to the employees pursuant to exercise of stock options granted under AFL – Employees Stock Option Scheme – 2016;
13. Our Company has, on December 30, 2020, granted 2,00,000 stock options to eligible employees in terms of AFL – Employees Stock Option Scheme – 2016;
14. The Board of Directors of our Company has, at its meeting held on February 03, 2021, *inter alia*, –
 - a. approved the unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2020;
 - b. raising of funds through issue of equity shares of face value of ₹4 each for an aggregate amount of up to ₹200 crores.

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ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For details see “Financial Statements” on page 100:

Accounting Ratios

| Particulars | Based on Limited Review Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|---|--|--|--|---|
| | As at and for the period ended December 31, 2020 | As at and for the period ended December 31, 2019 | As at and for the year ended March 31, 2020 | As at and for the year ended March 31, 2019 |
| Basic earnings per share of Continuing Operations and Discontinuing Operations (₹)^ | (53.36) | (25.50) | (68.37) | 2.87 |
| Diluted earnings per share of Continuing Operations and Discontinuing Operations (₹)^ | (53.34) | (25.27) | (67.89) | 2.81 |
| Basic earnings per share of Continuing Operations (₹)^ | (45.67) | (22.03) | - | - |
| Diluted earnings per share of Continuing Operations (₹)^ | (45.65) | (21.83) | - | - |
| Basic earnings per share of Discontinuing Operations (₹)^ | (7.69) | (3.47) | - | - |
| Diluted earnings per share of Discontinuing Operations (₹)^ | (7.69) | (3.44) | - | - |
| Return on Net Worth (%)^ | (110.01%) | (28.00%) | (79.01%) | 1.60% |
| Net Asset Value per Equity Share (₹) | 43.90 | 119.55 | 86.46 | 179.41 |
| EBITDA (₹ in Crores) | 24.00 | 268.45 | 290.89 | 292.25 |

^ not annualised

Note:

1. Figures of Fiscal 2020 and Fiscal 2019 are compiled as published in respective periods without any comparative adjustments related to Right Issue completed in July 2020, Scheme of Merger effective from 1st April 2019.

2. Figures for period ending December 31, 2020 and December 31, 2019 are compiled from the Unaudited Consolidated Financial Results as approved by Board of Directors in meeting held on February 3, 2021.

The formula used in the computation of the above ratios are as follows:

| | |
|--------------------------|---|
| Basic earnings per share | Net Profit after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) before and after exceptional item, as applicable / Weighted Average number of Equity Shares. |
| Diluted earnings per | Net Profit after Tax as per consolidated Statement of Profit and Loss attributable to |

| | |
|----------------------------------|--|
| share | Equity Shareholders (after adjusting non-controlling interest) before or after exceptional item, as applicable/ Weighted Average number of Equity Shares (including convertible securities). |
| Return on net worth (in %) | Profit for the Period/Year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the year on consolidated basis. |
| Net asset value per Equity Share | Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the period/year. |
| EBITDA | Profit for the year before finance costs, tax, depreciation, amortisation and exceptional items as presented in the consolidated statement of profit and loss in the Financial Statements. |

Calculation of Return of Net Worth

(In ₹ Crores, unless otherwise specified)

| Particulars | For the nine month period ended December 31, 2020 | For the nine month period ended December 31, 2019 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|-----------------------------------|-----------------------------------|
| Net-worth (A) | 433.15 | 701.46 | 507.28 | 1,040.56 |
| Net Profit/(Loss) for the period from Continuing Operations and Discontinuing Operations Attributable to Equity Holders of the Parent (B) | (476.53) | (196.40) | (400.82) | 16.61 |
| Return of Net Worth (B/A)*100 | (110.01%) | (28.00%) | (79.01%) | 1.60% |

Calculation of Net asset value per Equity Share

(In ₹ Crores, unless otherwise specified)

| Particulars | As at December 31, 2020 | For the nine month period ended December 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|---|----------------------|----------------------|
| Net-worth (A) | 433.15 | 701.46 | 507.28 | 1,040.56 |
| Number of Equity Shares outstanding for the period/year (B) | 9,86,85,711 | 5,86,79,364 | 5,86,79,364 | 5,79,94,673 |
| Net Asset Value per equity share (A/B) | 43.90 | 119.55 | 86.46 | 179.41 |

Calculation of EBITDA

(In ₹ Crores, unless otherwise specified)

| Particulars | For the nine month period ended December 31, 2020 | For the nine month period ended December 31, 2019 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------------|---|---|-----------------------------------|-----------------------------------|
| Profit/(Loss) after tax (A) | (427.59) | (164.34) | (399.36) | 21.48 |
| Tax expenses / (Credit) (B) | 14.52 | (95.02) | (97.06) | (8.60) |
| Exceptional Item (C) | (45.20) | - | (60.69) | - |
| Finance costs (D) | 172.77 | 205.72 | 289.11 | 126.21 |
| Depreciation and amortisation expense | 219.10 | 322.09 | 437.51 | 153.16 |

| Particulars | For the nine month period ended December 31, 2020 | For the nine month period ended December 31, 2019 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------|---|---|--------------------------------------|--------------------------------------|
| (E) | | | | |
| EBIDTA | 24.00 | 268.45 | 290.89 | 292.25 |
| (A+B+C+D+E) | | | | |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements as of and for the Fiscal 2020 and Fiscal 2019 and our limited review unaudited consolidated financial results for the nine months period ended December 31, 2020 and December 31, 2019 included in this Letter of Offer. Our audited consolidated financial statements for Fiscal 2020 & Fiscal 2019 and limited review unaudited consolidated financial results for the nine months period ended December 31, 2020 & December 31, 2019, are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results of our Company.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 18 and 14 respectively.

Our financial year ends on March 31 of each year, so all references to a particular "financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that year. References to the "Company", "we", "us" and "our" in this chapter refer to Arvind Fashion Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

We are engaged in the business of designing, sourcing, marketing and selling a wide portfolio of men's, women's and kids' branded readymade apparel, footwear, innerwear and other accessories across multiple owned and licensed brands. We sell our products through a network of stores and distribution channel operated directly or through our Subsidiaries and Joint Ventures. Our portfolio of branded apparel and footwear, spanning men's wear, women's wear and kids' wear, straddles various pricing tiers and has presence across categories including but not limited to casual wear, formal wear, athleisure etc. We distribute and sell our products across India through multiple distribution channels such as Exclusive Brand Outlets ("EBOs"), Multi-Brand Outlets ("MBOs"), Large Format Stores ("LFSs"), as well as e-commerce platforms, operated by us and operated by other e-commerce players. We are also engaged in the business of distributing and selling a select range of branded beauty products.

We have developed a large portfolio of brands and concepts across categories which include branded apparel, beauty products, footwear and accessories. We are a leading player and has a strong portfolio of owned and licensed international brands which include U. S. Polo Assn, Arrow, Tommy Hilfiger, Flying Machine, Calvin Klein, Unlimited etc (*Source: Technopak Report*). We command a leadership position in the men's premium casual wear and denim categories and are a dominant player in premium kids wear and innerwear categories (*Source: Technopak Report*). Our kids wear portfolio is focused on U. S. Polo Kids and Tommy Hilfiger Kids. Our innerwear portfolio comprises of brands like U. S. Polo Assn., Tommy Hilfiger and Calvin Klein. We have forayed into the prestige beauty products market through the brand 'Sephora'. 'Unlimited', our value business brand outlet, provides fashion at value prices, under which we sell products under brands such as Anahi, Cherokee, Donuts, Excalibur, Elle Studio, Karigari, Ruggers, Sugr, Colt, Bronz and others. Our diversified portfolio of brands and variety of distribution channels allows us to maintain a balanced approach through which our operating results do not depend solely on the performance of any single brand, category or channel.

