## **PEOPLE - PLANET - PROSPERITY** REIMAGINING A NEW FUTURE





ANNUAL REPORT **2020-21** ADITYA BIRLA FASHION AND RETAIL LIMITED

## **BIG IN YOUR LIFE**



Mr. Aditya Vikram Birla We live by his values. Integrity, Commitment, Passion, Seamlessness and Speed.

#### **Letter to Shareholders**

#### Dear Shareholder,

The COVID-19 pandemic has touched every aspect of our lives across the world. It has altered mindsets, perceptions, and strategies for businesses and beyond. If there is one abiding lesson, it is that sustainable growth and development involves holistic nurturing of human, natural, and financial capital. 2020 is a year that will only gain in significance when viewed through the perspective lens of time.

#### **The Global Economy**

The world has been fighting the COVID-19 pandemic for more than a year now, and the struggle has had deleterious economic effects. In 2020, the global economy contracted by 3.3%, the largest contraction on record, at least since World War II. Much of it was concentrated in the first half of our fiscal year FY21, as several countries enforced strict lockdowns. Economies bounced back - albeit at differentiated speeds - in subsequent quarters, on the back of large fiscal stimulus packages, especially in the developed countries, restocking demand after dilution of lockdowns, and improved confidence levels following the start of vaccination programmes. As per the recent forecasts from International Monetary Fund (IMF), the US and China are expected to record a strong recovery in 2021, resulting in a



As per the recent forecasts from International Monetary Fund (IMF), the US and China are expected to record a strong recovery in 2021, resulting in a net positive expansion of their economies over the 2019 levels. These two engines of growth are expected to boost demand for exports from other countries. Even the other two large economies, the EU and Japan, are expected to expand.

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In response to the pandemic, central banks resorted to strongly supportive monetary policies in most developed economies, causing interest rates to go down to record lows. At the same time, another consequence of this policy has been a surfeit of liquidity. That has led to a strong rally in prices of many industrial commodities, which has also been supported by the evolving economic recovery, stimulus-related demand expectations and certain supplyside disruptions. This has caused inflationary pressures on the cost dynamic of several manufacturing industries.

The latest IMF forecast suggests a strong 6% growth in global GDP in 2021. But the occurrence of second and third waves of COVID in different parts of the world and reports of virus mutations have created downside risks to the outlook of a strong growth rebound. Recovery remains uneven and uncertain, with the extent of fiscal support and level of vaccination being key differentiators of the short-term economic outlook across countries.

### **Indian Economy**

Indian economy, which was firmly on the path of recovery in the second half of FY21, was hit by a rather unexpectedly virulent second wave of COVID-19. That caused a severe strain on healthcare facilities in many parts of the country, leading to localized lockdowns and a fall in mobility to levels seen a year ago. This may lead to some reassessment of growth estimates for FY22.

As a silver lining, disruptions to production and supply chains have been far less severe during the second wave than during the first wave. Vaccinations are picking up pace, which would support faster normalization of mobility levels and of related economic activities. Continued accommodative monetary policy of the RBI and the expected increase in capex from the Government are factors that will support growth recovery. In addition, global growth prospects provide us with exports as an additional strong driver of growth.

The longer-term prospects for the Indian economy continue to be robust. Various initiatives, including privatization of public sector enterprises, monetization of assets, implementation of National Infrastructure Pipeline, targeted investment incentives through the Production-Linked Incentives Scheme and the new Labour Code, are likely to spur a virtuous cycle of investments and growth in the medium-term.

### **ABG in Perspective**

Like for many other organizations, the COVID crisis brought out challenges of many forms. Economic impact and business disruptions apart, many members of our extended family – our employees and their near ones, our value chain partners, our neighbourhoods – faced health emergencies. The pandemic also caused deep psychological scars as people had to adjust to new ways of living and working. Notwithstanding these challenges, our employees have displayed the highest possible resilience in coping with personal concerns and yet staying focused on the customers and the business. Our business results convey only a small part of the story of our employee courage, compassion, community spirit and cultural strength.

