

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Vedant Fashions Private Limited

**Report on the Audit of the Consolidated Ind AS Financial Statements****Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Vedant Fashions Private Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising 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 then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of one of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 Ind AS financial statements.



### **Emphasis of Matter**

We draw attention to Note 60 of the accompanying financial statement which describes the impact of COVID-19 pandemic, and its possible consequential implications, on the Company's operations. Our opinion is not modified in respect of this matter.

### **Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

### **Responsibility of Management for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.



In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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.

Those 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary company has adequate internal financial controls with reference to financial statements 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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 Ind AS 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. We remain solely responsible for our audit opinion.

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.

#### **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary Mohey Fashions Private Limited, whose Ind AS financial statements include total assets of Rs. 6.00 lacs as at March 31, 2020, and total revenues of Rs. NIL and net cash outflows of Rs. 1.11 lacs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.



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

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of one of the subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We and the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (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 the reports of the statutory auditors who are appointed under Section 139 of the Act, of one of its subsidiary company incorporated in India, none of the directors of the Group's 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 and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries incorporated in India for the year ended March 31, 2020;



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

- (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 and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 46 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended March 31, 2020.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



**per Sanjay Agarwal**

Partner

Membership Number: 55833

Place of Signature: Kolkata

UDIN: 20055833AAAAAY8336

Date: September 24, 2020



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VEDANT FASHIONS PRIVATE LIMITED**

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

In conjunction with our audit of the consolidated financial statements of Vedant Fashions Private Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Vedant Fashions Private Limited (hereinafter referred to as the "Holding Company"), as of that date. This report does not include report on the internal financial controls over financial reporting under clause (i) of Sub-section 3 of Section 143 of the Act (the 'Report on Internal Financial Controls over financial reporting') for Mohey Fashions Private Limited and Manyavar Creations Private Limited (hereinafter referred to as the "Subsidiary Companies"), since based on the corresponding report of the auditor of such Subsidiary Companies, the said Report on Internal Financial Controls over financial reporting is not applicable to the said Subsidiaries basis the exemption available to the companies under MCA notification no. G.S.R. 583(E) dated June 13, 2017 on reporting on internal financial controls over financial reporting.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical



requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

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





**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

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

**Opinion**

In our opinion, the Holding Company has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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 **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



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**per Sanjay Agarwal**

Partner

Membership Number: 55833

Place of Signature: Kolkata

UDIN: 20055833AAAAAY8336

Date: September 24, 2020



Vedant Fashions Private Limited  
Consolidated Balance Sheet as at March 31, 2020  
(All amounts are in INR Lacs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	8,174.32	8,578.81
(b) Right of use assets	4	24,602.17	-
(c) Capital work in progress	4	-	136.72
(d) Goodwill	5	1,571.08	1,571.08
(e) Other intangible assets	5	16,314.18	15,156.54
(f) Intangible assets under development	5	25.38	111.25
<b>(g) Financial assets</b>			
(i) Investments	6	4,603.88	2,517.78
(ii) Other financial assets	7	3,868.50	3,431.17
(h) Deferred tax assets (net)	8	60.47	2.54
(i) Other non current assets	9	6,287.74	7,222.19
(j) Non-current tax assets (net)	10	499.54	1,343.44
<b>Total non-current assets</b>		<b>66,007.26</b>	<b>40,071.52</b>
<b>Current assets</b>			
(a) Inventories	11	12,085.74	9,094.65
<b>(b) Financial assets</b>			
(i) Investments	12	30,514.26	16,923.22
(ii) Trade receivables	13	37,205.62	33,274.17
(iii) Cash and cash equivalents	14	886.59	213.86
(iv) Bank Balances other than (iii) above	15	6,083.67	11,725.30
(v) Other financial assets	16	1,312.31	173.31
(c) Other current assets	17	4,206.16	3,103.81
(d) Current tax assets (net)	18	853.74	-
<b>Total Current assets</b>		<b>93,148.09</b>	<b>74,508.32</b>
<b>Total Assets</b>		<b>159,155.35</b>	<b>114,579.84</b>
Continued..			




Vedant Fashions Private Limited  
 Consolidated Balance Sheet as at March 31, 2020  
 (All amounts are in INR Lacs, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	19	2,504.55	2,504.55
(b) Other equity	20	104,096.90	86,346.17
<b>Total Equity</b>		<b>106,601.45</b>	<b>88,850.72</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Deposits	21	7,367.46	6,342.48
(ii) Lease liabilities	22	16,966.16	-
(b) Provisions	23	234.05	173.39
(c) Deferred tax liabilities (net)	24	807.06	1,206.02
(d) Other non-current liabilities	25	3,995.27	3,942.94
<b>Total Non-current Liabilities</b>		<b>29,370.00</b>	<b>11,664.83</b>
<b>Current Liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	26	-	0.15
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	27	1,265.91	657.36
- total outstanding dues of creditors other than micro enterprises and small enterprises	27	3,774.40	5,374.11
(iii) Lease liabilities	28	7,308.51	-
(iv) Other financial liabilities	29	924.74	743.55
(b) Provisions	30	38.28	24.87
(c) Other current liabilities	31	9,404.36	7,264.25
(d) Current tax liabilities (net)	32	467.70	-
<b>Total current liabilities</b>		<b>23,183.90</b>	<b>14,064.29</b>
<b>Total liabilities</b>		<b>52,553.90</b>	<b>25,729.12</b>
<b>Total equity and liabilities</b>		<b>159,155.35</b>	<b>114,579.84</b>
<b>Summary of Significant Accounting Policies</b>	2		

The accompanying notes are an integral part of the Consolidated Ind AS financial statements  
 In terms of our report attached of the even date

For S. R. Batliboi & Co. LLP  
 Chartered Accountants  
 ICAI Firm registration number: 301003E/E300005

  
 per Sanjay Agarwal  
 Partner  
 Membership No. 055833

Vedant Fashions Private Limited  
 For and on behalf of the Board of Directors

  
 Ravi Modi  
 Managing Director  
 DIN : 00361853

  
 Shilpi Modi  
 Director  
 DIN : 00361954

  
 Dalpat Raj Jain  
 Chief Financial Officer

  
 Navin Pareek  
 Company Secretary

Place: Kolkata  
 Date: September 24, 2020




Vedant Fashions Private Limited  
**Consolidated Statement of profit and loss for the year ended March 31, 2020**  
*(All amounts are in INR Lacs, unless otherwise stated)*

Particulars		Notes	For the year ended	
			March 31, 2020	March 31, 2019
<b>Income:</b>				
I	Revenue from operations	33	91,554.88	80,074.23
II	Other income	34	3,242.73	1,905.67
III	<b>Total income (I + II)</b>		<b>94,797.61</b>	<b>81,979.90</b>
<b>IV Expenses:</b>				
	Cost of materials consumed			
	- Raw materials	35A	9,286.08	7,420.83
	- Accessories & packing materials	35B	1,464.33	1,201.97
	Purchases of stock-in-trade	36	16,823.86	13,673.86
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	37	(2,452.14)	(38.12)
	Employee benefits expense	38	5,329.63	4,721.27
	Finance costs	39	2,560.56	434.99
	Depreciation and amortisation expense	40	8,873.35	858.45
	Other expenses	41	21,727.69	25,732.49
	<b>Total expenses</b>		<b>63,613.36</b>	<b>54,005.74</b>
V	<b>Profit before tax (III-IV)</b>		<b>31,184.25</b>	<b>27,974.16</b>
<b>VI Tax expense/(credit):</b>				
	-Current tax		7,963.63	8,644.57
	-Deferred tax charge/(credit)		(444.66)	1,101.06
	-Charge of earlier years		1.46	12.05
VII	<b>Profit for the year (V-VI)</b>		<b>23,663.82</b>	<b>18,216.48</b>
<b>VIII Other comprehensive income/(loss) for the year</b>				
<b>Item that will not be subsequently reclassified to profit or loss</b>				
	(a) Re-measurement gains/(losses) on defined benefit obligations		(22.33)	16.43
	(b) Income tax effect on above		12.26	(5.72)
	<b>Total other comprehensive income/(loss), net of tax</b>		<b>(10.07)</b>	<b>10.71</b>
IX	<b>Total comprehensive income for the year</b>		<b>23,653.75</b>	<b>18,227.19</b>
X	Earnings per equity share (of Rs. 2 each) Basic and Diluted (in Rs. per share)	42	18.90	14.55
<b>Summary of Significant Accounting Policies</b>		2		

The accompanying notes are an integral part of the Consolidated Ind AS financial statements  
In terms of our report attached of the even date

For S. R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

  
per Sanjay Agarwal  
Partner  
Membership No. 055833

Place: Kolkata  
Date: September 24, 2020



Vedant Fashions Private Limited  
For and on behalf of the Board of Directors

  
Ravi Modi  
Managing Director  
DIN : 00361853

  
Shilpi Modi  
Director  
DIN : 00361954

  
Dalpat Raj Jain  
Chief Financial Officer

  
Navin Pareek  
Company Secretary



Vedant Fashions Private Limited  
Consolidated Cash Flow Statement for the year ended March 31, 2020  
(All amounts are in INR Lacs, unless otherwise stated)

Particulars	For the Year Ended	
	March 31, 2020	March 31, 2019
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	31,184.25	27,974.16
<b>Adjustments for :</b>		
Depreciation & amortisation expenses	8,873.35	858.45
(Profit)/Loss on sale/ discard of property, plant and equipment (net)	15.42	(82.00)
Interest income	(1,580.55)	(499.16)
Dividend income from mutual funds	(380.93)	(391.10)
Profit on sale of current investments	(628.73)	(763.54)
Profit on fair valuation of investments carried at FVTPL	(151.42)	(37.69)
Provision for doubtful debts & advances	125.96	25.59
Bad debts/ advances written off	32.19	8.21
Unspent liabilities/provisions no longer required written back	(149.15)	(55.63)
Unrealised net loss on foreign currency transactions and translations	(10.34)	2.34
Finance costs	2,560.56	434.99
<b>Operating profit before working capital charges</b>	<b>39,890.61</b>	<b>27,474.62</b>
<b>Movement in working capital:</b>		
Increase in other financial assets	(1,116.99)	(651.15)
Increase in non financial assets	(1,052.93)	(90.36)
Increase in trade receivables	(3,562.57)	(1,651.45)
Increase in inventories	(2,991.09)	(155.82)
Increase in provisions	53.20	56.23
Increase in trade payables and others	1,624.13	2,233.47
<b>Cash Generated from operations</b>	<b>32,844.36</b>	<b>27,215.54</b>
Net Income taxes paid	(7,502.96)	(9,544.29)
<b>Net cash flow from operating activities</b> (A)	<b>25,341.40</b>	<b>17,671.25</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipments & intangible assets (including capital advances)	(2,843.90)	(1,005.70)
Sale of property, plant and equipments & intangible assets (including advance received)	5.20	278.04
Interest received	694.17	16.25
Dividend income from investments	380.93	391.10
Purchase of investments	(97,848.16)	(58,430.67)
Sale/ redemption of investments	83,399.16	53,801.87
Bank Balances not considered as cash and cash equivalents:		
- Deposits placed	(8,862.75)	(11,700.00)
- Deposits matured	14,505.00	360.00
<b>Net cash used in investing activities</b> (B)	<b>(10,570.35)</b>	<b>(16,289.11)</b>
<b>C. Cash flow from Financing Activities</b>		
Decrease in cash credit	-	(1,259.95)
Repayment of short term borrowings	(0.15)	(9.31)
Principal payment of lease liabilities	(5,946.32)	-
Interest on lease liabilities	(2,085.67)	-
Interest paid other than interest on lease liabilities	(27.44)	(17.23)
Dividend Paid (including Corporate Dividend Tax)	(6,038.74)	-
<b>Net cash used in financing activities</b> (C)	<b>(14,098.32)</b>	<b>(1,286.49)</b>
Net increase in Cash and Cash Equivalents (A+B+C)	672.73	95.65
Cash and Cash Equivalents at the beginning of the year	213.86	118.21
<b>Cash and Cash Equivalents at the end of the year</b>	<b>886.59</b>	<b>213.86</b>