We serve our customers through a range of distribution channels which includes more than 1,200 EBOs, more than 14,000 MBOs and more than 3,400 LFS, spread across major states and union territories of India. Our stores are located in high streets, malls, mini malls at prominent locations in major metros, large cities and other Tier II and Tier III cities, which we believe give our stores better visibility and more footfalls. While our operations are focused in India, we have a small presence in international markets in the Middle East and South Asian countries which include UAE, Sri Lanka etc. for brands like Arrow and U. S. Polo Assn. through nominated distributors operating through EBOs as well LFS in these overseas markets. In addition, we operate an e-commerce platform www.NNNow.com and NNNow Android and iOS based apps, to market, distribute and sell our apparel, beauty products, footwear and accessories and are a strategic partner for all key e-commerce players in India.

We have an experienced professional management team under the overall stewardship of Sanjaybhai Shrenikbhai Lalbhai, the Chairman and Non-Executive Director of our Company. Our management team is led by our Managing (Additional) Director and CEO, Shailesh Shyam Chaturvedi who has around 15 years of experience in FMCG, lifestyle brands and retail industries.

Financial Performance

The financial performance of our Company for the nine months period ended on December 31, 2020 and Fiscal 2020 is as follows:

| | | (₹ in crores) |
|---|--|---------------|
| Particulars | Nine months period ended on December 31, 2020 | Fiscal 2020 |
| Revenue from operations | 1,432.59 | 3,866.30 |
| EBITDA | 24.00 | 290.89 |
| Profit/ (loss) after tax from continuing operation | (427.59) | (399.36) |
| Profit/ (loss) after tax from discontinuing operation | (68.95) | - |
| Profit/ (loss) from continuing and discontinuing operation | (496.54) | (399.36) |

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled '*Risk Factors*' on page 18. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- The impact of COVID-19 pandemic;
- Factors affecting the branded apparel industry;
- Increasing competition in the Industry;
- Ability to launch new designs every season;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

For details about our key significant accounting policies, see section titled "*Financial Information*" on page 100.

CHANGE IN ACCOUNTING POLICIES

Except as mentioned in chapter "*Financial Information*" on page 100, there has been no change in accounting policies during the Fiscal 2019 and Fiscal 2020 and for nine months period ended December 31, 2020.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled "*Financial Information*" on page 100.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue

Our revenue comprises of:

Revenue from operations

Revenue from operations is due to sales of products which are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. It also includes sale of services, export incentives, gift voucher income, exchange difference, royalty and miscellaneous receipts.

Other Income

Other income primarily comprises recurring income which includes interest income on fixed deposits placed with banks and financial institutions, as well as, certain non-recurring income such as profit on sale of fixed assets, gain on reassessment of lease and miscellaneous income. During Fiscal 2021, as per the notification dated July 24, 2020 of Ministry of Corporate Affairs, COVID -19 related unconditional rent concessions have also been accounted for as other Income as practical expedient.

Expenses

Our expenses primarily comprise cost of trims and accessories consumed, purchase of stock in trade, changes in inventories of stock-in-trade, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Purchase of stock-in-trade

The purchase of stock-in-trade comprises of purchase of garments, cosmetics and accessories.

Changes in inventories of stock-in-trade

Changes in inventories of stock-in-trade comprises of difference in closing balance *vis-a-vis* opening balance of stock in trade.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds, share based payment to employees and staff welfare & training expenses.

Other expenses

Other expenses comprises of rent expense, commission & brokerage, royalty on sales, advertisement & publicity, contract labour charges, warehouse charges, repair & maintenance expenses, freight, insurance & clearing charge and miscellaneous expenses.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA comprises of Profit/(loss) for the period/year adjusted for profit/(loss) for the period/year from discontinued operations, exceptional items, income tax expenses, finance costs and depreciation and amortisation expenses, as derived from the consolidated statement of profit and loss in the financial statements.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans, interest on income tax, TDS and lease liabilities. Other finance costs consists of bank commission, credit rating expense, letter of credit charges, interest on buyer's credit, interest on MSME outstanding, interest on deposits from franchisee, interest on vendor bill discounting, interest on receivable financing, loan processing charges, commission on corporate guarantee, loan repayment charges, premium paid on

forward cover and term loan renewal charges.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, leasehold improvements, computers, servers & network, right-of-use assets and amortization of intangible assets.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

| Particulars | (₹ in Crores) | | | | | | | |
|---|--|-----------------------|---|-----------------------|-----------------|--------------------------|-----------------|--------------------------|
| | Nine Months ended December 31, 2020 | | Nine Months ended December 31, 2019* | | Fiscal 2020 | | Fiscal 2019 | |
| | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue |
| Revenue from Operations | 1,432.59 | 93.31% | 2,940.26 | 99.39% | 3,866.30 | 98.48% | 4,643.86 | 99.91% |
| Other Income | 102.73 | 6.69% | 18.01 | 0.61% | 59.78 | 1.52% | 4.13 | 0.09% |
| Total Revenue | 1,535.32 | 100.00% | 2,958.27 | 100.00% | 3,926.08 | 100.00% | 4,647.99 | 100.00% |
| Cost of Trims & Accessories Consumed | - | 0.00% | 1.60 | 0.05% | 5.15 | 0.13% | 5.85 | 0.13% |
| Purchase of Stock in trade | 478.78 | 31.18% | 1,656.98 | 56.01% | 2,211.17 | 56.32% | 2,739.07 | 58.93% |
| Changes in Inventories of Stock-in-Trade | 388.46 | 25.30% | (24.86) | (0.84)% | (84.83) | (2.16)% | (456.20) | (9.81)% |
| Employee Benefit Expense | 162.24 | 10.57% | 244.07 | 8.25% | 349.23 | 8.90% | 407.76 | 8.77% |
| Other Expenses | 481.84 | 31.38% | 812.03 | 27.45% | 1,154.47 | 29.41% | 1,659.26 | 35.70% |
| EBITDA | 24.00 | 1.56% | 268.45 | 9.07% | 290.89 | 7.41% | 292.25 | 6.29% |
| Financial Costs | 172.77 | 11.25% | 205.72 | 6.95% | 289.11 | 7.36% | 126.21 | 2.72% |
| Depreciation and Amortization Expense | 219.10 | 14.27% | 322.09 | 10.89% | 437.51 | 11.14% | 153.16 | 3.30% |
| Total Expenses | 1,903.19 | 123.96% | 3,217.63 | 108.77% | 4,361.81 | 111.10% | 4,635.11 | 99.72% |
| Profit Before Exceptional and Extra Ordinary items and Tax | (367.87) | (23.96)% | (259.36) | (8.77)% | (435.73) | (11.10)% | 12.88 | 0.28% |
| Exceptional Item | (45.20) | (2.94)% | - | 0.00% | (60.69) | (1.55)% | - | 0.00% |
| Profit Before Tax | (413.07) | (26.90)% | (259.36) | (8.77)% | (496.42) | (12.64)% | 12.88 | 0.28% |
| Tax expense: | | | | 0.00% | | | | |
| - Current Tax | - | - | - | - | 3.19 | 0.08% | 21.16 | 0.46% |
| - (Excess)/short provision relating to earlier years | - | - | (0.17) | (0.01)% | (0.17) | 0.00% | - | - |
| - Deferred tax | 14.52 | 0.95% | (94.85) | (3.21)% | (100.08) | (2.55)% | (29.76) | (0.64)% |
| Net Tax expenses | 14.52 | 0.95% | (95.02) | (3.21)% | (97.06) | (2.47)% | (8.60) | (0.19)% |
| Profit / (Loss) for the period from continuing | (427.59) | (27.85)% | (164.34) | (5.56)% | (399.36) | (10.17)% | 21.48 | 0.46% |

| Particulars | Nine Months ended December 31, 2020 | | Nine Months ended December 31, 2019* | | Fiscal 2020 | | Fiscal 2019 | |
|--|--|-----------------------|---|-----------------------|-------------|--------------------------|-------------|--------------------------|
| | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue |
| operation(A) | | | | | | | | |
| Profit/ (Loss) from discontinuing operation(B) | (68.95) | (4.49)% | (26.73) | (0.90)% | - | - | - | - |
| Profit/ (Loss) from continuing and discontinuing operation(C)=(A)+(B) | (496.54) | (32.34)% | (191.07) | (6.46)% | - | - | - | - |