As the lockdowns took a firm grip on people's lives and constraints mounted in the early part of the financial year, our leadership teams rose to the occasion with robust planning and continuous communication with people

**Notwithstanding** these challenges, our employees have displayed the highest possible resilience in coping with personal concerns and yet staying focused on the customers and the business. Our business results convey only a small part of the story of our employee courage, compassion, community spirit and cultural strength.

Workplace health, hygiene and COVIDappropriate behaviour remained the focus of our managers at all levels helping the organization to stay ever vigilant. 'Test, Treat and Trace' was the mantra of protection and well-being followed scrupulously. at all levels through the organization. Personally, it was energizing for me to engage at scale with employees globally through a series of digital town halls that instilled confidence in employees and reinforced the power of 'One ABG'. The 'Respond, Recover and Re-imagine' framework underpinned several new initiatives. These included close coordination among HR teams across the Group units to respond to local-level challenges by leveraging the organizational resources and a thrust on disseminating relevant information through all digital channels about the resources lined up to help the extended ABG family deal with the emergencies.

COVID warriors were trained, and voluntary networks were formed to assist our employees and their families in need. Preferential tie-ups with local hospitals and a central coordination centre with an external party were set up to provide special assistance to our employees through Doctors' network, telemedicine and other COVID related Health assistance. Workplace health, hygiene and COVID-appropriate behaviour remained the focus of our managers at all levels helping the organization to stay ever vigilant. Test, Treat and Trace' was the mantra of protection and well-being followed scrupulously.

Apart from focusing on health emergencies, initiatives for mental agility and continuous learning were taken to maintain organizational morale. A learning programme christened as 'Chairman's Invitation Series' was curated to bring the best insights on a changing world from the world's leading thought leaders. There was an increased thrust on online education, recognition, and knowledge sharing sessions.

These well-rounded initiatives on the people front also helped our Business performance to bounce back strongly. The focus on customers and costs remained undiminished though the year. Critical business processes such as new line commissioning, new product launches, new system and technology implementation- all happened seamlessly and presented a unique human story of innovation and fortitude bringing alive the values of commitment and passion. People learnt new skills and new behaviour at work while not being at office or at the workplace as one knows. People engagement, team trust and Group values proved to be the energy and the glue for our performance.

In the spirit of not letting a crisis go to waste, our HR Teams globally collaborated to create a long-term HR Strategy for the Group and individual businesses. This was achieved even while working remotely; 150 of the HR leaders came together digitally over a four-month period to craft a coherent HR strategy to reflect both Group aspirations and the business needs. Premised on creating an Avant-Garde HR strategy, the work focused on employee experience and business productivity in a balanced mix with growth, technology, and talent as other critical pillars. This HR strategy is under dissemination to various stakeholders and an annual action agenda is being rolled out at all levels. This has been a signature example of collaboration, thought leadership and determined action - ingredients that usually make up most successful organizations.

#### Sustainable Focus

The experience of the past year reinforces the criticality and importance of sustainable businesses. At Aditya Birla Group, sustainable business model needs to have three pillars – responsible stewardship, stakeholder engagement and future proofing. We use four dimensions of Business sector, Geography of operation, Value chain and Time horizons to identify issues that are material for the sustainability of our businesses; and then create approaches to balance risks and opportunities for all Critical business processes such as new line commissioning, new product launches, new system and technology implementation- all happened seamlessly and presented a unique human story of innovation and fortitude bringing alive the values of commitment and passion. The reported fullyear revenue of the Company for FY21 stood at ₹ 5181 Crore with a 60% recovery vs last year reported revenue of ₹ 8743 Crore. The Company recorded an EBITDA margin of 12.9% despite the continuing headwinds due to the pandemic. those material issues. For example, on environment, energy conservation initiatives help us to mitigate risks, while solar energy and climate-resilient products help us to pursue opportunities. Since transparency is fundamental to our approach on Sustainability, most of the ABG companies have consciously begun their journey to 'mainstream' ESG reporting.

#### Your Company's Performance

Your Company is India's leading branded fashion player, with a portfolio of some of the most aspirational brands of the country. Spanning retail space of 8.4 million sq. ft., it is India's first billion-dollar pure-play fashion powerhouse, with an elegant bouquet of leading fashion brands and retail formats, established for over 25 years. With its vast network spanning 850+ cities in India, the Company has built a strong distribution, serving the country's large and fast-growing brand-conscious consumers.