**Vedant Fashions Private Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2020**  
*(All amounts are in INR Lacs, unless otherwise stated)*

Particulars	March 31, 2020	March 31, 2019
<b>Components of Cash &amp; Cash Equivalents (Refer Note 14)</b>		
Balance with Banks	883.41	210.76
Cash on hand	3.18	3.10
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>886.59</b>	<b>213.86</b>

The accompanying notes are an integral part of the Consolidated Ind AS financial statements  
 In terms of our report attached of the even date

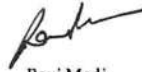
For S. R. Batliboi & Co. LLP  
 Chartered Accountants  
 ICAI Firm registration number: 301003E/E300005



per Sanjay Agarwal  
 Partner  
 Membership no.: 055833

Place: Kolkata  
 Date: September 24, 2020


**Vedant Fashions Private Limited**  
**For and on behalf of the Board of Directors**



Ravi Modi  
 Managing Director  
 DIN : 00361853



Dalpat Raj Jain  
 Chief Financial Officer



Shilpi Modi  
 Director  
 DIN : 00361954



Navin Pareek  
 Company Secretary



Vedant Fashions Private Limited  
Consolidated Statement of changes in equity for the year ended March 31, 2020  
(All amounts are in INR Lacs, unless otherwise stated)

A Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares outstanding at the beginning of the year	125,227,420	2,504.55	125,115,170	2,502.30
Add: Fresh issue of shares pursuant to the scheme of amalgamation (Refer Note 54)	-	-	9,642,250	192.85
Less: Equity Shares cancelled pursuant to the scheme of amalgamation (Refer Note 54)	-	-	(9,530,000)	(190.60)
Equity shares outstanding at the end of the year	125,227,420	2,504.55	125,227,420	2,504.55

B Other equity

Particulars	Reserve and Surplus					Total Reserves
	Retained Earnings	Securities Premium	Capital Reserve (Refer Note 54)	Shares Pending Issuance (Refer Note 54)	Share Based Payment Reserve (Refer Note 55)	
Balance as at March 31, 2018	44,084.86	23,832.76	76.24	192.85	-	68,186.71
Equity shares issued during the year	-	-	-	(192.85)	-	(192.85)
Profit for the year	18,216.48	-	-	-	-	18,216.48
Recognition of share based payment (Refer Note 55)	-	-	-	-	125.12	125.12
Other comprehensive income/(loss) for the year	10.71	-	-	-	-	10.71
- Remeasurement of net defined benefit liability/ asset (net of tax)	62,312.05	23,832.76	76.24	-	125.12	86,346.17
Balance as at March 31, 2019	23,663.82	-	-	-	-	23,663.82
Profit for the year	-	-	-	-	135.72	135.72
Recognition of share based payment (Refer Note 55)	-	-	-	-	-	-
Dividend Paid (including Corporate Dividend Tax)	(6,038.74)	-	-	-	-	(6,038.74)
Other comprehensive income/(loss) for the year	(10.07)	-	-	-	-	-
- Remeasurement of net defined benefit liability/ asset (net of tax)	79,927.06	23,832.76	76.24	-	-	104,096.90
Balance as at March 31, 2020	-	-	-	-	260.84	-

The accompanying notes are an integral part of the Consolidated Ind AS financial statements  
In terms of our report attached of the even date

For S. R. Batliboi & Co. LLP  
Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per Sanjay Agarwal  
Partner

Membership No. 055833

Place: Kolkata  
Date: September 24, 2020

Vedant Fashions Private Limited  
For and on behalf of the Board of Directors

*Ravi Modi*

Ravi Modi  
Managing Director  
DIN : 00361853

*Dalpat Raj Jain*

Dalpat Raj Jain  
Chief Financial Officer

*Shilpi Modi*

Shilpi Modi  
Director  
DIN : 00361954

*Navin Parèek*

Navin Parèek  
Company Secretary



## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

### 1. GROUP OVERVIEW

The consolidated financial statements comprise financial statements of Vedant Fashions Private Limited (the holding Company) and its subsidiaries (collectively, the Group) for the year ended March 31, 2020. The holding Company & its subsidiaries is primarily engaged in manufacturing and trading of readymade garments being men's ethnic wear like Sherwanis, Indo-Western, Kurtas, Suits etc. and women's ethnic wear like Lehanga, Saree, Suit, Kurti, etc. and related accessories. The holding Company mainly runs its business under the brand names Manyavar, Mohey, Mebaz and Twamev. Registered office of the holding Company is located at 4<sup>th</sup> floor, Paridhan Garment Park, 19 Canal South Road, Kolkata- 700015.

### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### a. Basis of preparation

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

These consolidated financial statements have been prepared under the historical cost convention on the accrual basis except the following assets and liabilities which have been measured at fair value as required by the relevant Ind AS:-

- a) Certain financial assets and liabilities measured at fair value (refer accounting policies regarding financial instruments)
- b) Defined employee benefit plans
- c) Derivative financial instruments

These consolidated financial statements were approved vide the resolution of the Board of Directors on September 24, 2020.

#### b. Basis of fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each Balance Sheet date. 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 best economic 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.





## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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 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.

Fair value for measurement and /or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

For other fair value related disclosures Refer Note 49.

#### c. Functional and presentation currency

These Ind AS financial statements are prepared in Indian Rupee which is the Group's functional currency. All financial information presented in Rupees has been rounded to the nearest lakhs with two decimals.

#### d. Application of new standards and amendments

##### Standards issued but not yet effective:

There are no standards issued but not yet effective up to the date of issuance of the Group's financial statements.

## 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020. 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



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

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.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

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 if any, 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 and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

There are no associates, joint ventures and joint operations in the Group.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has applied following accounting policies to all periods presented in these Ind AS financial statements.

#### a) Revenue Recognition

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The performance obligations in our contracts are fulfilled at the time of delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Revenue is only recognised to the extent that it is highly probable and a significant reversal will not occur.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### **Contract balances**

##### *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 (e) - Financial instruments.



## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

### *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.

### **Assets and liabilities arising from rights of return**

#### *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. 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.

#### *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 at the end of each reporting period.

### **Export benefits**

Export benefits are accounted on recognition of export sales.

### **Interest Income**

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a 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.

### **Dividend Income**

Dividend income is recognized when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

## **b) Property, Plant and Equipment**

### **(i) Property, plant and equipment**

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalised if the recognition criteria are met.



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 derecognized.

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.

#### (ii) Capital work in progress

Assets in the course of construction are capitalised in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed.

#### (iii) Depreciation

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided on written down value method over the estimated useful lives of the assets and are in line with the requirements of Part C of Schedule II of the Companies Act, 2013 except certain items of furniture as detailed in next paragraph.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value basis over its expected useful lives. The estimated useful lives are as follows:

• Buildings	30-60	years
• Computers	3	years
• Computers - Servers	6	years
• Plant and equipment	15	years
• Furniture and fixtures	5-10	years
• Vehicles	8	years
• Office equipment	5	years

Leasehold land is amortised over the period of lease i.e. 99 years.

The Group, based on technical assessment and management estimate, depreciates certain items of furniture over 5 years. These estimated useful life is different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively, if appropriate.

#### c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets acquired in a business combination is valued at fair value at the date of acquisition. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets are amortised over the useful economic life 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 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 is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 estimated useful lives of the intangible assets are as follows:-

- |  |                 |
|--|-----------------|
| • Software   | 3 years         |
| • Trademark and Copyright                          | 5 - 10 years    |
| • Tenancy Right                                    | 5 years         |
| • Brand and goodwill (acquired) by holding Company | Indefinite Life |

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 recognized in the statement of profit and loss when the asset is derecognized.

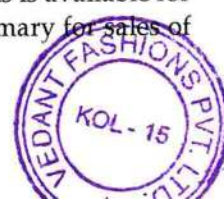
For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations and is tested for impairment annually.

#### d) Non-current assets 'Held for Sale'

The Group classifies non-current assets and disposal assets as held for sale if their carrying amounts will be recovered principally through a sale/ distribution 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.

The criteria to classify an asset as 'Held for Sale' is considered 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



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- 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 ,
- 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.

#### e) Financial instruments

##### Initial recognition and measurement

###### i. Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sale 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. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, deposits taken and derivative financial instruments.

##### Classification and subsequent measurement

###### i. Financial assets

The Group classifies its financial assets in the following measurement categories:

- (i) those to be measured at fair value through profit or loss; and
- (ii) those measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Realised and unrealised gains/ losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the statement of profit and loss in the period in which they arise.

###### ii. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method. For trade and other payables, the carrying amounts represents the fair value due to the short maturity of these instruments. Realised and unrealised gains/ losses arising from changes in the fair value of the



## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

“financial liabilities at fair value through profit or loss” are included in the statement of profit and loss in the period in which they arise.

### Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109- ‘Financial Instruments’. A financial liability (or part of a financial liability) is derecognized from the Group’s Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk. For trade receivables, the Group applies the simplified approach permitted by Ind AS 109- ‘Financial Instruments’, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### f) Derivative financial instruments

#### Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange the Group enters into forward contracts. The Group does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognized 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 statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and 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.

### g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original 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.