**Comparatives figures from financial results of December 31, 2020.*

Nine months period ended December 31, 2020 compared to nine months period ended December 31, 2019

Total Revenue

Our total revenue for the nine months ended December 31, 2020 was ₹ 1,535.32 Crores as compared to ₹ 2,958.27 Crores for the nine months ended December 31, 2019, representing a decrease of 48.10%. Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the nine months ended December 31, 2020 was ₹ 1,432.59 Crores as compared to ₹ 2,940.26 Crores for the nine months ended December 31, 2019, representing a decrease of 51.28%. This is primarily due to impact of Covid-19. The stores and point of sales were closed due to lockdown. However, normalcy is returning towards quarter 3 of Fiscal 2021.

Other Income

Other income for the nine months ended December 31, 2020 was ₹ 102.73 Crores as compared to ₹ 18.01 Crores for the nine months ended December 31, 2019. During Fiscal 2021, as per the notification dated July 24, 2020 of Ministry of Corporate Affairs, ₹ 85.83 Crores of Covid -19 related unconditional rent concessions have been accounted for as other income. The increase in other income was primarily due to these unconditional rent concessions.

Expenses

Our total expenditure other than finance costs, depreciation and amortization expense for the nine months ended December 31, 2020 was ₹ 1,511.32 Crores as compared to ₹ 2,689.82 Crores for the nine months ended December 31, 2019, representing a decrease of 43.81%. Total expenditure comprises of:

Cost of Trims & Accessories Consumed

The cost of trims & accessories consumed for the nine months ended December 31, 2020 was nil as compared to ₹ 1.60 Crores for the for the nine months ended December 31, 2019. The decrease was due to closure of stores and point of sales during the pandemic resulting into lower business during the period.

Purchase of stock in trade

The purchase of stock in trade for the nine months ended December 31, 2020 was ₹ 478.78 Crores as compared to ₹ 1,656.98 Crores for the nine months ended December 31, 2019, representing a decrease of 71.11%. The decrease was due to reduction in sales of products of the Company which got impacted due to Covid-19 and the significant focus on reducing the inventories as a part of releasing the cash.

Change in inventories of stock in trade

The change in inventories of stock-in-trade for the nine months ended December 31, 2020 was ₹ 388.46 Crores as compared to (₹ 24.86) Crores for the nine months ended December 31, 2019. In the Fiscal 2021 there has been a significant focus on reducing the inventories as a part of releasing cash and to account for reduced demand due to COVID-19 pandemic.

Employee benefit expenses

Employee benefit expense for the nine months ended December 31, 2020 was ₹ 162.24 Crores as compared to ₹ 244.07 Crores for the nine months ended December 31, 2019, representing a decrease of 33.53%. The decrease was due to rationalization of manpower as well as reduction in salary payouts in order to partially mitigate the impact of Covid-19.

Other expenses

Other expenses for the nine months ended December 31, 2020 was ₹ 481.84 Crores as compared to ₹ 812.03 Crores for the nine months ended December 31, 2019, representing a decrease of 40.66%. The decrease was due

to cost reduction measures like reduction of warehouse space and consolidation of warehouses, cost rationalization substantial reduction of cost like travel, freight, commission, royalty, marketing and store running expenses.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA for the nine months ended December 31, 2020 was ₹ 24.00 Crores as compared to ₹ 268.45 Crores for the nine months ended December 31, 2019. The decrease in EBDITA was due to drop in sales on account of lockdown, however some part of it is covered from reduction of cost.

Finance costs

Finance cost for the nine months ended December 31, 2020 was ₹ 172.77 Crores as compared to ₹ 205.72 Crores for the nine months ended December 31, 2019, representing a decrease of 16.02%. The decrease in finance cost was due to reduced borrowing as well as reduction in interest on lease liabilities.

Depreciation and amortization expense

Depreciation and amortization expense for the nine months ended December 31, 2020 was ₹ 219.10 Crores as compared to ₹ 322.09 Crores for the nine months ended December 31, 2019, representing a decrease of 31.98%. The decrease was due to reduction in the right to use asset as well as other assets that are subjected to depreciation.

Exceptional Item

Exceptional item for the nine months ended December 31, 2020 was (₹ 45.20) Crores as compared to nil for the nine months ended December 31, 2019, primarily due to the special provision of ₹ 157.11 Crore created for COVID-19 impact on the business which was partially set off by the gain on sale of compulsorily convertible preference shares to one of the investor amounting to ₹ 111.91 Crores.

Profit before Tax

The profit/(loss) before tax for the nine months ended December 31, 2020 was (₹ 413.07) Crores as compared to (₹ 259.36) Crores for the nine months ended December 31, 2019. This increase in losses was due to drop in sales on account of lockdown and lower EBITDA due to Covid-19 and onetime costs from Exceptional Items.

Tax expense

Total tax expense for the nine months ended December 31, 2020 was ₹ 14.52 Crores as compared to (₹ 95.02) Crores for the nine months ended December 31, 2019. The increase in tax expense is due to discontinuance of deferred tax asset on carry forward losses resulting in non-continuance of additional deferred tax asset.

Profit / (loss) after tax

The profit/(loss) after tax for the nine months ended December 31, 2020 was (₹ 427.59) Crores as compared to (₹ 164.34) Crores for the nine months ended December 31, 2019. This increase in losses was due to decrease in profit before tax.

Fiscal 2020 compared to Fiscal 2019

Total Revenue

Our total revenue for the Fiscal 2020 was ₹ 3,926.08 Crores as compared to ₹ 4,647.99 Crores for the Fiscal 2019, representing a decrease of 15.53%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Fiscal 2020 was ₹ 3,866.30 Crores as compared to ₹ 4,643.86 Crores for the Fiscal 2019, representing a decrease of 16.74%. This is primarily due to Covid-19 impact during quarter 4 of fiscal 2020. The revenue was lower by 39.2 % during quarter 4 due to Covid-19.

Other income

Other income for the Fiscal 2020 was ₹ 59.78 Crores as compared to ₹ 4.13 Crores for the Fiscal 2019. The increase in other income was primarily due to gain on reassessment lease due to adoption new Ind AS -116 “leases”.

Expenses

Our total expenditure other than finance costs, depreciation and amortization expense for the Fiscal 2020 was ₹ 3,635.19 Crores as compared to ₹ 4,355.74 Crores for the Fiscal 2019, representing a decrease of 16.54%. Total expenditure comprises of:

Cost of Trims & Accessories Consumed

The cost of trims & accessories consumed for the Fiscal 2020 was ₹ 5.15 Crores as compared to ₹ 5.85 Crores for the Fiscal 2019, representing a decrease of 11.97%. This decrease was due to reduction of sales.