Globally, the fashion retail industry was among the most severely impacted sectors by the pandemic and the subsequent lockdowns. Your Company was also affected by the demand compression and supply challenges during the period.

However, the Company used these conditions to improve its overall competitive position in the market. This was done by driving comprehensive cost reductions, aligning the product mix with changing consumer needs and accelerating the digital transformation journey.

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Last year, your Company also strengthened its balance sheet by infusing equity through a Rights Issue and a strategic minority investment. These steps to fortify the balance sheet will enable the Company to stay lean and agile and yet make swift leaps for growth on the other side of this pandemic.

As the 1<sup>st</sup> wave of the pandemic brought the country to a grinding halt given the nationwide lockdown, sales got severely impacted due to the shutdown of stores. The Company utilized this time to reskill its staff and collaborate with government institutions to manufacture PPEs and masks for frontline COVID warriors. When the country began to gradually unlock during the second quarter, our stores ensured global safety standards to enable safe shopping for our consumers.

Your Company refreshed its product portfolio quickly to meet the changing consumer requirements during the pandemic. The strong recovery trajectory recorded by the Company in the second half of the year was fuelled by increased share of product categories such as casual wear, active wear, athleisure wear and loungewear.

In line with changing consumer affinity and comfort with e-commerce, your Company focused on strengthening the e-commerce play of its brands by building improved brand websites for superior consumer experience, complementing its offline strategy in retail.

Your Company accelerated Omni channel rollout, to let its consumers shop virtually and be served through nearby stores, by connecting the inventory of more than 1000 stores to its e-commerce platform. The Company's own E-commerce channel posted strong growth, with the category growing almost three folds over previous years. Your Company accelerated Omni channel rollout, to let its consumers shop virtually and be served through nearby stores, by connecting the inventory of more than 1000 stores to its e-commerce platform. In FY21, ABFRL further enriched its portfolio with new partnerships with two of India's most iconic designers, Sabyasachi Mukherjee and Tarun Tahiliani. Your Company also accelerated the digitization of its internal processes across design, merchandising and marketing. It had initiated a new operating model in its design, supply chain and go-to-market strategies to design and offer products 12 times a year, instead of the industry norm of 2 times through a proprietary digital platform. This has made the business more agile and flexible, which has been a source of strength in the current uncertain market conditions.

The pandemic did not deter our physical network expansion plan, as we still see apparel as a highly underpenetrated category in India.

Your Company also significantly accelerated its play in the ethnic segment, in line with its strategy to build a strong presence across all meaningfully large segments of the apparel fashion market. The Company entered this segment in FY20 with the acquisition of Jaypore, a premium craft-based artisanal brand, and through an investment in Shantanu & Nikhil, one of India's leading designer-duo with a distinct play in the occasion wear segment. In FY21, ABFRL further enriched its portfolio with new partnerships with two of India's most iconic designers, Sabyasachi Mukherjee and Tarun Tahiliani.

### Outlook

The next fiscal is going to be a race to normalcy for the industry with re-invigorated market sentiments. We are looking at the new fiscal with a cautious optimism around markets and consumer preferences. The Indian economy is headed towards a steady recovery, glimpses of which we could see during the festive season of FY21. As vaccination drives progress throughout the country, we expect consumers to get back to shopping with a renewed optimism. As mobility picks up, the demand for categories like formals, occasion wear, festive wear and accessories will recover once again. With a digitally and structurally transformed business, your Company is well poised to capture the post-pandemic opportunity.

ABFRL's capital structure has undergone a significant change, and the balance sheet has been further strengthened. This should fortify the business from short term disruptions. A leaner firm with a diverse and well-executed portfolio play will enable ABFRL to position itself as a leader across all fashion and lifestyle segments, ranging from value retail, premium brands to luxury.

### Conclusion

The year-long response to the pandemic, across the globe, exhibited all that is noble and uplifting in the human spirit. A spirit that was also in display in your Company's actions and performance during the year.

Through this pandemic, your Company's people and systems have been battle tested and even better prepared to face any competitive challenge or serious external disruption. It has strengthened the bonds within, opened better vistas of co-operation and convinced our stakeholders that our people deliver – no matter what! That is our best assurance of sustainability and continued collective prosperity.