### h) Borrowing Costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

### i) Inventories

- a. Raw materials, accessories and packing material are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, accessories and packing material is determined on a First-in-First-out basis.
- b. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads (where applicable). Cost of finished goods is determined on an annual weighted average basis using retail method.
- c. Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on an annual weighted average method.
- d. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- e. Obsolete, slow moving and defective inventories are identified and written down to net realisable value.

### j) Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous year's information has not been restated. The impact of adoption of Ind-AS 116 on the financial statements of the Group has been described under Note 47.

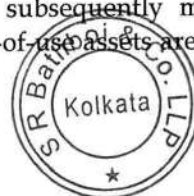
#### Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract is or 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:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises 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 leases of low value assets based on the recognition exemption criteria. For these short term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised 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, if any. Right-of-use assets are depreciated from the





## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured 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. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

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

### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement Profit and Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## k) Taxation

### 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 of each of the Company of the Group.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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 recognized for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

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

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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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.

#### 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 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 Appendix did not have a significant impact on the consolidated financial statements of the Group.

#### 1) Employee benefit schemes

##### i) Post employment benefits

###### Defined Contribution Plans

The Group has defined contribution plans for post-employment benefits such as Provident Fund, National Pension Scheme, Employee's State Insurance and Employee's Pension Scheme, 1995. The Group contributes to a government administered Provident Fund, state plan namely Employee's Pension Scheme, 1995, Employee's State Insurance Scheme and National Pension Scheme on behalf of its employees and has no further obligation beyond making its contribution. The Group's contributions to the above funds are recognised in the statement of profit and loss every year.

###### Defined Benefit Plans

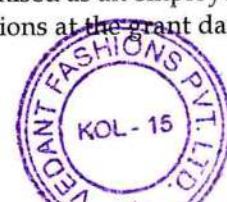
The Group has defined benefit plans namely gratuity for all its employees. Liability for defined benefit plans is provided based on valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liability is the projected unit credit method. Actuarial losses and gains are recognised in other comprehensive income and shall not be reclassified to the statement of profit and loss in a subsequent period. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs.

##### ii) Other Long term benefits

The Group has other long term benefits namely compensated absences for all its employees. The liabilities in respect of compensated absences which are expected to be encashed / utilised before twelve months from the balance sheet date are short term. Other such liabilities are considered long term.

##### iii) Share-Based Payments

Selected employees of the Group receive part of the remuneration in the form of share-based payments in consideration of the services rendered. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value of the options at the grant date



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

is calculated by an independent valuer on the basis Black Scholes model. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When the options are exercised, the Group issues fresh equity shares.

iv) **Termination benefits** are recognised as an expense as and when incurred.

#### m) Foreign currency transactions

In the financial statements of the Group, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

#### n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events (such as bonus shares), split if any other than the conversion of potential equity shares that have changed the number of equity shares outstanding without a corresponding change in resources. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### o) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The management has considered that the Group has a single reportable segment based on nature of products, production process, regulatory environment, customers. Further, the Group in a single business line, viz., "Manufacturing and distribution of branded fashion apparel and accessories".

#### p) Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.



## Vedant Fashions Private Limited

### Notes to the consolidated financial statements as at and for the year ended March 31, 2020

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in Note 59.

#### q) Business combinations and goodwill

Business combinations, if any are accounted by using the acquisition method as per Ind AS 103 'Business Combination'. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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.

Goodwill is initially measured at cost, being the excess of the net acquisition cost 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 net cost of acquisition, then the gain is recognised in Other Comprehensive Income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through Other Comprehensive Income.

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.

Business Combinations arising from transfer of interests in entities that are under common control are accounted using pooling of interest method wherein, assets and liabilities of the combining entities are reflected at their carrying value. No adjustments are made to reflect fair values, or recognize any new assets or liabilities other than those required to harmonize accounting policies. The identity of the reserves is preserved and appears in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

#### r) Provisions and contingent liabilities

The Group recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are determined based on best estimates of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If the effect of time value of money is material, provisions are discounted. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources embodying economic benefit. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



## Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

s) Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior years. Also, tax charges related to exceptional items and certain one-time tax effects are considered exceptional. Such items are material by nature or amount to the financial year's result and require separate disclosure in accordance with Ind AS.

t) The subsidiaries considered in the preparation of Consolidated Financial Statements are:

Sl. No.	Name of subsidiaries	Country of incorporation	Percentage of ownership interest as at March 31, 2020	Percentage of ownership interest as at March 31, 2019
1.	Manyavar Creations Private Limited	India	100%	100%
2.	Mohey Fashions Private Limited	India	100%	100%



Vedant Fashions Private Limited  
Notes to the consolidated financial statements as at and for the year ended March 31, 2020  
(All amounts are in INR Lacs, unless otherwise stated)

Particulars	Right of use assets <sup>4.2</sup>			Property, Plant and Equipment <sup>4.1</sup>							Capital Work in Progress	
	Buildings	Land-Freehold	Land-Leasehold <sup>4.3</sup>	Buildings	Buildings-Leasehold	Plant and equipment	Furniture and fixtures	Computer	Office equipment	Vehicles		Total
<b>Gross Block</b>												
As at March 31, 2018	-	850.00	6,266.40	5,750.72	1,514.30	108.58	934.49	128.47	434.55	212.18	16,199.69	18.33
Additions	-	-	-	-	-	27.12	496.87	49.30	110.43	-	683.72	118.39
Deductions	-	-	(6,266.40)	-	(40.25)	(22.25)	(26.95)	(5.16)	(19.34)	(17.93)	(6,398.28)	-
As at March 31, 2019	-	850.00	-	5,750.72	1,474.05	113.45	1,404.41	172.61	525.64	194.25	10,485.13	136.72
Reclassification pursuant to adoption of Ind AS 116	1,212.68	-	-	-	(1,474.05)	-	-	-	-	-	(1,474.05)	-
Additions	31,021.56	40.32	-	360.73	-	37.68	910.41	71.55	346.46	0.81	1,767.96	977.70
Deductions	-	-	-	-	-	(17.58)	(24.49)	(1.01)	(11.35)	(11.73)	(66.16)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	(1,114.42)
As at March 31, 2020	32,234.24	890.32	-	6,111.45	-	133.55	2,290.33	243.15	860.75	183.33	10,712.88	-
<b>Depreciation</b>												
As at March 31, 2018	-	-	133.44	390.72	181.09	27.61	213.66	66.86	186.72	85.11	1,285.21	-
Charge for the year	-	-	17.50	260.75	84.59	16.40	237.89	45.86	126.88	38.75	828.62	-
Deductions	-	-	(150.94)	-	(4.31)	(7.97)	(14.49)	(3.78)	(14.56)	(11.46)	(207.51)	-
As at March 31, 2019	-	-	-	651.47	261.37	36.04	437.06	108.94	299.04	112.40	1,906.32	-
Reclassification pursuant to adoption of Ind AS 116	-	-	-	-	(261.37)	-	-	-	-	-	(261.37)	-
Charge for the year	7,632.07	-	-	256.07	-	15.66	400.28	50.60	190.95	25.35	938.91	-
Deductions	-	-	-	-	-	(8.30)	(16.55)	(1.00)	(9.95)	(9.50)	(45.30)	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	7,632.07	-	-	907.54	-	43.40	820.79	158.54	480.04	128.25	2,538.56	-
<b>Net Block</b>												
As at March 31, 2019	-	850.00	-	5,099.25	1,212.68	77.41	967.35	63.67	226.60	81.85	8,578.81	136.72
As at March 31, 2020	24,602.17	890.32	-	5,203.91	-	90.15	1,469.54	84.61	380.71	55.08	8,174.32	-

4.1. For lien/charge details against property, plant and equipment, Refer Note 14.1.

4.2. The Group has adopted Ind AS 116 effective April 1, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.

The right of use assets comprise of buildings taken on lease. In the statement of profit and loss for the current year, lease cost which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. For detailed disclosure, refer Note 47.

4.3. During the previous year, the holding Company had entered into development agreement with a real estate developer. Subsequent to such agreement, the holding Company had transferred possession of the specified leasehold land against which the holding Company would have received a portion of constructed property. Accordingly, the holding Company had derecognised the leasehold land and considered it as capital advance, as the property is under construction. During the year, the holding Company exercised an exclusive and irrevocable option, granted by the developer, to convert area sharing arrangement into the revenue sharing arrangement against which the holding Company would receive a portion of transfer proceeds.



## 5. Intangible Assets

Particulars	Goodwill <sup>5.1</sup>	Other Intangible Assets				Intangible assets under development
		Computer software	Tenancy right	Trade Mark, Brand & Others <sup>5.1</sup>	Total	
<b>Cost</b>						
As at March 31, 2018	1,571.08	100.49	51.58	15,111.52	15,263.59	49.04
Additions	-	16.37	-	28.31	44.68	90.52
Deductions	-	(0.15)	-	-	(0.15)	(28.31)
As at March 31, 2019	1,571.08	116.71	51.58	15,139.83	15,308.12	111.25
Additions	-	8.50	719.94	731.57	1,460.01	0.59
Transfers	-	-	-	-	-	(86.46)
As at March 31, 2020	1,571.08	125.21	771.52	15,871.40	16,768.13	25.38
<b>Amortisation</b>						
As at March 31, 2018	-	64.31	51.58	5.94	121.83	-
Charge for the year	-	20.12	-	9.71	29.83	-
Deductions	-	(0.08)	-	-	(0.08)	-
As at March 31, 2019	-	84.35	51.58	15.65	151.58	-
Charge for the year	-	19.96	126.29	156.12	302.37	-
As at March 31, 2020	-	104.31	177.87	171.77	453.95	-
<b>Net Block</b>						
As at March 31, 2019	1,571.08	32.36	-	15,124.18	15,156.54	111.25
As at March 31, 2020	1,571.08	20.90	593.65	15,699.63	16,314.18	25.38

5.1. The Group has identified that its only reportable segment and Cash Generating Unit (CGU) is "Branded fashion apparel and accessories", to which the goodwill and brand (with indefinite life) acquired in earlier years through acquisition of business, has been entirely allocated. The carrying amount of goodwill and brand as at March 31, 2020 is Rs. 1,571.08 Lacs and Rs. 15,058.29 Lacs respectively.

Following key assumptions were considered while performing Impairment testing:

Key Assumptions	March 31, 2020
Annual Growth rate for 5 years	0% for first year, 10% thereafter
Terminal Growth rate	5.00%
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	13.00%

The projections cover a period of five years, as the Group believes this to be the most appropriate time scale over which to review and consider annual performances and thereafter fixed terminal value has been considered. The growth rates used to estimate future performance are based on the estimates from past performance. Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Company).

The goodwill and brand (with indefinite life) are tested for impairment and accordingly no impairment charges required to be recognised for March 31, 2020 (March 31, 2019 - Nil).

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value.