Purchase of stock in trade

The purchase of stock in trade for the Fiscal 2020 was ₹ 2,211.17 Crores as compared to ₹ 2,739.09 Crores for the Fiscal 2019, representing a decrease of 19.27%. This decrease was due to controlled buys and Covid-19 impact during the quarter 4 which resulted in decrease in sales.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the Fiscal 2020 were (₹ 84.83) Crores as compared to (₹ 456.20) Crores for the Fiscal 2019, primarily due to decrease in consumption due to decrease in sales on account of Covid-19.

Employee benefit expenses

Employee benefit expense for the Fiscal 2020 was ₹ 349.23 Crores as compared to ₹ 407.76 Crores for the Fiscal 2019, representing a decrease of 14.35%. This was due to rationalization of manpower at store as well as in administration staff. The cautious action has been taken to reduce the cost to improve the profitability.

Other expenses

Other expenses for the Fiscal 2020 were ₹ 1,154.47 Crores as compared to ₹ 1,659.26 Crores for the Fiscal 2019, representing a decrease of 30.42%. The decrease was mainly due to decrease in commission and brokerage, advertisement & publicity expense, royalty on sales which was partially offset by an increase in contract labour charges.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA for the Fiscal 2020 was ₹ 290.89 Crores as compared to ₹ 292.25 Crores for the Fiscal 2019, representing a decrease of 0.47%. The decrease in EBITDA was due to decrease in revenue.

Finance cost

Finance cost for the Fiscal 2020 was ₹ 289.11 Crores as compared to ₹ 126.21 Crores for the Fiscal 2019, representing an increase of 129.07%. The increase in finance cost is due to increase in borrowings, impact due to lease accounting on adoption of Ind AS 116 during the Fiscal and increase in other finance costs.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2020 was ₹ 437.51 Crores as compared to ₹ 153.16 Crores for the Fiscal 2019, representing an increase of 185.66%. The increase is due to increase in capital expenditure and impact on adoption of lease accounting as per Ind AS 116 during the Fiscal.

Exceptional Item

Exceptional item for the Fiscal 2020 was (₹ 60.69) as compared to nil in Fiscal 2019, primarily due to provisions created on account of uncertainty created by Covid-19 pandemic.

Profit/Loss before Tax

The profit/(loss) before tax for the Fiscal 2020 of (₹ 496.42) Crores as compared to ₹ 12.88 Crores for the Fiscal 2019. The decrease was primarily on account of decrease in EBITDA of the Company on account of lower revenue from operations, increase in finance cost and depreciation and amortization expense and exceptional item.

Taxation

Total tax expense for the Fiscal 2020 was (₹ 97.06) Crores as compared to (₹ 8.60) Crores for the Fiscal 2019. The decrease in taxation was due to increase in deferred tax assets and decrease in current tax of the company due to decrease in profitability of the Company.

Profit/Loss after Tax

As a result of the aforesaid, our Company incurred a loss for Fiscal 2020 of (₹ 399.36) Crores as compared to profit of ₹ 21.48 Crores for the Fiscal 2019. This decrease was due to lower sales and EBITDA and one time exceptional cost.

Related Party Transactions

For details, please see the chapter titled “*Financial Statements*” beginning on page 100.

Significant developments after March 31, 2020 that may affect our future results of operations

Other than as disclosed in this Letter of Offer, there have been no significant developments after March 31, 2020, the date of the latest balance sheet included in this Letter of Offer that may affect our future results of operations. For further information, see “*Material Developments*” on page 193.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and its Subsidiaries are subject to various legal proceedings from time to time mostly arising in the ordinary course of their business. Except as described below, we are not involved in any material legal proceedings and our Company is not aware of any proceedings that are threatened, which if determined adversely, may have, or have had, a material adverse effect on our business, properties, financial condition or results of operations of our Company. We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

Our Company has an existing “Policy for determination of materiality of events or information” framed in accordance with Regulation 30 of the SEBI Listing Regulations (“Policy of Materiality”). Notwithstanding the criteria including the quantitative criteria provided in the Policy of Materiality adopted by our Company, solely for the purpose of this Issue and for good governance, our Company has disclosed in this section all outstanding civil and tax proceedings involving our Company and its Subsidiaries where the value involved in such proceedings exceeds ₹ 59.85 crores (being 10% of the consolidated gross turnover or revenue or total income or Networth for Fiscal 2020 or 5% of the consolidated gross turnover or revenue or total income or Networth for Fiscal 2020, whichever is lower) and any other litigation involving our Company and/or Subsidiaries which may be considered material by your Company for the purposes of disclosure in this section of this Letter of Offer.

Further other than as disclosed in this section, there are no outstanding litigation involving our Company and/or our Subsidiaries with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries, (ii) material violations of statutory regulations by our Company and/or our Subsidiaries, (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries, (iv) any pending matters, which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company and/or our Subsidiaries, and (v) tax matters.

Unless stated to the contrary, the information provided in this section is as of the date of this Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

I. Litigations involving our Company

A. Proceedings involving issue of moral turpitude or criminal liability

Criminal Litigations initiated against our Company

NIL

Criminal Litigations initiated by our Company

NIL

B. Matters involving material violations of statutory regulations by our Company

As on the date of this Letter of Offer, there are no proceedings/ matters involving material violations of statutory regulations by our Company.

C. Economic Offences where proceedings have been initiated against our Company

NIL

D. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Civil litigations initiated against our Company

NIL

Civil litigations initiated by our Company

NIL

Tax Proceedings involving our Company

NIL

E. Pending action by statutory or regulatory authorities against our Company

NIL

II. Litigations involving our Subsidiaries

A. Proceedings involving issues of moral turpitude or criminal liability

Criminal litigations initiated against our Subsidiaries

Criminal Revision No. 439 of 2018 filed by Anand Sheel Chawla (“Petitioner”) against State of NCT of Delhi, Arvind Lifestyle Brands Limited, Rishi Vasudev and Sanjaybhai Shrenikbhai Lalbhai (“Respondents”) before the Court of District and Sessions Judge, Saket Division Courts, New Delhi (“CDSJ, Saket Division”)

The Petitioner had filed a criminal complaint bearing complaint case no. 467369/2016 (“**Criminal Complaint**”) before Additional Chief Metropolitan Magistrate, Saket Court, New Delhi (“**ACMM, Saket Court**”) against the Respondents under Section 200 of Code of Criminal Procedure, 1973. The Petitioner had in Criminal Complaint alleged for certain outstanding dues and cheating under Section 420 read with Section 120 of the Indian Penal Code, 1860 (“**IPC**”) against the Respondents. The matter was disposed of by ACMM, Saket Court *vide* order dated June 28, 2018 (“**Order**”) wherein the Respondent was discharged of offences under Section 420 read with Section 120 of the IPC. Aggrieved by the Order, the Petitioner filed this present revision petition on the grounds, *inter alia*, that the Order of discharging the Respondent was bad in law, there were sufficient materials on record for framing charges against the Respondents, there were sufficient materials on record which if remains un rebutted would lead to conviction etc. The Petitioner has prayed *inter alia*, for setting aside the Order and pass other further order as may be deemed fit and proper. The matter is presently pending before CDSJ, Saket Division.