Yours sincerely,

**Kumar Mangalam Birla** Chairman



## FY 2020-21 HIGHLIGHTS

₹ 5,249 CRORE REVENUE

₹ 628 CRORE EBITDA

22,000 + EMPLOYEES

**850 +** CITIES

**3,212** STORES

**8.4 MILLION SQ. FT.** RETAIL SPACE







When fine craftsmanship meets the mark of excellence, a Louis Philippe product is born. Louis Philippe rises to the occasion of adorning men with impeccable taste and with a refined sense of luxury fashion.

For more than 30 years, we've been honoring every moment of a man's life with the grandeur it deserves. From weddings, business meetings, suits, shoes, polo shirts, denims, blazers to chinos, there's something for everyone.

Welcome to the world of Louis Philippe – a statement woven in perfection, stitched together by passion and styled to perfection.













Van Heusen is India's No. 1 premium lifestyle brand for professionals. With a rich heritage of 128 years, the brand entered India in 1990. Over its 25 years of history in India, Van Heusen has emerged as a fashion authority for the ever-evolving Indian consumer and has established itself as the one-stop destination for latest trends.

Today, Van Heusen is not only the most preferred work wear brand, but also straddles effortlessly across categories including casuals, ceremonial and party wear.







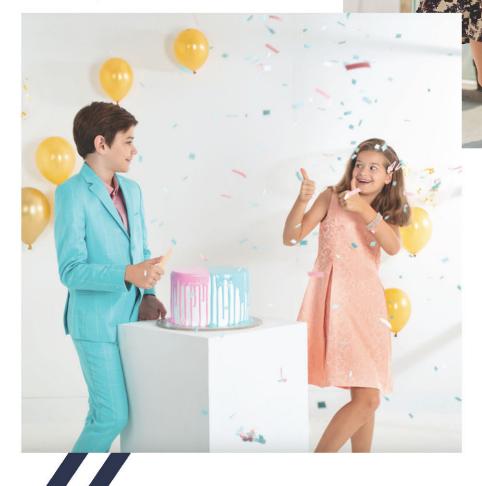




Allen Solly has been revolutionizing work wear expressions for the last 25+ years and has established itself as the go-to brand for unconventional and versatile fashion. Allen Solly has redefined all rules of corporate dressing. Ditching blacks, greys and whites, the brand adds a pop of vibrant personality and flair to dress young India in fashionable yet unconventional clothing not only for a regular day at work but also beyond.

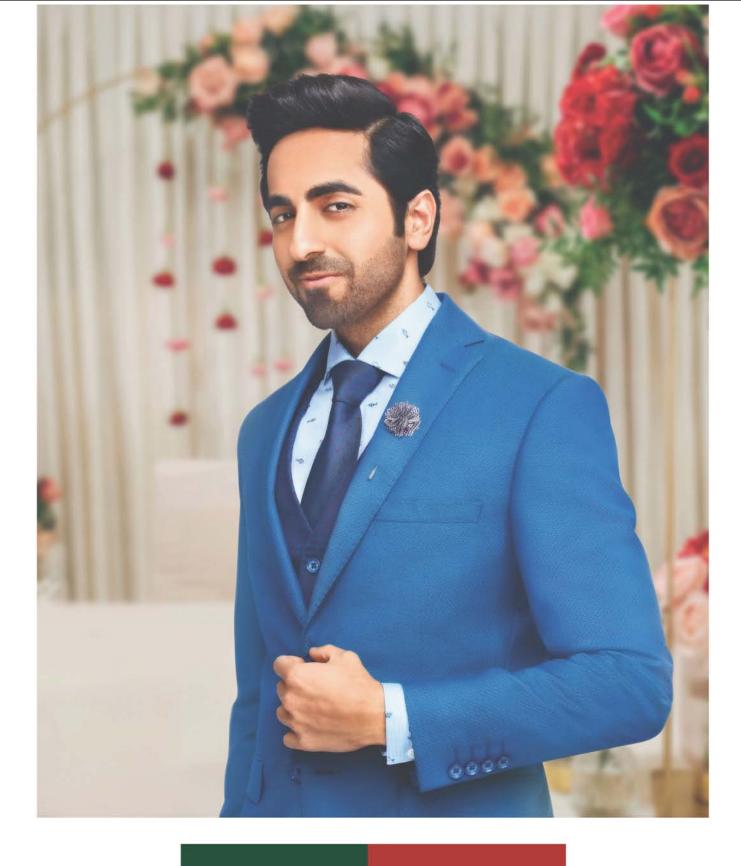
A pioneer in western wear for women in India, Allen Solly offers a versatile collection, ranging from business casuals to denims to fusion. Through its 'Juniors' sub-brand, Allen Solly offers a range of exciting and vibrant clothing that helps kids have fun with colours and prints.