6 Financial assets - non current : Investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Quoted</b>		
<b>Investment in debentures at amortised cost</b>		
National Highways Authority of India (2,10,000 units at par value of Rs 1,000 each) (March 31, 2019 - NIL)	2,359.26	-
Tata Capital Financial Services Limited (200 units at par value of Rs 10,00,000 each) (March 31, 2019 - NIL)	2,244.62	-
HDB Financial Services Limited (March 31, 2019 - 250 units at par value of Rs 10,00,000 each)	-	2,517.78
<b>Total</b>	<b>4,603.88</b>	<b>2,517.78</b>
<b>Aggregate market value of quoted investments</b>	<b>4,533.60</b>	<b>2,501.50</b>

7 Financial assets - non current : Others  
(unsecured, considered good, unless otherwise stated)  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	3,869.02	3,422.50
Less: Impairment allowance	(5.32)	(5.25)
	<b>3,863.70</b>	<b>3,417.25</b>
Bank deposits with remaining maturity greater than 12 months <sup>1</sup>	2.37	2.99
Interest accrued on fixed deposits	1.27	0.92
Loan to employees	1.16	2.12
Loan to Others	-	7.89
<b>Total</b>	<b>3,868.50</b>	<b>3,431.17</b>

(1) Represents deposits with statutory authorities which earns interest at fixed rate of interest.

8 Deferred tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred Tax Assets</b>		
Tax impact arising out of temporary differences in property, plant and equipment, intangible assets and right of use assets	-	0.97
Tax impact on provision for expected sales return (net)	2.13	1.31
Tax impact on lease liabilities	226.05	-
Tax impact on others	28.73	0.26
<b>Deferred Tax Liabilities</b>		
Tax impact arising out of temporary differences in property, plant and equipment, intangible assets and right of use assets	196.44	-
<b>Net deferred tax assets</b>	<b>60.47</b>	<b>2.54</b>

9 Other non-current assets  
(unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances (Refer Note 4.3)	6,202.21	6,276.51
Prepaid expenses	5.12	933.18
Advances recoverable in cash or kind	69.24	-
Balances with statutory/government authorities	11.17	12.50
<b>Total</b>	<b>6,287.74</b>	<b>7,222.19</b>

10 Non-current tax assets (net)  
(unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision)	499.54	1,343.44
<b>Total</b>	<b>499.54</b>	<b>1,343.44</b>

11 Inventories<sup>1 & 2</sup>

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials (Refer Note 35A)	2,173.52	1,399.69
Accessories and packing material (Refer Note 35B)	540.43	367.53
Work in progress (Refer Note 37)	2,689.46	1,968.96
Finished goods (Refer Note 37) (Including in transit Rs. 200.73 (March 31, 2019: Rs. 10.76 Lacs))	3,511.09	2,515.62
Stock-in-trade (Refer Note 37) (Including in transit Rs. 112.55 (March 31, 2019: Rs. 12.29 Lacs))	3,171.24	2,842.85
<b>Total</b>	<b>12,085.74</b>	<b>9,094.65</b>

1) For details of Lien / Charge against the inventories, Refer Note 14.1

2) Includes inventory lying with third party amounting to Rs. 3,660.80 Lacs (March 31, 2019 - Rs. 2,654.16 Lacs)





## 12 Financial assets - Current : Investments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Quoted</b>		
<b>Investments in mutual funds at fair value through profit and loss</b>		
Kotak Equity Arbitrage Fund - Direct Plan (March 31, 2019 - 1,68,54,524 units at par value of Rs 10 each)	-	3,967.37
Kotak Liquid Fund Direct Plan Growth (3,75,175 units at par value of Rs 10 each) (March 31, 2019 - 1,26,062 units at par value of Rs 10 each)	15,062.77	4,770.59
HDFC Liquid Fund - Direct Plan - Growth Option (2,43,444 units at par value of Rs 1,000 each) (March 31, 2019 - NIL)	9,510.44	-
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan (March 31, 2019 - 1,30,362 units at par value of Rs 10 each)	-	391.66
<b>Investment in debentures at amortised cost</b>		
Kotak Mahindra Prime Limited (March 31, 2019 - 250 units at par value of Rs 10,00,000 each)	-	2,633.35
Kotak Mahindra Investments Ltd (300 units at par value of Rs 10,00,000 each) (March 31, 2019 - NIL)	3,213.01	-
HDB Financial Services Limited (250 units at par value of Rs 10,00,000 each)	2,728.04	-
<b>Unquoted</b>		
<b>Investment in debentures at amortised cost</b>		
Housing Development Finance Corporation Limited (March 31, 2019 - 500 units at par value of Rs 10,00,000 each)	-	5,160.25
<b>Total</b>	<b>30,514.26</b>	<b>16,923.22</b>
<b>Aggregate market value of quoted investments</b>	<b>30,585.66</b>	<b>11,767.11</b>
<b>Aggregate book value of unquoted investments</b>	<b>-</b>	<b>5,160.25</b>

13 Financial Assets - Current : Trade receivables  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade Receivables<sup>1</sup></b>		
- Receivables from related parties (Refer Note 48)	1,243.63	1,144.61
- Others	35,961.99	32,129.56
<b>Total trade receivables</b>	<b>37,205.62</b>	<b>33,274.17</b>
<b>Breakup for Security Details:</b>		
- Trade Receivables considered good - Secured <sup>2</sup>	12,414.13	10,767.41
- Trade Receivables considered good - Unsecured	24,791.49	22,506.76
- Trade Receivables - credit impaired	121.83	41.59
	<b>37,327.45</b>	<b>33,315.76</b>
<b>Impairment allowance (allowance for bad and doubtful debts)</b>		
- Allowance for expected credit loss	(121.83)	(41.59)
<b>Total trade receivables</b>	<b>37,205.62</b>	<b>33,274.17</b>

1) For Lien/ charge details against trade receivables, Refer Note 14.1.

2) Receivables are secured against security deposits and bank guarantees taken from the customers.

## 14 Financial assets - Current : Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
Balances with banks	883.41	210.76
Cash on hand	3.18	3.10
<b>Total</b>	<b>886.59</b>	<b>213.86</b>

14.1 Cash credit facility in holding Company carries interest ranging from 8.90% p.a to 8.95% p.a as on March 31, 2020 (March 31, 2019: 9.35% p.a to 9.50% p.a). Cash credit facility was secured upto February 5, 2019 post which the same has become unsecured. It was secured by hypothecation charge on all movable property, plant and equipment and current assets of the holding Company. Following immovable assets were also mortgaged for cash credit facility upto February 5, 2019:-

a) Leasehold property of Paridhan Garment Park, 19 Canal south Road, SDF-4 D201 to D204, Kolkata-700015 was mortgaged with Kotak Mahindra Bank for cash credit limit.

b) Land at EIGMEF Apparel park was mortgaged with HDFC Bank for the cash credit limit.

## 15 Financial Assets - Current : Other bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits with remaining maturity greater than 3 months but less than 12 months	6,083.67	11,725.30
<b>Total</b>	<b>6,083.67</b>	<b>11,725.30</b>

15.1 Includes deposits with statutory authorities which earns interest at fixed rate of interest.



16 Financial assets - Current : Others  
(unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Security deposits	959.08	46.58
Less: Impairment allowance	(1.78)	-
	<b>957.30</b>	<b>46.58</b>
Interest accrued on		
- Fixed and other deposits	182.82	113.75
- Bonds and Debentures	154.77	-
- Loan given	0.07	-
Loan to employees	2.02	0.96
Loan to others	15.33	10.45
At fair value through profit and loss		
Receivable towards forward contracts	-	1.57
<b>Total</b>	<b>1,312.31</b>	<b>173.31</b>

17 Other current assets  
(unsecured, considered good, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Export incentive receivables	8.24	24.94
Balances with statutory/government authorities	460.45	231.71
Advances recoverable in cash or kind	537.58	172.80
Others	14.63	14.63
	<b>1,020.90</b>	<b>444.08</b>
Less: Impairment allowance on above items	(18.80)	(3.79)
	<b>1,002.10</b>	<b>440.29</b>
Advance to employees	8.25	4.87
Prepaid expenses	599.42	470.03
Right of return assets <sup>1</sup>	2,596.39	2,188.62
<b>Total</b>	<b>4,206.16</b>	<b>3,103.81</b>

(1) Right of return assets represents cost of expected sales return.

18 Current tax assets (net)  
(unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision)	853.74	-
<b>Total</b>	<b>853.74</b>	<b>-</b>



Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

19 Equity Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Authorized</b> 150,500,000 equity shares of Rs. 2 each (March 31, 2019: 150,500,000 equity shares of Rs. 2 each)	150,500,000	3,010.00	150,500,000	3,010.00
<b>Issued, subscribed and fully paid-up shares</b> 125,227,420 equity shares of Rs. 2 each (March 31, 2019: 125,227,420 equity shares of Rs. 2 each) (Refer Note (ii) below)	125,227,420	2,504.55	125,227,420	2,504.55
<b>Total</b>	<b>125,227,420</b>	<b>2,504.55</b>	<b>125,227,420</b>	<b>2,504.55</b>

- i) During the year ended March 31, 2019, the authorized share capital of holding Company was increased from 150,000,000 equity shares of Rs. 2 each amounting to Rs. 3,000 Lacs to 150,500,000 equity shares of Rs. 2 each amounting to Rs. 3,010 Lacs pursuant to the scheme of amalgamation of Rainbow Iron & Steel Suppliers Private Limited with the holding Company as described in Note 54.
- ii) The Board of Directors of the holding Company, at its meeting held on April 11, 2020, approved Buyback of the holding Company's fully paid-up equity shares of face value of Rs. 2 each from the equity shareholders of the holding Company, at a price of Rs. 680 per equity share, for an aggregate amount 8,800.02 lacs (Maximum Buyback size), through a fixed tender offer under the Companies Act, 2013 and Buyback Regulations. The Maximum Buyback Size represents less than 10% of aggregate of the holding Company's paid up equity capital and free reserves based on the audited financial statements of the holding Company as at March 31, 2019, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013. The scheme of Buyback was open from April 16, 2020 and hence these equity shares were not extinguished as on March 31, 2020 as per the records of the holding Company.
- iii) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the reporting period :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares outstanding at the beginning of the year	125,227,420	2,504.55	125,115,170	2,502.30
Add: Fresh issue of shares during the year pursuant to the scheme of amalgamation (Refer Note 54)	-	-	9,642,250	192.85
Less: Equity Shares cancelled pursuant to the scheme of amalgamation	-	-	(9,530,000)	(190.60)
<b>Equity shares outstanding at the end of the year</b>	<b>125,227,420</b>	<b>2,504.55</b>	<b>125,227,420</b>	<b>2,504.55</b>

- iv) Details of shares held by each shareholder holding more than 5% shares in the holding Company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Modi Fiduciary Services Private Limited, trustee of Ravi Modi Family Trust	93,507,325	74.67%	93,507,325	74.67%
Ravi Modi HUF	20,084,045	16.04%	20,084,045	16.04%
Rhine Holdings Limited	9,018,580	7.20%	9,018,580	7.20%
<b>Total</b>	<b>122,609,950</b>	<b>97.91%</b>	<b>122,609,950</b>	<b>97.91%</b>

- v) Rights, preferences and restrictions attached to shares

The holding Company has only one class of equity shares having par value of Rs. 2 each (March 31, 2019: Rs. 2 each). Each holder of equity shares is entitled to one vote per share. The holding Company declares and pays dividend in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the general meeting. The above shareholding represents legal ownership of shares.