Case No. SS/1302171/17 filed by S.R. Bhonsle, Inspector of Legal Metrology (“Complainant”) against Suresh Jayaraman of Arvind Beauty Brands Retail Private Limited (“ABBRPL”) before the 13th Metropolitan Magistrate Court, Bhoiwada, Dadar, Mumbai (“Metropolitan Magistrate”)

Few “Sephora” cosmetic products were seized by the Inspector of Legal Metrology, Mumbai from Sephora store at Palladium Mall, Mumbai on March 25, 2017 under the provisions of Legal Metrology Act, 2009. ABBRPL and its directors were issued a notice dated March 31, 2017 (“**Notice**”) by the Office of Controller of Legal Metrology (Maharashtra State) under Section 18(1) of the Legal Metrology Act, 2009 read with rule 10(1) of the Legal Metrology Rules (Packaged Commodities), 2011 for not disclosing the complete address of the importer on the packaging of the ‘Sephora’ products. The Office of Controller of Legal Metrology (Maharashtra State) also imposed a fine of ₹ 15,000 on Suresh Jayaraman and ₹ 15,000 on ABBRPL. Further the Office of Controller of Legal Metrology (Maharashtra State) issued a notice to Suresh Jayaraman and ABBRPL to appear before Metropolitan Magistrate Court, Bhoiwada, Dadar, Mumbai. The matter was last listed on July 10, 2019 wherein ABBRPL apprised the Court that ABBRPL was willing to pay the penalty imposed on it and its director for selling products with non-standard packaging. ABBRPL was allowed to file the compounding application and the matter is pending as on date.

Criminal Case no. 41/2015 filed by Madhavan (“Complainant”) against Arvind Lifestyle Brands Limited (“ALBL”) before the District Court, at Tirunelveli (“District Court”)

The Complainant being offended by the art prints printed on the t-shirts manufactured by ALBL, filed a criminal case against ALBL before the District Court. The Complainant alleged that the art prints on the t-shirts manufactured by ALBL provoked, insulted and offended religious beliefs and sentiments. ALBL filed a criminal petition before the Madras High Court, Madurai bench (“**High Court**”) for quashing of the criminal case. On November 21, 2019, the High Court passed an order quashing the criminal complaint. The criminal complaint has been dismissed. Pursuant to the Order of High Court, ALBL shall be submitting Order before District Court for final disposal.

Criminal litigations initiated by our Subsidiaries

Criminal Complaint No. 58644/2016 filed by Arvind Beauty Brands Retail Private Limited (“ABBRPL”) against Sunny Dawar (“Respondent”) before the Patiala House Court (“Court”)

ABBRPL has filed a criminal complaint before the Court under the Indian Penal Code, 1860. This matter arises out of a FIR bearing no. 0338 filed on June 25, 2016 for misappropriation of stocks and cash by the Respondent who is the Assistant Store Manager at Sephora store situated in New Delhi. ABBRPL has filed the complaint praying to initiate process under the India Penal Code, 1860 against the Respondent. ABBRPL and the Respondent have entered into a settlement agreement dated October 14, 2019 (“**Settlement Agreement**”) where in, it has been decided that the FIR shall be quashed upon receipt of the settlement amount as mentioned in the settlement agreement. Parties are presently acting as per the settlement terms as mentioned in the Settlement Agreement to close the matter and the matter is pending before the Court.

Criminal Complaint No. 30499/2015 filed by Arvind Lifestyle Brands Limited (“ALBL”) against Darshan ML (“Respondent”) before the Chief Metropolitan Magistrate CMM Court, Bangalore (“CMM Court”)

ALBL has filed a criminal complaint before the CMM Court under section 406 of the Indian Penal Code, 1860. This matter arises out of a FIR bearing no. 185 filed in 2015 for misappropriation of stocks and cash by the Respondent who was a store manager in charge of a Flying Machine store situated in Bengaluru. ALBL has filed the complaint praying to initiate process under sections 406 the India Penal Code, 1860 against the Respondent. The defendant has prayed that the matter shall be settled before the Lok Adalat and is presently pending before the Lok Adalat.

Outstanding litigations under section 138 of the Negotiable Instrument Act, 1881 initiated by our Subsidiaries

Arvind Lifestyle Brands Limited has filed 3 complaints under Section 138 of the Negotiable Instrument Act, 1881. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 3.35 crores.

B. Matters involving material violations of statutory regulations by our Subsidiaries

As on the date of this Letter of Offer, there are no proceedings/ matters involving material violations of statutory regulations involving our Subsidiaries

C. Economic Offences where proceedings have been initiated against our Subsidiaries

NIL

D. Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Civil litigations initiated against our Subsidiaries

NIL

Civil litigations initiated by our Subsidiaries

NIL

Tax Proceedings involving our Subsidiaries

NIL

F. Pending action by statutory or regulatory authorities against our Company

NIL

III. Action initiated by the SEBI against the Directors of our Company which is outstanding as on the date of this Letter of Offer

Except as stated below there is no action taken by SEBI against our Directors which is outstanding as on the date of this Letter of Offer:

Show Cause Notice dated May 31, 2019 by SEBI under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, Section 15I, Section 15HB of SEBI Act, 1992 read with regulations of SEBI (Mutual Fund) Regulations, 1996

- i. Nilesh Dhirajlal Shah, our Company's Independent Director and managing director of Kotak Mahindra Asset Management Company Limited ("**Kotak AMC**"), along with few officials of Kotak AMC and Kotak Mahindra Trustee Company Limited have been served a Show Cause Notice dated May 31, 2019 ("**SCN**") by SEBI under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, Section 15I and Section 15HB of SEBI Act, 1992 read with regulations of SEBI (Mutual Fund) Regulations, 1996. The alleged charge is that on maturity date of Kotak FMP Series 127 and 183 (close ended debt schemes of Kotak AMC) the investors were not paid full proceeds on the declared NAV.

The gist of the charges in the SCN is the following:

- Investments in debt securities without rendering high standards of service, not exercising due diligence and proper care
- Investments in debt securities without research report
- Non-disclosure of information having adverse bearing on the investments of the investors
- Maturity date of zero coupon non-convertible debentures Kotak FMP series 127 and 183 schemes invested in exceeded the maturity dates of the Kotak FMP series 127 and 183 schemes
- Partial redemption of FMPs at the end of their maturity period and the FMPs not being wound up at the end of their maturities
- Creation of a segregated portfolio without provision of the same being provided in the SIDs

The reply to the SCN was filed with SEBI by required officials of AMC on October 23, 2019. The hearing for SCN was held on November 19, 2019 before the adjudicating officer of SEBI. Order from SEBI is awaited.

However, in early September 2019, part payment of the pending dues was paid to all unitholders of the Kotak FMP series 127 and 183 schemes. On September 25, 2019, balance payment along with accrues interest was paid off to the unitholders of the Kotak FMP series 127 and 183 schemes.

- ii. Nilesh Dhirajlal Shah our Company's Independent Director and managing director of Kotak Mahindra Asset Management Company Limited ("**Kotak AMC**"), along with other officials of Kotak AMC and Kotak Mahindra Trustee Company Limited have been served a Show Cause Notice no. EAD/EAD6/BJD/AB/2020/16954/1 dated October 12, 2020 ("**SCN**"), under Section 11(1), 11B and 11B(2) of Securities and Exchange Board of India Act, 1992 read rule 4 (1) of the SEBI (Procedure for holding Inquiry and imposing Penalties) Rules, 1995 for inquiry and imposing penalty under sections 15D (b) and 15 HB of the act read with provisions of the SEBI (Mutual Fund) Regulations, 1996. The alleged charge is, that on maturity date of Kotak FMP Series 187, 189, 193 and 194 close ended debt schemes, investors were not paid full proceeds on the declared NAV due to pending recovery of dues from Essel Group of Companies.