In 2021, Allen Solly launched 'Tribe', a new subbrand targeting young adults aged 16-22 years. The new sub-brand offers an exciting ensemble of swanky shirts, t-shirts, sweatshirts, joggers, jeans, jeggings and much more curated for personal styling and allowing young consumers to express individuality and chic fashion.









## PETER ENGLAND

Peter England redefines style, attitude and comfort through its unparalleled range of shirts, trousers, denims, suits and blazers, and t-shirts. The brand has transformed the fashion landscape of today's young Indian men. Over 187 new stores were opened in FY21, adding on to the brand's wide footprint of 1000+ stores spanning the length and breadth of the country.

To bring in positivity in challenging times, the brand associated with the leading fashion icon Ayushmann Khurrana, as the brand ambassador. Peter England quickly evolved to changing consumer needs and introduced new categories and services such as antiviral masks, antiviral apparel, sanitisers and hyperlocal service. The brand continues to be one of India's leading fashion brands, pioneering innovation and unmatched quality.





## PETER ENGLAND





# pantalons

Pantaloons, a division of ABFRL, is one of India's most preferred fast fashion destinations among large retail format stores. With 346 stores across 170 towns, Pantaloons has evolved into a progressive style partner for the fashion seeking shopper. It has earned its position as a spontaneous, playful, vibrant brand which is at the forefront of all fashion trends across categories including womenswear, all menswear, kidswear, fashion accessories and recently home products.

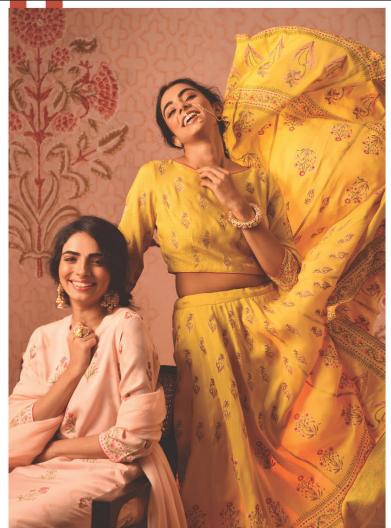
As it enters its 25th year; Pantaloons is considered as a brand which has pioneered fashion retail in India and has emerged as one of the strongest players in the market.





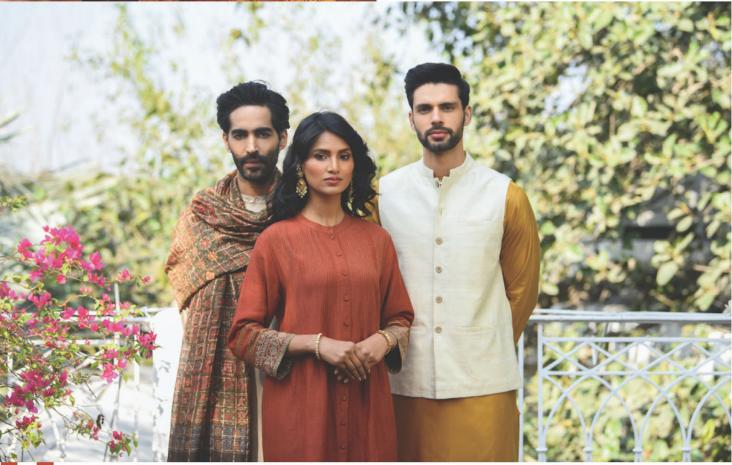
## pantaloons





## JAYPORE

Jaypore is India's leading destination for craft based and artisanal products, across womenswear, menswear, exquisite jewellery and home. Jaypore as a brand is committed to preserving and reviving authentic Indian products suited for a modern lifestyle. The brand sources from more than 70 craft clusters and curates exquisite collections. These are featured on its website and are available in three stores across Delhi and Bangalore. In a very short time, the business has earned high respect among the craft community and connoisseur customers for making craft products more accessible. Jaypore ships worldwide and has a global audience.