In the event of liquidation of the holding Company, the equity shareholders shall be entitled to receive remaining assets of the holding Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by Rhine Holdings Limited and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 in the holding Company carry certain customary rights and restrictions subject to specific trigger events.

- vi) Aggregate number of bonus shares issued and share issued for consideration other than cash during the period of 5 (Five) years immediately preceding the reporting date:

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	No. of shares	No. of shares
Aggregate number of fully paid bonus shares issued	62,557,585	62,557,585
Shares issued for consideration other than cash	9,642,250	9,642,250
	<b>72,199,835</b>	<b>72,199,835</b>



Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

20 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Retained earnings</b>		
Opening balance	62,312.05	44,084.86
Profit for the year	23,663.82	18,216.48
Other comprehensive income/(loss) for the year		
- Remeasurement of net defined benefit liability/ asset (net of tax)	(10.07)	10.71
Dividend Paid (including Corporate Dividend Tax)*	(6,038.74)	-
	79,927.06	62,312.05
<b>Securities Premium</b>		
Opening balance	23,832.76	23,832.76
	23,832.76	23,832.76
<b>Shares Pending Issuance (Refer Note 54)</b>		
Opening balance	-	192.85
Shares issued during the year pursuant to scheme of amalgamation	-	(192.85)
	-	-
<b>Capital Reserve (Refer Note 54)</b>		
Opening balance	76.24	76.24
	76.24	76.24
<b>Share based payment reserve (Refer Note 55)</b>		
Opening balance	125.12	-
Recognition of share based payment under employee stock option plan	135.72	125.12
	260.84	125.12
<b>Total</b>	<b>104,096.90</b>	<b>86,346.17</b>

\* During the year, the holding Company paid interim dividend at the rate of Rs. 4 per share amounting to Rs. 6,038.74 Lacs (including Corporate Dividend Tax).

**Nature and purpose of reserves**

**Retained Earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**Securities Premium:** Securities premium is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

**Shares Pending Issuance:** Pending issuance of shares to the shareholders of Rainbow Iron and Steel Suppliers Private Limited pursuant to the scheme of amalgamation as on March 31, 2018 (Refer Note 54) . The same was issued to the shareholders on December 21, 2018.

**Capital Reserve:** During amalgamation, the excess amount of the cancelled share capital of the holding Company over the investment by the amalgamating Company in the holding Company is treated as Capital Reserve in the consolidated financial statements.

**Share based payment reserve:** The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Share based payment reserve.



Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

21 Financial liabilities - Non current : Deposits  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	7,367.46	6,342.48
<b>Total</b>	<b>7,367.46</b>	<b>6,342.48</b>

22 Financial liabilities - Non current : Lease Liabilities  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (Refer Note 47)	16,966.16	-
<b>Total</b>	<b>16,966.16</b>	<b>-</b>

23 Non-current provisions

Particulars	As at March 31, 2020	As at March 31, 2019
For Employee Benefits - Gratuity (Refer Note 45)	234.05	173.39
<b>Total</b>	<b>234.05</b>	<b>173.39</b>

24 Deferred tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Deferred Tax Assets</b>		
Tax impact of expenses allowable against taxable income in future	64.24	87.86
Tax impact on provision for expected sales return (net)	1,191.02	1,488.53
Tax impact on profit elimination upon consolidation	259.41	69.00
Tax impact on lease liabilities	5,845.17	-
Tax impact on others	75.25	-
<b>Deferred Tax Liabilities</b>		
Tax impact arising out of temporary differences in property, plant and equipment, intangible assets and right of use assets	8,242.15	2,710.98
Tax impact on others	-	140.43
<b>Net Deferred Tax liabilities</b>	<b>807.06</b>	<b>1,206.02</b>

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Accounting profit before tax</b>	<b>31,184.25</b>	<b>27,974.16</b>
At India's statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	7,848.45	9,775.29
Adjustments in respect of current income tax of earlier years	1.46	12.05
Non-deductible income/(expenses) for tax purposes	(29.66)	(73.69)
Impact of tax rate changes	(356.79)	-
Others	56.97	42.62
Tax impact on difference in tax rate of subsidiaries	-	1.41
<b>Tax expense reported in the statement of profit and loss</b>	<b>7,520.43</b>	<b>9,757.68</b>

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) issued, the income tax rates have changed with effect from April 1, 2019. The holding Company and its subsidiaries elected to exercise the option permitted under the above section. Accordingly, the holding Company and its subsidiaries has re-measured its deferred tax liability basis the rate prescribed in the said section and also tax expense has been recognised in the financial statement accordingly.

25 Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred income	3,995.27	3,942.94
<b>Total</b>	<b>3,995.27</b>	<b>3,942.94</b>

25.1 Under Ind AS, deposits taken are re-measured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit taken and amortised cost is regarded as deferred income and recognised as revenue uniformly over the agreement period. Interest expense, measured by the effective interest rate method is accrued.

26 Financial liabilities - Current : Borrowings  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
From related parties - Short term loan (Unsecured) <sup>1</sup>	-	0.15
<b>Total</b>	<b>-</b>	<b>0.15</b>

26.1 Loan from others represent loan taken by subsidiary Company from the director of the holding Company and the same is repayable on demand (Refer Note 48). The loan has been repaid during the year.



**Vedant Fashions Private Limited**

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

**27 Financial liabilities - Current : Trade payables**  
(at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises (Refer Note 27.1 for details of dues to micro, small and medium enterprises)	1,265.91	657.36
	1,265.91	657.36
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3,774.40	5,374.11
	3,774.40	5,374.11
<b>Total</b>	<b>5,040.31</b>	<b>6,031.47</b>

**27.1 Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006(MSMED) are given below:**

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,265.91	657.36
(ii) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	1.01	0.54
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	6.16	1.01
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

**28 Financial liabilities - Current : Lease Liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities (Refer Note 47)	7,308.51	-
<b>Total</b>	<b>7,308.51</b>	<b>-</b>

**29 Financial liabilities - Current : Others**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>At amortised cost</b>		
Employees related liabilities	279.97	608.75
Security deposits	515.00	105.38
Payables to capital creditors	115.89	28.41
Interest payable on micro, small and medium enterprises (Refer Note 27.1)	6.16	1.01
<b>At fair value through profit and loss</b>		
Payable towards forward contract	7.72	-
<b>Total</b>	<b>924.74</b>	<b>743.55</b>

**30 Current : Provisions**

Particulars	As at March 31, 2020	As at March 31, 2019
For Employee benefits		
- Gratuity (Refer Note 45)	38.28	24.87
<b>Total</b>	<b>38.28</b>	<b>24.87</b>

**31 Other current liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Contract liability - Advance from customers <sup>1</sup>	1,112.60	90.44
Refund liabilities <sup>2</sup>	7,332.26	6,276.09
Statutory dues	285.23	212.57
Interest payable on income tax	5.64	-
Deferred income (Refer Note 25.1)	668.63	685.15
<b>Total</b>	<b>9,404.36</b>	<b>7,264.25</b>

(1) Includes amount received from real estate developer towards revenue sharing arrangement. Refer Note 4.3.

(2) Refund liabilities represents provision for expected sales return.

**32 Current tax liabilities (net)**

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax liabilities (net of advances)	467.70	-
<b>Total</b>	<b>467.70</b>	<b>-</b>



33 Revenue from operations

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Sale of products	91,452.79	79,951.01
Other operating revenue:		
(i) Scrap sales	10.91	12.80
(ii) Insurance charges recovery	67.90	42.69
(iii) Export incentives	23.28	67.73
<b>Revenue from operations</b>	<b>91,554.88</b>	<b>80,074.23</b>

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers based on geography:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
India	89,880.54	79,005.73
Outside India	1,674.34	1,068.50
<b>Total revenue from contracts with customers</b>	<b>91,554.88</b>	<b>80,074.23</b>

Reconciliation of Revenue from operations with contract price

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Contract price	90,932.58	79,454.22
Add: Impact of deferred income (Refer Note 25.1)	520.21	496.79
Add: Others	102.09	123.22
<b>Total revenue from operations</b>	<b>91,554.88</b>	<b>80,074.23</b>

Performance obligation

Revenue is recognized when control of products is transferred to customers i.e. upon delivery.

34 Other income

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Interest income on		
- Fixed deposits	534.16	122.89
- Loans	3.41	5.21
- Bonds and debentures	787.53	190.72
- Others	255.45	180.34
Dividend income from mutual funds	380.93	391.10
Profit on sale of investments	628.73	763.54
Profit on fair valuation of investments carried at FVTPL	151.42	37.69
Profit on sale of property, plant & equipment (net)	-	82.00
Gain on foreign exchange fluctuations (net)	19.74	-
Liabilities/provisions no longer required written back	149.15	55.63
Insurance claims	268.13	17.43
Other miscellaneous income	64.08	59.12
<b>Total</b>	<b>3,242.73</b>	<b>1,905.67</b>

35 Cost of materials consumed

A. Raw materials

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	1,399.69	1,261.61
Add: Purchases during the year	10,059.91	7,558.91
	11,459.60	8,820.52
Less: Inventory at the end of the year (Refer Note 11)	2,173.52	1,399.69
<b>Total</b>	<b>9,286.08</b>	<b>7,420.83</b>

B. Accessories & packing material

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	367.53	331.60
Add: Purchases during the year	1,637.23	1,237.90
	2,004.76	1,569.50
Less: Inventory at the end of the year (Refer Note 11)	540.43	367.53
<b>Total</b>	<b>1,464.33</b>	<b>1,201.97</b>

36 Purchases of stock-in-trade

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Purchases of stock-in-trade	16,823.86	13,673.86
<b>Total</b>	<b>16,823.86</b>	<b>13,673.86</b>