This gist of the charges in the SCN is the following:

- Investments in debt securities without rendering high standards of service, not exercising due diligence and not ensuring proper care
- Investments in debt securities without research report and analyzing various Factors
- Non-Disclosure of information having adverse bearing on the investments of the investors
- Maturity date of the zero coupon non-convertible debentures exceeded the maturity date of the schemes
- Partial redemption of FMPs at the end of their maturity periods and the FMPs not being wound up at the end of their maturities
- creation of segregated portfolio without a provision of the same being provided in the SIDs
- Valuation of assets of mutual fund schemes should have been on the basis of principles of fair value and not amortization.

The reply to the SCN is yet to be filed with SEBI by required officials.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held on February 3, 2021, pursuant to Section 62 of the Companies Act, 2013.

Our Board has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) in consultation with the Lead Manager, and the Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

On Application, Investors will have to pay ₹[●] per Rights Equity Share, which constitutes [●]% of the Issue Price and the balance ₹[●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on the subsequent Call(s), as determined by our Board at its sole discretion.

Our Company has received 'in-principle' approvals from BSE and NSE pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letters dated [●] and [●], respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which the Promoters or the Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our individual Promoters nor any of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Directors associated with the Securities Market

Except for (a) Nilesh Dhirajlal Shah, who is a director of Kotak Mahindra Asset Management Company Limited and Association of Mutual Funds in India, (b) Nagesh Dinkar Pinge, who is a director of Multi Commodity Exchange Clearing Corporation Limited, none of our Directors are, in any manner, associated with the securities market.

Except as disclosed below, there is no action initiated by the SEBI against the entities operating in the securities market with which our Directors are associated which is outstanding as on date of this Letter of Offer:

- i. Show Cause Notice dated May 31, 2019 ("SCN") was served against Nilesh Dhirajlal Shah as a managing director of Kotak Mahindra Asset Management Company Limited ("**Kotak AMC**") along with other officials of Kotak AMC under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, Sections 15I, 15D and Section 15HB of SEBI Act, 1992 read with regulations of SEBI (Mutual Fund) Regulations, 1996. The reply to the SCN was filed with the SEBI by the officials of Kotak AMC on October 23, 2019. The hearing for SCN was held on November 19, 2019 before the adjudicating officer of SEBI.
- ii. Show Cause Notice dated October 12, 2020 ("SCN") was served against Nilesh Dhirajlal Shah as a managing director of Kotak Mahindra Asset Management Company Limited ("**Kotak AMC**") along with other officials of Kotak AMC under Section 11(1), 11B and 11B(2) of Securities and Exchange Board of India Act, 1992 read rule 4 (1) of the SEBI (Procedure for holding Inquiry and imposing Penalties) Rules, 1995 for inquiry and imposing penalty under sections 15D (b) and 15 HB of the act read with provisions of the SEBI (Mutual Fund) Regulations, 1996. The reply to the SCN is yet to be filed with SEBI by required officials.

For further details, see “*Outstanding Litigations and Defaults*” on page 208.

Prohibition by RBI

Neither our Company nor any of our Promoters or our Directors have been or are identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 2013. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the purpose of the Issue.

Compliance with Regulations 99 of the SEBI ICDR Regulations

Our Company satisfies the following conditions specified in Regulation 99 of SEBI ICDR Regulations read with the SEBI Circular (SEBI/HO/CFD/CIR/CFD/67/2020) dated April 21, 2020 and accordingly, our Company is eligible to make the Issue by way of a ‘fast track issue’:

1. The Equity Shares of our Company have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
2. The entire shareholding of our Promoter Group is held in dematerialised form as on the date of filing this Letter of Offer with the Designated Stock Exchange;
3. The average market capitalisation of the public shareholding of our Company is at least ₹100.00 crores;
4. The annualised trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months’ period;
5. The annualised delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualised trading turnover of Equity Shares during such six months period;
6. Our Company has been in compliance with the Listing Agreement and the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of at least eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
7. Our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing of this Letter of Offer with the Designated Stock Exchange;
8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company or our Promoters or whole time directors, as on the date of filing of this Letter of Offer with the Designated Stock Exchange;
9. Our Company, our Promoters, members of the Promoter Group or our Directors have not settled any

alleged violation of securities laws through consent or settlement mechanism with SEBI;

10. The Equity Shares have not been suspended from trading as a disciplinary measure during the last eighteen months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
11. There is no conflict of interest between the Lead Manager and the Company or its group companies in accordance with applicable regulations;
12. Our Promoter and Promoter Group, *vide* letter dated February 3, 2021 (“**Subscription Letter**”), have confirmed that they intend to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations; and
13. There are no audit qualifications on the audited accounts of our Company in respect of the financial years for which such accounts are disclosed in this Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT

INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●], WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - a. THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;
 - b. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c. THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID – COMPLIED WITH.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.
5. WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE.
6. ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE.
7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED

COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.

8. NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE.
9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE ‘MAIN OBJECTS’ IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE.
10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND
 - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI – COMPLIED WITH.
11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 – NOTED FOR COMPLIANCE
12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018 – NOT APPLICABLE.
13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY – COMPLIED WITH.
14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 READ WITH SEBI CIRCULAR (SEBI/HO/CFD/CIR/CFD/DIL/67/2020) DATED APRIL 21, 2020. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER – COMPLIED WITH.
15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 – COMPLIED WITH.
16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL

THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE.

17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Gujarat, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“[●]”

Disclaimer Clause of the NSE

As required, a copy of this Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Letter of Offer, is set out below:

“[●]”

Filing

This Letter of Offer is being filed with Stock Exchanges and with SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please see “Terms of the Issue” on page 221.

Investor Grievances arising out of this Issue:

Investors may contact the Registrar to the Issue at:

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar,
Vikhroli West, Mumbai – 400 083
Maharashtra, India.

Telephone: +91-22-49186200

E-mail: afl.rights2021@linkintime.co.in

Investor grievance E-mail: afl.rights2021@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any

pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

B S Vijay Kumar is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

B S Vijay Kumar

8th Floor, Du Parc Trinity,

17, M G Road,

Bengaluru – 560 001,

Karnataka, India

Telephone: +91-80-4048 8821

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

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

Investors are requested to note that application in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.linkintime.co.in.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at www.arvindfashions.com;
- (ii) the Registrar at www.linkintime.co.in;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the Registrar’s web-based application platform at www.linkintime.co.in (“**R-WAP**”).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.arvindfashions.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue Material, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and subject to the conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 (together “ASBA Circulars”), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue i.e. R-WAP, Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP. For details, see “- Procedure for Application through the ASBA Process” and “-Procedure for Application through the R-WAP” on page 233 and 234.

- a. ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see “- Procedure for Application through the ASBA Process” on page 233.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

- b. Registrar’s Web-based Application Platform (R-WAP):** In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE

OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR - The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.” ON PAGE 18.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions or call helpline number (+91 22 4918 6200). For details, see “- Procedure for Application through the R-WAP” on page 234.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP) shall be treated as incomplete and shall be rejected. For details see “Grounds for Technical Rejection” on page 244. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. **Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements.** For details, see “Application on Plain Paper under ASBA process”.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: www.linkintime.co.in
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in

- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: afl.rights2021@linkintime.co.in

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements (ISIN: [●])

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.arvindfashions.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue materials (“Issue Materials”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, see “Notice to Investors” and “Restrictions on Purchases and Resales” on page 10 and 256.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 4.