Forever 21 in India brings the newest runway and hottest trends, from Los Angeles to the fashionable GenZ/ millennials Indians at the hallmark 'sweet-prices' of Forever 21. Through the brand's exclusive website <u>www.Forever21.in</u> for the Indian market, enables access to fashionable clothes and accessories for GenZ/ millennials girls and boys, and all those who feel millennial-age at heart.

## FOREVER 21

Forever 21, India's most loved, international fast fashion brand from Los Angeles, California, licensed by Aditya Birla Fashion and Retail Ltd. in India, houses the edgiest and up-to-date trends, to make you feel fashionable and trend right. The partnership between Forever 21and ABFRL marks a milestone in the creation of ABFRL as the largest integrated branded fashion player in India, with a strong foothold in the womenswear segment, given the growing popularity of fast fashion in the young demographics of the country.





## AMERICAN EAGLE

American Eagle, an iconic denim brand is now completing three years in India.

"We celebrate the real and true You. No phony marketing promises. No make-believe locations. No retouching. We do make one promise - our clothes let you be you. Jeans are our core business. This is what we do best. Our Jeans are a blank canvas made for selfexpression."

The new Spring assortment highlights the company's commitment to sustainability, with the introduction of REAL GOOD products which are made with the planet in mind. All of the REAL GOOD styles have been sustainably produced or sourced.







Fred Perry created a brand that presented practical, well-fitted sports outfits to the world of fashion. His designs are simple with a streamlined silhouette and a focus on lightweight functionality. The brand has created a perfect blend between sportswear and street fashion.

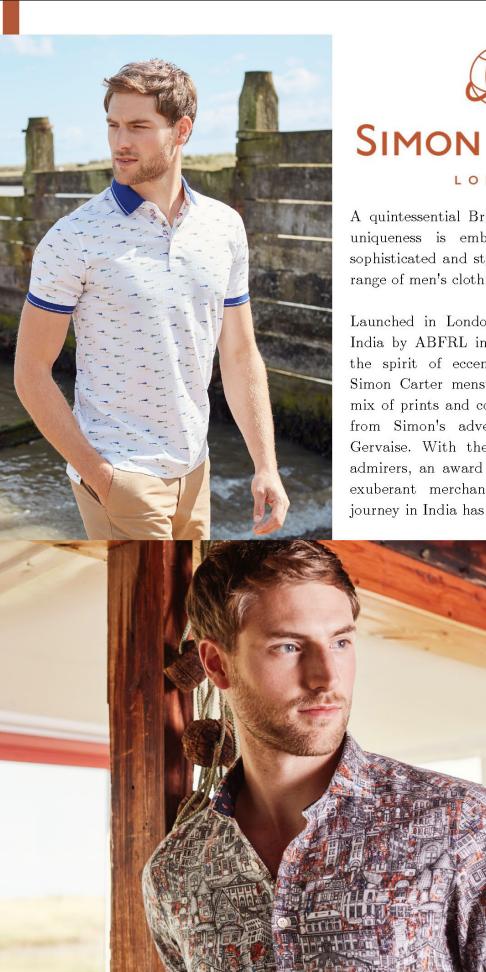






"What I do is about Living. It's about Living the best life you can and enjoying the fullness of the Life around you-from what you wear, to the way you live, to the way you love." - Ralph Lauren. Ralph Lauren has created a lifestyle brand to encourage this kind of living by introducing apparel, accessories, fragrance collections and home furnishings. Ralph Lauren Corporation has been a global leader in the design, marketing, and distribution of premium lifestyle products since five decades. The brand has had a significant influence on the dressing of people due to its attention to detail, fine quality and timeless design.







A quintessential British brand, Simon Carter's uniqueness is embossed in its quirky, yet sophisticated and stylish designs, straddling full range of men's clothing and accessories.