37 Changes in inventories of finished goods, work-in-progress & stock-in-trade

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
<b>Inventory at the end of the year (Refer Note 11)</b>		
Finished goods	3,511.09	2,515.62
Work in progress	2,689.46	1,968.96
Stock-in-trade	3,171.24	2,842.85
	<b>9,371.79</b>	<b>7,327.43</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	2,515.62	2,634.05
Work in progress	1,968.96	1,970.32
Stock-in-trade	2,842.85	2,741.25
	<b>7,327.43</b>	<b>7,345.62</b>
	(2,044.36)	18.19
Less: Right of return assets	407.78	56.31
<b>Changes in inventories of finished goods, work-in-progress &amp; stock-in-trade</b>	<b>(2,452.14)</b>	<b>(38.12)</b>

38 Employee benefits expense

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Salaries, wages and bonus (including Directors' remuneration) (Refer Note 48)	4,931.67	4,302.20
Contribution to provident and other funds	113.68	136.36
Gratuity expense (Refer Note 45)	70.67	62.22
Staff welfare expenses	77.89	95.37
Share based compensation (Refer Note 55)	135.72	125.12
<b>Total</b>	<b>5,329.63</b>	<b>4,721.27</b>

39 Finance cost

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Interest expense:		
- on income tax	5.64	-
- on lease liabilities	2,085.67	-
- others	469.25	434.99
<b>Total</b>	<b>2,560.56</b>	<b>434.99</b>

40 Depreciation and amortisation expense

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Tangible assets (Refer Note 4)	938.91	828.62
Right of use assets (Refer Note 4)	7,632.07	-
Intangible assets (Refer Note 5)	302.37	29.83
<b>Total</b>	<b>8,873.35</b>	<b>858.45</b>





Vedant Fashions Private Limited

Notes to consolidated financial statements for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

41 Other expenses

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Job charges	6,627.55	5,776.31
Electricity charges	165.47	114.69
Lease cost	3,424.70	9,277.58
Rates and taxes	192.46	240.76
Loss on foreign exchange fluctuations (net)	-	5.99
Insurance	126.63	86.31
Repairs and maintenance		
- Plant and machinery	0.05	0.32
- Others	53.66	47.76
Legal & professional fees	454.24	564.94
Travelling and conveyance	314.06	229.71
Donations and charity	1.84	2.16
Payment to auditors (Refer Note 43)	45.59	41.15
Shop running and maintenance expenses	27.63	16.45
Outsourcing charges	92.46	-
Provision for doubtful debts & advances	125.96	25.59
Bad debts/advances written off	32.19	8.21
Loss on sale/discard of Property, plant & equipments (net)	15.61	-
Corporate social responsibility expenditure (Refer Note 44)	438.02	357.50
Selling and distribution expenses		
- Advertisement, publicity and sales promotion expenses	6,935.21	6,666.71
- Commission	651.24	641.24
- Freight and forwarding expenses	888.46	635.06
Miscellaneous expenses	1,114.66	994.05
<b>Total</b>	<b>21,727.69</b>	<b>25,732.49</b>

42 Earnings per share (EPS)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Net profit after tax for the year	23,663.82	18,216.48
Weighted average number of ordinary shares (No. in Lacs)	1,252.27	1,252.27
Nominal value of ordinary share (Rs. in Lacs) (Refer Note 19)	2,504.55	2,504.55
<b>Basic and Diluted earnings for ordinary shares (in Rs. per share)</b>	<b>18.90</b>	<b>14.55</b>

43 Payment to auditors

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
As statutory auditors :		
Audit fees	31.80	28.30
Tax audit fees	5.50	5.50
Reimbursement of expenses	2.29	1.85
In other Capacity :		
Other services	6.00	5.50
<b>Total</b>	<b>45.59</b>	<b>41.15</b>

44 Corporate social responsibility expenditure

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
a) Gross amount to be spent by the holding Company during the year	440.97	357.27
b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purpose other than (i) above	438.02	357.50
c) Amount unspent during the year*	2.95	-
<b>Total</b>	<b>440.97</b>	<b>357.50</b>

\* The unspent amount was subsequently spent on April 6, 2020.



## 45 Employee benefits

## (I) Defined contribution plan

In accordance with The Employees Provident Funds and Miscellaneous Provisions Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2020 and 2019) of an employee's basic salary. Retirement benefit in the form of provident fund and employees' state insurance (ESI) are defined contribution scheme and the contributions are charged to statement of profit and loss of the year when the employee renders the service. There are no obligations other than the contribution payable to the respective funds.

## (II) Defined benefit plan - Unfunded

In accordance with the Payment of Gratuity Act, 1972, the Group contributes to a defined benefit plan (the "Gratuity Plan") for employees who have completed 5 years of service. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

## A Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation as at and for the year ended are as follows:

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.70%	7.69%
Expected rate of increase in compensation level of covered employees	0% for first year, 7% thereafter	7.00%

The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## B Details of Actuarial Valuation carried out on Balance Sheet date are as under:

## Amount recognised in the balance sheet consists of:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligations	272.33	198.26
Net liability arising from defined benefit obligations	272.33	198.26

## Amounts recognised in statement of profit or loss in respect of gratuity scheme are as follows:

Particulars	March 31, 2020	March 31, 2019
Current service cost	56.15	50.26
Net interest cost	14.52	11.96
Total charge to statement of profit or loss	70.67	62.22

## Amounts recognised in the statement of comprehensive income are as follows:

## Remeasurement of the net defined benefit obligation:-

Particulars	March 31, 2020	March 31, 2019
Re-measurement losses / (gains) arising from changes in financial assumptions	20.78	0.56
Re-measurement losses / (gains) arising from unexpected experience	1.55	(16.99)
Re measurement of the net defined benefit liability	22.33	(16.43)

## The movement during the year of the present value of the defined benefit obligation was as follows:

Particulars	March 31, 2020	March 31, 2019
As at April 1	198.26	158.45
Current service cost	56.15	50.26
Interest cost of scheme liabilities	14.52	11.96
Benefits (paid)	(18.93)	(5.98)
Re-measurement losses / (gains) arising from changes in financial assumptions	20.78	0.56
Re-measurement losses / (gains) arising from unexpected experience	1.55	(16.99)
As at March 31	272.33	198.26
Recognised under:		
Current provision	38.28	24.87
Non current provision	234.05	173.39

The gratuity scheme of the Group is unfunded hence there was no plan asset as at March 31, 2020 and March 31, 2019.



Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

C Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Increased/(Decreased) defined benefit obligation

Particulars	March 31, 2020	March 31, 2019
<b>Discount rate</b>		
Increase by 0.50%	259.81	184.47
Decrease by 0.50%	285.89	213.60
<b>Expected rate of change in compensation level of covered employees</b>		
Increase by 0.50%	282.37	211.29
Decrease by 0.50%	262.53	186.40
<b>Mortality Rate</b>		
Increase by 10%	272.39	199.73
Decrease by 10%	272.23	196.79
<b>Attrition Rate</b>		
Increase by 0.50%	272.92	198.80
Decrease by 0.50%	271.65	197.72

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, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

D Risk analysis

Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

(1) Salary growth risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. Salary increase considered at the rate of 0% for first year, 7% thereafter. As such, an increase in the salary of the plan participants will increase the plan's liability.

(2) Life expectancy / Longevity risks

The present value of the defined benefit plan liability is calculated by reference to the best estimates of the mortality of plan participants both during and after their employment. Mortality tables as per Indian Assured Lives Mortality (2006-08) Ult. is used for during the employment and post retirement respectively. An increase in the life expectancy of the plan participants will increase the plan's liability.

(3) Interest rate risks

A decrease in the bond interest rate will increase the plan liability.

(4) Inflation risks

A decrease in the inflation rate will increase the plan's liability.



Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

46 Contingent liabilities and commitments

(To the extent not provided for)

(i) Contingencies	As at March 31, 2020	As at March 31, 2019
<b>Demands/claims by various government authorities and other claims not acknowledged as debts:</b>		
- Commercial sales tax of various states	9.76	23.07
- Demand for employee state insurance	51.61	51.61
<b>Total</b>	<b>61.37</b>	<b>74.68</b>
<b>Payment made under protest against the above</b>	<b>11.17</b>	<b>12.50</b>

(ii) Commitments	As at March 31, 2020	As at March 31, 2019
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account	49.33	119.92

47 Leases

(a) The Group has implemented Indian Accounting Standard for Leases ("Ind AS 116") with effect from April 1, 2019 using the modified retrospective approach without adjusting the comparative period. The effective interest rate for lease liabilities is 8.91%. The effect of initial recognition as per Ind AS 116 is as follows:

<u>Initial recognition on adoption of Ind AS 116</u>	<u>As on April 1, 2019</u>
Recognition of lease liabilities	18,369.30
Recognition of right of use assets	18,369.30
Reclassification from property, plant and equipment to right of use assets pursuant to adoption of Ind AS 116	1,212.68
Reclassification from prepayments pursuant to adoption of Ind AS 116	800.56

(b) Carrying value of right of use assets at the end of the reporting period	<u>As at March 31, 2020</u>
	24,602.17

(c) Analysis of Lease liability:

Movement of lease liabilities

<u>Recognition of Lease liabilities as on April 1, 2019</u>	<u>As at March 31, 2020</u>
Addition during the year	11,851.70
Accretion of interest during the period	2,085.67
Payments	(8,032.00)
<b>Closing Lease liabilities as on March 31, 2020</b>	<b>24,274.67</b>

Maturity analysis of lease liabilities

	<u>As at March 31, 2020</u>
Less than one year	7,308.51
One to five years	16,966.16

Lease liabilities included in the statement of financial position

Current	7,308.51
Non-Current	16,966.16

(d) Impact on Statement of profit and loss:

Particulars

	<u>For the year ended March 31, 2020</u>
Interest on lease liabilities	2,085.67
Depreciation on right of use assets	7,632.07
Other expenses	(8,374.60)
<b>Net impact on profit before tax</b>	<b>1,343.14</b>



48 Related party disclosures

(A) Name of Related Parties

i Enterprise controlling the Group:

Modi Fiduciary Services Private Limited, trustee of Ravi Modi Family Trust

ii Other related parties and related party relationships with whom transactions have taken place during the year:

Mr. Ravi Modi - Managing Director	Key Managerial Person (KMP)
Mrs. Shilpi Modi - Whole-time Director	Key Managerial Person (KMP)
Mrs. Usha Devi Modi - Whole-time Director	Key Managerial Person (KMP)
Mr. Ajay Modi - Whole-time Director	Key Managerial Person (KMP)
Mr. Dalpat Raj Jain - Chief Financial Officer	Key Managerial Person (KMP) (w.e.f. April 18, 2018)
Mr. Navin Pareek - Company Secretary	Key Managerial Person (KMP)
Ms. Kavita Modi	Relative of KMP
Dynamic Storage & Retrieval Systems Private Ltd	Enterprises owned or significantly influenced by KMP
Manas Foundation (Trust)	Enterprises owned or significantly influenced by KMP
Shenayah Retail Stores Private Ltd	Enterprises owned or significantly influenced by the relative of KMP
Vandana Enterprise	Enterprises owned or significantly influenced by the relative of KMP
Pranit Fashions	Enterprises owned or significantly influenced by the relative of KMP