Issue Price

The Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price and the balance ₹ [●] per Rights Equity Share which constitutes [●]% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see “- *Procedure for Renunciation of Rights Entitlements*” on page 236.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain

active for renunciation or transfer during the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “PROCEDURE FOR APPLICATION” ON PAGE 231.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “- *Procedure for Renunciation of Rights Entitlements - On Market Renunciation*” and “- *Procedure for Renunciation of Rights Entitlements - Off Market Renunciation*” on pages 236 and 236, respectively. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see “- *Procedure for Application*” on page 231.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

The Issue Price of ₹ [●] per Rights Equity Share (including premium of ₹ [●] per Rights Equity Share) shall be payable as follows:

| Amount Payable per Rights Equity Share | Face Value (₹) | Premium (₹) | Total (₹) |
|---|-----------------------|--------------------|--------------------|
| On Application | [●] | [●] | [●] ⁽¹⁾ |

| Amount Payable per Rights Equity Share | Face Value (₹) | Premium (₹) | Total (₹) |
|--|----------------|-------------|--------------------|
| One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time. | [●] | [●] | [●] ⁽²⁾ |
| Total | [●] | [●] | [●] |

(1) Constitutes [●]% of the Issue Price

(2) Constitutes [●]% of the Issue Price

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record date for Calls and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call(s) would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for Rights Equity Shares

Our Company would convene a meeting of the Board of Directors to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated), all with wide circulation. The Calls shall be deemed to have been made at the time when the resolution authorising such Call(s) are passed at the meeting of our Board. The Calls may be revoked or postponed at the discretion of the Board.

Pursuant to the provisions of the Articles of Association, the Investors would be given at least 15 days' notice for the payment of the Calls. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Monies as per the timelines stipulated unless extended by the Board, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by the Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made.

Payment of Call Money

In accordance with the SEBI circular SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the holders of Rights Equity Shares may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call(s), in the Investor's ASBA Account. The holders of Rights Equity Shares may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be

traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Share and will also be given a preferential consideration for the Allotment of [●] additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company. The Rights Equity Shares Allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights

Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call Notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 542484) and NSE (Symbol: ARVINDFASN) under the ISIN: INE955V01021. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

For an applicable period, from the Call Record Date, the trading of the Rights Securities would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*" on page 50.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for

Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue materials (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Ahmedabad, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst

other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at afl.rights2021@linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at afl.rights2021@linkintime.co.in.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted nly for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 240.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc.* in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without

blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/ dispatched at least three days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or Stock Exchanges.

In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent through email to email address if they have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.linkintime.co.in. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholders eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at www.arvindfashions.com;
- (ii) the Registrar at www.linkintime.co.in;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net;
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
- (v) the R-WAP at www.linkintime.co.in.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.arvindfashions.com).

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in

their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “- Grounds for Technical Rejection” on page 244. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- Application on Plain Paper under ASBA process” on page 237.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on

Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Procedure for Application through the R-WAP

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways” on page 18.

Set out below is the procedure followed using the R-WAP:

Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Rights Issue Circulars.

- (a) Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- (b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (c) Only resident Investors are eligible to apply in this Issue through R-WAP.
- (d) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (e) The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- (g) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode

mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.

- (h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. **Applications made using payment from third party bank accounts will be rejected.**
- (i) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- (j) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filing online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using the R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading “- *Application on Plain Paper under ASBA process*” on page 237.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the heading “-*Basis of Allotment*” on page 247.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

2. Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so

through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper, in case of non-receipt of Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. **Applications on plain paper will not be accepted from any address outside India.**

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements.

PLEASE NOTE THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder, including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Arvind Fashions Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total Application Money paid at the rate of ₹ [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity

Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. Either:
 - a. if the Eligible Equity Shareholder is outside the United States, the following:

“I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” under the sub-heading “United States – For Investors Outside of the United States”; or
 - b. if the Eligible Equity Shareholder is in the United States, the following:

“I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” under the sub-heading “United States – For Investors in the United States.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the Application Money with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the Application Money, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company and if they are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for

applying for additional Rights Equity Shares.

For details of mode of payment in case of Application through R-WAP, see “-Procedure for Application through the R-WAP” on page 234.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
 - R-WAP the website of the Registrar (www.linkintime.co.in);
 - our Company (www.arvindfashions.com);
 - the Lead Manager (at www.vivro.net)
 - the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.arvindfashions.com);

- (d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD

IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 248.

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (d) Application should be made only through the ASBA facility or using R-WAP.
- (e) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “- *Application on Plain Paper under ASBA process*” on page 237.
- (g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (j) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 pm (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- (l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (m) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention

their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.**

- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (o) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (p) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (q) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Only persons (i) in the United States who are U.S. QIBs and (b) outside the United States located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
- (s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (u) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and

the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.
- (d) Do not apply from corporate account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain

Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” on page 252.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of Promoter Group for subscribing any unsubscribed portion of this Issue as described in “*Capital Structure –Intention and extent of participation by our Promoters and Promoter Group*” on page 50.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the heading “-*Basis of Allotment*” on page 247.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number,

Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to afl.rights2021@linkintime.co.in in case Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

| | |
|--|-----|
| LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS | [●] |
| ISSUE OPENING DATE | [●] |
| LAST DATE FOR ON MARKET RENUNCIATION* | [●] |
| ISSUE CLOSING DATE [#] | [●] |
| FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT) | [●] |
| DATE OF ALLOTMENT (ON OR ABOUT) | [●] |
| DATE OF CREDIT (ON OR ABOUT) | [●] |
| DATE OF LISTING (ON OR ABOUT) | [●] |

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see “General Information - Issue Schedule” on page 44.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares

will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below:

- (a) Unblocking amounts blocked using ASBA facility.
- (b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other

timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated February 7, 2018 with NSDL and an agreement dated November 28, 2018 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Payment by stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance of the our Company indicating the purpose for which such monies had been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Arvind Fashions Limited – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,
Surya Nagar, Gandhi Nagar,
Vikhroli West, Mumbai – 400 083
Maharashtra, India.

Telephone: +91-22-49186200

E-mail: afl.rights2021@linkintime.co.in

Investor grievance E-mail: afl.rights2021@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

CIN: U67190MH1999PTC118368

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.

This Issue will remain open for a minimum 15 days. However, our Board or duly authorized committee thereof, will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA

prevails.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

RESTRICTIONS ON PURCHASES AND REALES

General Eligibility and Restrictions

No action has been or will be taken to permit this Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Materials in any jurisdiction where any action would be required in such jurisdiction for that purpose, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI.

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any other Issue Materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any other Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to Rights Equity Shares.

Rights Entitlements may not be transferred or sold to any person outside India.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below.

Our Company reserves the right to require a person in any jurisdiction not listed below to give it an opinion of legal counsel that the purchase of the Rights Entitlements and Rights Equity Shares by such person in accordance with the terms of this Letter of Offer was in accordance with the laws of such jurisdiction.

The Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

European Economic Area (EEA) and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), an offer to the public of any Rights Entitlement or Rights Equity Shares may not be made in that Relevant State, except if the Rights Entitlement or Rights Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of our Company for any such offer;

- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Rights Entitlement or Rights Equity Shares so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares.

Except for each person who is not a qualified investor and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Entitlement or Rights Equity Shares, each person in a Relevant State who acquires Rights Entitlement or Rights Equity Shares shall be deemed to have represented that it is a “qualified investor” as defined in the Prospectus Regulation.

In the case of any Rights Entitlement or Rights Equity Shares are being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Rights Equity Shares have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to persons in circumstances which may give rise to an offer of Rights Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of our Company has been obtained to each such proposed offer or resale.

Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom (additional)

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

Hong Kong

This Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Letter of Offer has not been, and will not be, registered as a “prospectus” in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) (“**CO**”) nor has it been authorised by the Securities and Futures Commission (“**SFC**”) in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) (“**SFO**”). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Letter of Offer, they should obtain independent professional advice.