Launched in London in 1985 and brought to India by ABFRL in 2017, the brand celebrates the spirit of eccentricity and curiosity. The Simon Carter menswear collection is a playful mix of prints and colours, with designs inspired from Simon's adventures with his pet dog Gervaise. With the Royal Family among its admirers, an award winning retail identity and exuberant merchandise, the brand's exciting journey in India has just begun.





## TEDBAKER LONDON

Ted Baker London is an elevated fashion and lifestyle brand inspired by the gleaming details of everyday Britain. The brand has a clear and unwavering focus on quality and attention to detail, coupled with a quirky and fun British sense of humour. The collection is a perfect mix between traditional and modern fashion.



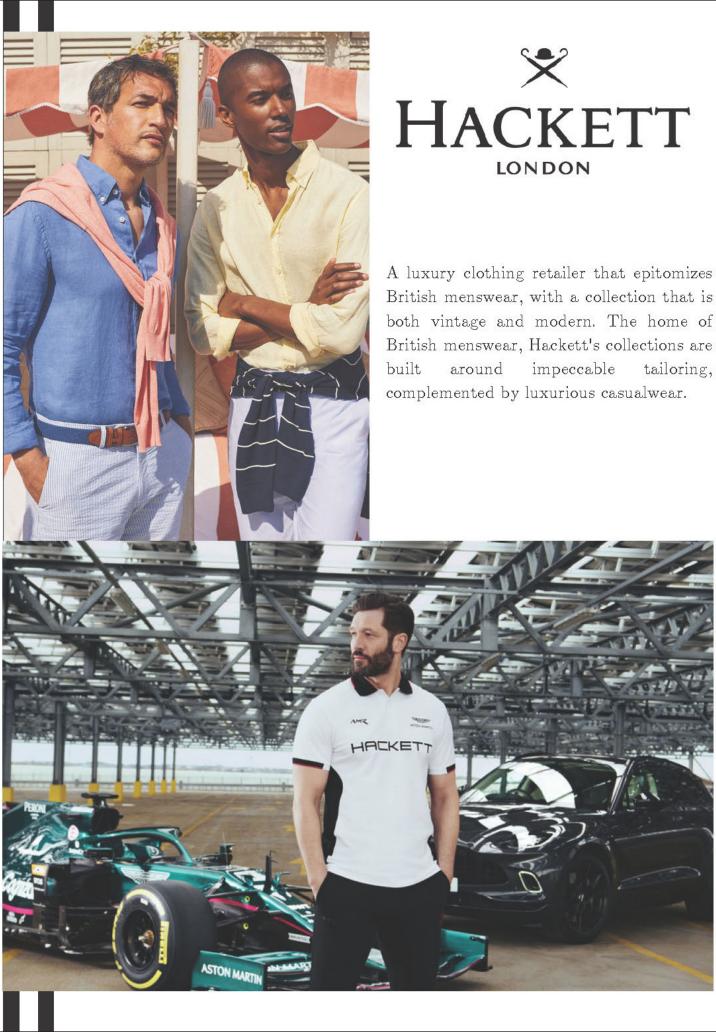


## THE COLLECTIVE

India's first and largest multi retail brand, offering great assortment available exclusively with THE COLLECTIVE in India put together with a unique point of view.

The brand acts as a style mentor for its customers by housing the biggest and most exclusive names in global fashion, under the same roof.









#### SHANTANU & NIKHIL

Shantanu & Nikhil delineate progressivism and distinctiveness by encapsulating the vibrancy of vintage India and blending it with the glee and excitement of a modern celebratory India. This belief created the foundation of the Shantanu & Nikhil philosophy and its centricity on gender fluidity, offering sartorial choices.