(B) Details of transactions with related parties

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
<b>Rent expense</b>		
Kavita Modi	-	2.40
Shilpi Modi	-	3.00
<b>Total</b>	-	<b>5.40</b>
<b>Sale of products (including taxes)</b>		
Shenayah Retail Stores Private Limited	2,106.99	1,959.86
Pranit Fashions	62.91	77.63
Vandana Enterprise	1,189.32	1,107.22
<b>Total</b>	<b>3,359.22</b>	<b>3,144.71</b>
<b>Recovery of expenses (including taxes)</b>		
Shenayah Retail Stores Private Limited	1.97	-
Vandana Enterprise	11.05	4.50
Pranit Fashions	0.27	0.14
<b>Total</b>	<b>13.29</b>	<b>4.64</b>
<b>Reimbursement of Expenses</b>		
Pranit Fashions	0.02	-
Shenayah Retail Stores Private Limited	3.03	1.38
Vandana Enterprise	3.35	-
<b>Total</b>	<b>6.40</b>	<b>1.38</b>
<b>Corporate social responsibility expenditure</b>		
Manas Foundation	231.02	177.50
<b>Total</b>	<b>231.02</b>	<b>177.50</b>
<b>Repayment of loan taken</b>		
Ravi Modi	0.15	-
<b>Total</b>	<b>0.15</b>	<b>-</b>
<b>Sale of property, plant &amp; equipment</b>		
Dynamic Storage & Retrieval Systems Private Ltd	1.16	-
<b>Total</b>	<b>1.16</b>	<b>-</b>

The receivables from and payables to related parties as at March 31, 2020 and March 31, 2019 are set out below:

		As at	
		March 31, 2020	March 31, 2019
<b>Receivable from:</b>			
Pranit Fashions	Trade receivables	30.44	-
Shenayah Retail Stores Private Limited	Trade receivables	850.78	800.68
Vandana Enterprise	Trade receivables	362.42	343.93
<b>Total</b>		<b>1,243.64</b>	<b>1,144.61</b>
<b>Payable to:</b>			
Ravi Modi	Director's Remuneration payable	102.83	-
Shilpi Modi	Director's Remuneration payable	1.04	-
Ravi Modi	Loan payable	-	0.15
<b>Total</b>		<b>103.87</b>	<b>0.15</b>

(C) Remuneration of key management personnel

The remuneration of key management personnel and a relative of key management personnel of the Group are set out below in aggregate for each of the categories specified in Ind AS 24 'Related party disclosures'.

	For the year ended	
	March 31, 2020	March 31, 2019
<b>Salary &amp; Allowances*</b>		
Ravi Modi	1,102.83	949.97
Shilpi Modi	501.04	474.99
Usha Devi Modi	40.00	48.00
Ajay Modi	102.00	96.00
<b>Total Directors' Remuneration</b>	<b>1,745.87</b>	<b>1,568.96</b>
Dalpat Raj Jain	128.51	88.99
Navin Pareek	15.00	11.34
<b>Total Other</b>	<b>143.51</b>	<b>100.33</b>

\* Salary & Allowances exclude amount towards retirement benefits



#### 49 Financial Instruments

##### Financial risk management objectives and policies

This section gives an overview of the significance of financial instruments for the Group and provides additional information on the Balance Sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 3.

#### I Financial assets and liabilities as at

Particulars	Carrying Value/ Fair Value	
	As at March 31, 2020	As at March 31, 2019
<b>(i) Financial Assets</b>		
<b>a) Measured at FVTPL</b>		
Investments in mutual funds	24,573.21	9,129.62
Receivable towards forward contract	-	1.57
<b>b) Measured at Amortised Cost*</b>		
Security deposits given	4,821.00	3,463.83
Investments in Debentures	10,544.93	10,311.38
Interest accrued on fixed deposits, debentures and loan	338.93	114.67
Trade receivables	37,205.62	33,274.17
Cash & cash equivalents	886.59	213.86
Other bank balances	6,086.04	11,728.29
Loan Given	18.51	21.42
<b>Total</b>	<b>84,474.83</b>	<b>68,258.81</b>
<b>(ii) Financial Liabilities</b>		
<b>a) Measured at FVTPL</b>		
Payable towards forward contract	7.72	-
<b>b) Measured at Amortised Cost*</b>		
Security deposits	7,882.46	6,447.86
Current borrowings	-	0.15
Lease liabilities	24,274.67	-
Trade payables	5,040.31	6,031.47
Other financial liabilities	402.02	638.17
<b>Total</b>	<b>37,607.18</b>	<b>13,117.65</b>

\* Carrying value of assets/ liabilities carried at amortized cost are reasonable approximation of its fair values.

#### 50 Fair Value Hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Particulars	Fair Value measuring at the end of the reporting period using			As at March 31, 2020
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments in mutual funds	24,573.21	-	-	24,573.21
<b>Total</b>	<b>24,573.21</b>	<b>-</b>	<b>-</b>	<b>24,573.21</b>
<b>Financial Liabilities</b>				
Payable towards forward contracts	-	7.72	-	7.72
<b>Total</b>	<b>-</b>	<b>7.72</b>	<b>-</b>	<b>7.72</b>
<b>Fair Value measuring at the end of the reporting period using</b>				
<b>As at March 31, 2019</b>				
<b>Particulars</b>				
<b>Financial assets</b>				
Investments in mutual funds	9,129.62	-	-	9,129.62
Receivable towards forward contracts	-	1.57	-	1.57
<b>Total</b>	<b>9,129.62</b>	<b>1.57</b>	<b>-</b>	<b>9,131.19</b>

a) The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants.

b) Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered approximate to the fair value.

c) Trade receivables, cash and cash equivalents, other bank balances, loans, 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. Fair value of investments in mutual funds are on the basis of net asset value as declared by mutual fund house as on the Balance Sheet date.

d) There has been no transfer between level 1, level 2 and level 3 during the above period.



## 51 Financial Risk Management

The Group's activities expose it to variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is commodity price risk. The Group uses forward contracts to mitigate foreign exchange related risk exposures.

### a) Market Risk

The Group operates both in domestic and international market and consequently the Group is exposed to foreign exchange risk through its sales in overseas countries. The Group holds forward contracts such as foreign exchange forwards to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyses foreign currency risk from financial instruments:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Exposure Currency (USD)</b>		
Trade receivables (INR in Lacs)	220.31	166.71

For the year ended March 31, 2020 and March 31, 2019, every percentage appreciation in the exchange rate between the Indian rupee and USD, would increase the Group's profit before tax by approx. Rs. 2.20 Lacs and Rs. 1.66 Lacs respectively.

### Derivative Financial Instruments

The Group holds forward contracts such as foreign exchange forwards to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining maturity period.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Less than 1 year</b>		
Forward contract - to cover export receivables (Amount in USD)	1.80	2.08

### b) Commodity Price Risk

The Group is affected by price volatility of its key raw materials and traded goods. Its operating activities requires a continuous supply of key material for manufacturing products. The Group's procurement department continuously monitor the fluctuation in price and take necessary action to minimize its price risk exposure.

### c) Security Price Risk

The Group's businesses are subject to certain risks and uncertainties including financial risks. Group has invested in debentures and liquid schemes of mutual funds. To manage its price risk arising from investments, the Group diversifies its portfolio. The investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

### d) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 37,205.62 Lacs and Rs. 33,274.17 Lacs as at March 31, 2020 and March 31, 2019 respectively. Trade receivable includes both secured and unsecured receivables and are derived from revenue earned from domestic and overseas customers. Credit risk has always been managed by the Group through taking security deposits and bank guarantees from customers, credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the invoice date.

Trade Receivables	As at March 31, 2020	As at March 31, 2019
Less than 30 days	5,713.25	7,653.25
31 to 90 days	23,306.29	19,961.16
91 to 180 days	7,461.18	4,953.45
More than 180 days	724.90	706.31
<b>Total</b>	<b>37,205.62</b>	<b>33,274.17</b>

Above figures include secured debtors amounting to Rs.12,414.13 Lacs and Rs.10,767.41 Lacs as at March 31, 2020 and March 31, 2019 respectively.

### e) Liquidity Risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations as well as investment in mutual funds and debentures. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Less than 1 year</b>		
Borrowings	-	0.15
Trade payables	5,040.31	6,031.47
Lease Liabilities	7,308.51	-
Other financial liabilities	924.74	743.55
	<b>13,273.56</b>	<b>6,775.17</b>
<b>More than 1 year</b>		
Lease Liabilities	16,966.16	-
Other financial liabilities	7,367.46	6,342.48
	<b>24,333.62</b>	<b>6,342.48</b>
<b>Total</b>	<b>37,607.18</b>	<b>13,117.65</b>



**Vedant Fashions Private Limited**

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

*(All amounts are in INR Lacs, unless otherwise stated)***52 Capital Management**

The Group's capital management is driven by its policy to maintain a sound capital base to support the continued development of its business. The Board of Directors seeks to maintain a prudent balance between different components of the Group's capital. The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is defined as current and non-current borrowings (including current maturities of long term debt and interest accrued) less cash and cash equivalents and current investments.

Particulars	As at March 31,	
	2020	2019
Share capital	2,504.55	2,504.55
Other equity	104,096.90	86,346.17
<b>Equity (A)</b>	<b>106,601.45</b>	<b>88,850.72</b>
Cash and cash equivalents	886.59	213.86
Current investments	30,514.26	16,923.22
Other bank balances	6,083.67	11,725.30
<b>Total fund (B)</b>	<b>37,484.52</b>	<b>28,862.38</b>
Current borrowings	-	0.15
<b>Total debt (C)</b>	<b>-</b>	<b>0.15</b>
<b>Net debt (D=(C-B))</b>	<b>(37,484.52)</b>	<b>(28,862.23)</b>
Total capital (equity + net debt)	<b>69,116.93</b>	<b>59,988.49</b>

Net debt to equity ratio (E=D/A)

\* Net debt is negative and hence not applicable.





Vedant Fashions Private Limited

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

53 Segment Reporting :

(i) The geographical information considered for disclosure are - India and Overseas

Particulars	Revenue from Operations	
	For the year ended March 31, 2020	For the year ended March 31, 2019
India	89,880.54	79,005.73
Overseas	1,674.34	1,068.50
Total	91,554.88	80,074.23

The following table shows the carrying amount of segment assets by geographical area to which these areas are attributable :

Particulars	Carrying amount of assets*	
	As at March 31, 2020	As at March 31, 2019
India	157,521.29	113,067.15
Overseas	220.31	166.71
Total	157,741.60	113,233.86

\* Carrying amount of assets is excluding tax assets.