This Letter of Offer does not constitute an offer or invitation to the public in Hong Kong to acquire any Rights Entitlement or Rights Equity Shares nor an advertisement of the Rights Entitlement or Rights Equity Shares in Hong Kong. This Letter of Offer and any other Issue Materials must not be issued, circulated or distributed in Hong Kong other than:

- (a) to “professional investors” within the meaning of the SFO and any rules made under that ordinance (“**Professional Investors**”); or
- (b) in other circumstances which do not result in this Letter of Offer being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to Rights Entitlement or Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

No person who has received a copy of this Letter of Offer may issue, circulate or distribute this Letter of Offer in Hong Kong or make or give a copy of this Letter of Offer to any other person. No person allotted Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within six months following the date of issue of such Rights Equity Shares.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Rights Entitlements and the Rights Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Letter of Offer has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Letter of Offer does not constitute a public offering. This Letter of Offer is for the exclusive use of the person to whom it has been given our Company and is a private concern between our Company and the recipient.

Singapore

This Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). The offer of Rights Entitlements and Rights Equity Shares pursuant to the Rights Entitlements to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

Eligible Equity Shareholders in Singapore may apply for additional Rights Equity Shares over and above their Rights Entitlements only (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) if they are a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the

Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged or transferred in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state of the United States. The Rights Entitlements and Rights Equity Shares are being offered and sold only (a) to Eligible Equity Shareholders in the United States who are reasonably believed to be U.S. QIBs pursuant to Section 4(a)(2) of the Securities Act and (b) to persons outside the United States in reliance on Regulation S. The Rights Entitlements may not be renounced to a person in the United States.

For Investors in the United States

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares in the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

1. It is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
2. The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on an exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and applicable state securities laws.
3. It is a U.S. QIB and accepted the Rights Entitlements and subscribed to the Rights Equity Shares for its own account or for the account of one or more U.S. QIBs, each of which is acquiring beneficial interests in the Rights Entitlements and Rights Equity Shares for its own account.
4. It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act).
5. The Rights Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and it shall not deposit such Rights Equity Shares into any unrestricted depository facility established or maintained by any depository bank.
6. It will not offer, sell or transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of Regulation S.
7. It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares (a) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (b) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws and it agrees to that if the Rights Equity Shares are still are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it shall notify the purchaser of such Equity Shares of the transfer restrictions set forth herein and that it will require each such purchaser to agree, for the benefit our Company, to notify any subsequent purchasers of such transfer restrictions.
8. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, it (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and the Rights Entitlements and the Rights Equity Shares that it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, Lead Manager or its affiliates (including any research reports) (other

than with respect to our Company and any information contained in this Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

9. Without limiting the generality of the foregoing, it acknowledges that (i) the Equity Shares are listed on the BSE and the NSE and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of the BSE and the NSE (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports, which collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (iii) neither our Company nor the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
10. It acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified the Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or its affiliates.
11. It will not hold our Company and the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.
12. It understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue, the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.
13. It understands and acknowledges that the Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares.
14. It understands that the Lead Manager has not performed diligence with respect to our Company or this Issue that the Lead Manager would have performed if this Issue was being registered pursuant to the Securities Act.
15. It understands that our Company cannot determine with certainty, and has not determined, whether our Company may be treated as a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes for the current taxable year, and may not be able to make such a determination in future years and, in the event our Company is treated as a PFIC, will not provide information required for it to make a "qualified electing fund" election, and that there may be certain adverse consequences under United States tax laws if our Company were to be a PFIC in the current or any future taxable year in which it may hold Equity Shares. In addition, in the event our Company is treated as a PFIC, it will be subject to certain U.S. Internal Revenue Service information reporting obligations. It understands that a separate determination must be made each year as to our Company's PFIC status. It acknowledges and confirms that it has made and relied entirely upon its own assessment as to whether, and the consequences to it if, the Company has been, is, continues to be, may be, or becomes a PFIC for United States federal income tax purposes.

16. It shall hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
17. If it accepted the Rights Entitlements and subscribed to the Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.
18. If it accepted the Rights Entitlements and subscribed to the Rights Equity Shares for one or more managed accounts, it is authorised in writing by each such managed account to subscribe to the Rights Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.
19. It acknowledges that our Company, the Lead Manager and their respective affiliates, directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

For Investors Outside the United States

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares outside the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

- a. It is entitled to accept the Rights Entitlements and subscribe to the Rights Equity Shares under the laws of all relevant jurisdictions that apply to it and that it has fully observed such laws and has complied with all necessary formalities to enable it to accept the Rights Entitlements and subscribe to the Rights Equity Shares;
- b. It was outside the United States at the time the offer of the Rights Entitlements and Rights Equity Shares was made to it and it was outside the United States when its buy order for the Rights Entitlements (if applicable) and the Rights Equity Shares was originated;
- c. It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S);
- d. The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on Regulation S.
- e. It will not offer, sell or otherwise transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of Regulation S;
- f. It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws;
- g. It makes each of the representations, warranties, agreements and acknowledgements in numbered paragraphs 8 through 13 (inclusive) under the heading “*Restrictions on Purchases and Resales – United States – For Investors in the United States*”;
- h. If it acquired any of the Rights Entitlements or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full

power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;

- i. It shall indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and
- j. It acknowledges that our Company, the Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these documents for inspection referred to hereunder, will be made available at our Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated February 8, 2021 between our Company and the Lead Manager.
2. Registrar Agreement dated February 8, 2021 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated [●] among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
4. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents in Relation to the Issue

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated January 5, 2016 and Certificate of incorporation pursuant to change of name dated October 14, 2016.
3. Copy of letter of offer dated March 18, 2020 and the addendum to letter of offer dated June 23, 2020 issued in connection with previous rights issue of Equity Shares of our Company.
4. Copies of annual reports of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.
5. Resolution of our Board dated February 3, 2021 approving the Issue.
6. Resolution of our Committee of Directors dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Monitoring Agency, Lead Manager, Bankers to our Company, Bankers to the Issue, Legal Advisor to the Issue, Special International Legal Counsel to the Company and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
8. Consent dated February 4, 2021 from Technopak Advisors Private Limited to use their name and all or any part of their report titled “*Industry Report on Apparel Market in India*” in this Letter of Offer.
9. The Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results along with reports dated July 9, 2020 and February 3, 2021 of the Statutory Auditors thereon included in this Letter of Offer.
10. Statement of Special Tax Benefits dated February 8, 2020 from the Statutory Auditors.
11. Tripartite Agreement dated February 7, 2018 between our Company, NSDL and the Registrar to the Issue.
12. Tripartite Agreement dated November 28, 2018 between our Company, CDSL and Registrar to the Issue.
13. In-principle approval issued by the BSE dated [●] and the NSE dated [●] under Regulation 28(1) of the SEBI Listing Regulations.
14. Due diligence certificate dated [●], addressed to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sanjaybhai Shrenikbhai Lalbhai
Chairman and Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Shailesh Shyam Chaturvedi
Managing (Additional) Director & Chief Executive Officer

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Suresh Jayaraman
Additional Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kulin Sanjay Lalbhai
Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Punit Sanjay Lalbhai
Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nithya Easwaran
Non-Executive Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nilesh Dhirajlal Shah
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nagesh Dinkar Pinge
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vallabh Roopchand Bhanshali
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Achal Anil Bakeri
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Abanti Sankaranarayanan
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vani Kola
Independent Director

Date: [●]

Place: [●]

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Pramod Kumar Gupta
Chief Financial Officer

Date: [●]

Place: [●]