(ii) Information about major customers

Revenue from a single customer amounting to Rs. 11,255.46 Lacs (March 31, 2019: Rs. 10,876.25 Lacs) is more than 10% of the Group's revenue.

54 Business Combination

**Amalgamation of Rainbow Iron & Steel Suppliers Private Limited with the holding Company**

During the previous year, the National Company Law Tribunal ("NCLT") vide order dated September 25, 2018, sanctioned the Scheme of amalgamation of Rainbow Iron & Steel Suppliers Private Limited ("RISSPL") with the holding Company pursuant to the provisions of Sections 230 to 232 of the Companies Act 2013 read with Companies (Compromises Arrangements and Amalgamations) Rules, 2016. Accounting for the scheme of amalgamation was done as per 'Pooling of Interest Method' as specified in accordance with Appendix C of 'Business Combinations of entities under common control' of Indian Accounting Standard (Ind AS 103). The appointed date of the Scheme was December 15, 2017, however the effect of amalgamation was considered in the books retrospectively as per the requirements of Ind AS 103 'Business Combinations'.

On the scheme of amalgamation becoming effective, the holding Company issued 96,42,250 number of fully paid up equity shares to shareholders of RISSPL i.e. 19,28,45 paid up shares of Rs. 2 each for each shares held by the shareholders in RISSPL. Accordingly, the aggregate amount of shares issued on December 21, 2018 amounting to Rs. 192.85 lacs (@ Rs. 2 per share fully paid up) was disclosed as "Shares pending issuance" under Other Equity as at March 31, 2018. These shares were issued during the previous year and was transferred to share capital.

RISSPL was having investment in 95,30,000 number of shares of holding Company. As per the scheme, on the amalgamation of RISSPL with the holding Company, the shares of holding Company held by RISSPL was cancelled. The excess amount of the cancelled share capital of the holding Company over the investment by RISSPL in the holding Company, amounting to Rs. 76.24 lacs, was treated as Capital Reserve in the Group's financial statements.

The financial information as at and for the year ended March 31, 2019 was prepared considering the impact of aforesaid scheme of amalgamation with effect from April 01, 2017.

In accordance with the scheme of amalgamation, the authorised share capital of RISSPL (5 lacs equity shares of Rs. 2 each) was merged and combined with the authorised share capital of the holding Company.



**Vedant Fashions Private Limited**

Notes to the consolidated financial statements as at and for the year ended March 31, 2020

(All amounts are in INR Lacs, unless otherwise stated)

**55 Share based payments**

The holding Company has introduced Employee Stock Option Scheme 2018 ("ESOP"), pursuant to the approval of the shareholders of the holding Company at their extra ordinary general meeting held on September 3, 2018. The ESOP scheme includes both tenure based and performance based stock options. The performance conditions attached to the option is measured by comparing holding Company's performance in terms of revenue and profit before tax over the performance period with budgeted revenue and budgeted profit before tax respectively as defined in the Scheme, and individual employee performance.

Vesting Conditions	Exercise Period	Tranches	Date of Grant	Numbers of options granted	Exercise Price per share
On continued employment with the holding Company and fulfillment of performance parameters. Over a period of 2 to 4 years from the date of grant.	10 years from the date of grant of stock options	Tranche 1	September 3, 2018	332,124	344
		Tranche 2	December 21, 2018	13,663	344
		Tranche 3	January 21, 2020	19,039	536

**Movement of Options Granted**

The movement of the options for the year ended March 31, 2020 is given below:

Particulars	Tranche 1		Tranche 2		Tranche 3	
	Stock Options (Numbers)	Weighted Average exercise price (Price per option)	Stock Options (Numbers)	Weighted Average exercise price (Price per option)	Stock Options (Numbers)	Weighted Average exercise price (Price per option)
Options outstanding at the beginning of the year	332,124	344	13,663	344	-	-
Options granted during the year	-	-	-	-	19,039	536
Options forfeited during the year	-	-	-	-	-	-
Options exercised during the year	(82,558)	344	-	-	-	-
Options lapsed during the year	249,566	344	13,663	344	19,039	536
Options outstanding at the end of the year						

There were no options vested during the year (March 31, 2019 - Nil).

**Fair Valuation:**

The fair valuation of options was carried out by an independent valuer using Black Scholes Model. The various inputs and assumptions considered in the pricing model at grant date for the stock options granted under ESOP Scheme 2018 are as under.

Particulars	Tranche 1 & 2	Tranche 3
Risk Free interest rate (%)	7.95	6.41
Option Life (Years)	7	7
Expected Volatility (%)	37	42
Fair value (in Rs. per option)	190	428
Share price at options grant date (in Rs. per share)	344.97	686.35

Effect of the above employee share-based payment plan on the statement of profit and loss and on its financial position:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee compensation cost pertaining to share-based payment plans (in INR Lacs)	135.72	125.12



**Vedant Fashions Private Limited**

**Notes to the consolidated financial statements as at and for the year ended March 31, 2020**

*(All amounts are in INR Lacs, unless otherwise stated)*

**56 Group Information**

Particulars	Country of incorporation	As at March 31, 2020 % of Holding	As at March 31, 2019 % of Holding
<b>Subsidiaries</b>			
i) Manyavar Creations Private Limited	India	100%	100%
ii) Mohey Fashions Private Limited	India	100%	100%

As on the Balance Sheet date, there are no subsidiaries that have non-controlling interests that are material to the Group.

**57 Statement regarding subsidiary Company**

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

SL No.	1	2
Name of the subsidiary Company	Manyavar Creations Private Limited	Mohey Fashions Private Limited
Name of the holding Company	Vedant Fashions Private Limited	
% of shareholding of holding Company	100%	100%
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable	
Share Capital	401.00	10.00
Reserves & Surplus	1,363.23	(4.64)
Total Assets	5,368.24	6.01
Total Liabilities	3,604.01	0.65
Revenue from operations	4,881.79	-
Profit/(loss) before taxation	(330.27)	(0.98)
Tax expense/(credit)	(57.57)	-
Profit/(loss) after taxation	(272.70)	(0.98)



## 58 Additional Information

## a) Information as at and for the year ended March 31, 2020

Name of the entity in Group	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent:</b>								
Vedant Fashions Private Ltd	100.95%	107,614.16	103.59%	24,512.44	89.17%	(8.98)	103.59%	24,503.46
<b>Subsidiaries:</b>								
Manvar Creations Private Ltd	1.65%	1,764.23	(1.16%)	(272.70)	10.83%	(1.09)	(1.16%)	(273.79)
Mohey Fashions Private Ltd	0.01%	5.36	(0.00%)	(0.98)	0.00%	-	(0.00%)	(0.98)
	<b>102.61%</b>	<b>109,383.75</b>	<b>102.43%</b>	<b>24,238.76</b>	<b>100.00%</b>	<b>(10.07)</b>	<b>102.43%</b>	<b>24,228.69</b>
<b>Intercompany elimination and consolidation adjustments</b>								
	(2.61%)	(2,782.30)	(2.43%)	(574.94)	0.00%	-	(2.43%)	(574.94)
<b>Total</b>	<b>100.00%</b>	<b>106,601.45</b>	<b>100.00%</b>	<b>23,663.82</b>	<b>100.00%</b>	<b>(10.07)</b>	<b>100.00%</b>	<b>23,653.75</b>

## a) Information as at and for the year ended March 31, 2019

Name of the entity in Group	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent:</b>								
Vedant Fashions Private Ltd	100.18%	89,013.72	100.06%	18,226.64	98.73%	10.57	100.06%	18,237.21
<b>Subsidiaries:</b>								
Manvar Creations Private Ltd	0.04%	38.02	0.04%	6.43	1.27%	0.14	0.04%	6.57
Mohey Fashions Private Ltd	0.01%	6.34	(0.01%)	(1.08)	-	-	(0.01%)	(1.08)
	<b>100.23%</b>	<b>89,058.08</b>	<b>100.09%</b>	<b>18,231.99</b>	<b>100.00%</b>	<b>10.71</b>	<b>100.09%</b>	<b>18,242.70</b>
<b>Intercompany elimination and consolidation adjustments</b>								
	(0.23%)	(207.36)	(0.09%)	(15.51)	-	-	(0.09%)	(15.51)
<b>Total</b>	<b>100.00%</b>	<b>88,850.72</b>	<b>100.00%</b>	<b>18,216.48</b>	<b>100.00%</b>	<b>10.71</b>	<b>100.00%</b>	<b>18,227.19</b>



**59 Critical estimates and judgements in applying accounting policies**

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

**i) Property, plant and equipment and useful life of property, plant and equipment and intangible assets**

The carrying value of property, plant and equipment and intangible assets (excluding brand & goodwill) is arrived at by depreciating the assets over the useful life of assets. The estimate of useful life is reviewed at the end of each financial year and changes are accounted for prospectively.

**ii) 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 Discounted cash flow model. The recoverable amount is sensitive to the discount rate used for the Discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the goodwill and brand.

**iii) Estimation of 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.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. 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 financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

**iv) Defined benefit plan**

The cost of the defined benefit gratuity plan and the present value of the gratuity 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 and mortality rates. 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 for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. (Refer Note 45)

**v) Leases**

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. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**vi) Share-based payment**

The holding Company uses the most appropriate valuation model depending on the terms and conditions of the grant, including the expected life of the share option and volatility. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 55.

**vii) Fair Value Measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



**Vedant Fashions Private Limited**

**Notes to the consolidated financial statements as at and for the year ended March 31, 2020**

*(All amounts are in INR Lacs, unless otherwise stated)*

**viii) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
  - Held primarily for the purpose of trading;
  - Expected to be realized 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 treated as current when:

- It is expected to be settled in 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.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months. Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

60 In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities across the Industry. The Group has been taking various precautionary measures to protect employees and their families from COVID-19. The Group 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 these financial statements, 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 impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Group's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions. The Group has resumed its business activities on a gradual basis in line with the guidelines issued by the Government authorities.

In terms of our report attached of the even date

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Sanjay Agarwal  
Partner

Membership No. 055833

Place: Kolkata

Date: September 24, 2020



**Vedant Fashions Private Limited**

**For and on behalf of the Board of Directors**



Ravi Modi  
Managing Director  
DIN : 00361853



Dalpat Raj Jain  
Chief Financial Officer



Shilpi Modi  
Director  
DIN : 00361954



Navin Pareek  
Company Secretary