Shantanu & Nikhil couture has completed two decades in the Indian couture ambit. They are the signature drape creators for men in India and have added a sense of liberation to structured Indian ceremonial wear with iconic silhouettes like the Drape Kurta and Drape

Celebration Wear by S&N reinstates the idea of celebrating oneself, the journey and the destination. It is the new ready-to-wear brand – where design is governed by rich Indian heritage, art and craft; all with a hint of

With Shantanu & Nikhil there is always a reason to dress up! #CelebrationWear & #CeremonialWear



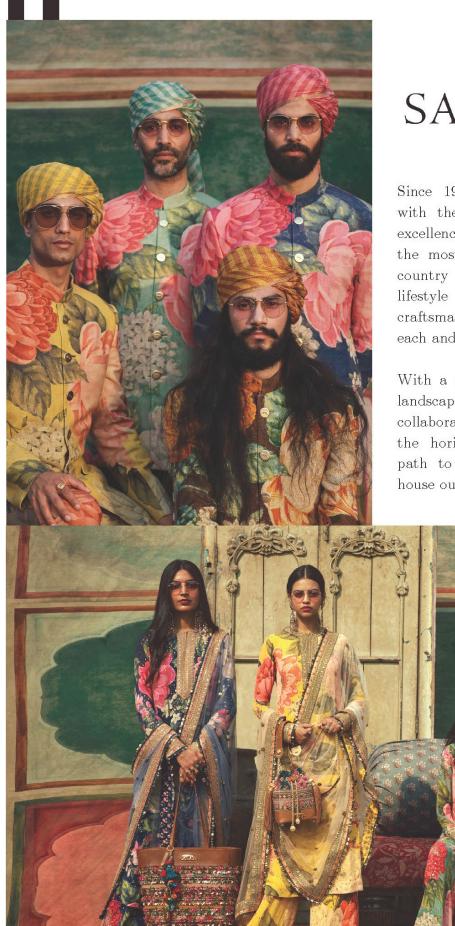
## TARUN TAHILIANI

Setting out to create the image of India Modern, Tarun Tahiliani is a brand that straddles the present while being rooted in India's heritage of draped form and tradition of artistry. These quintessential techniques of craftsmanship, imbibed with love across generations, are made globally astute through the cut, construct and finish of Tarun Tahiliani silhouettes. Each creation exemplifies the guiding philosophy – 'all that we were and more."

Founded in 1995, the Tarun Tahiliani Design Studio juxtaposes modern sartorial prowess and the intricacies of Indian technique with skill. These richly detailed, structured drapes are crafted to lend an edge to Tahiliani's modern, Indian woman. Across couture, occasion wear and ready-towear, the designer's studio creates unique combinations of historical opulence and contemporary chic through the fine crafts and textiles of India.

The brand's distinctive signature has evolved as a fusion of intricate detail, refined luxury, and meticulous tailoring. The Tarun Tahiliani Design Studio creates couture, diffusion and prêt-a-porter which are Indian in their sensibility, yet international in their appeal. The rich heritage of the subcontinent is reinvented as contemporary high fashion through the genius of Indian craftsmanship and the finest textiles.







Since 1999, Sabyasachi has been sharing with the world a unique story of Indian excellence. The brand has emerged as one of the most influential cultural voices in the country — shaping modern fashion and while celebrating artisanal craftsmanship and traditional techniques in each and every product.

With a solid footing in the domestic retail landscape, several major global collaborations, and international flagships on the horizon, Sabyasachi continues on its path to becoming the first global luxury house out of India.







# WE ARE COMMITTED TO GIVE BACK MORE THAN WHAT WE TAKE FROM OUR ECOSYSTEM

We started our sustainability journey with ReEarth – a structured sustainability programme in 2012. Over the years, we have achieved most of our targets laid down under the movement. We have now transitioned into the next phase of our sustainability journey with ambitious goals and a roadmap to achieve them by 2025.

FY21 marks one year of this new strategy - Sustainability 2.0, designed to integrate a robust culture in our people and cascade sustainable practices into the supply chain. This phase of sustainability journey is supported by digital transformation.

Digitalisation is powering Sustainability 2.0 and integrating its three pillars – product design and development, customer-centricity, and supply chain. These digitalisation efforts may seem like small interventions at multiple touchpoints, but these small changes will lead to large scale positive impacts that are far-reaching for the environment, social and governance issues. Digitalisation is also opening up horizons to add new business models, new revenue streams, making our core operations more efficient and the entire business more sustainable.

While we have just started, we have reached a significant milestone in this journey. **ABFRL has been positioned as 'Asia's Most Sustainable Company' and 8<sup>th</sup> Globally in Textiles, Apparel & Luxury Industry category based on S&P Global Corporate Sustainability Assessment 2020.** These rankings reflect our continued commitment to people and the planet. This is just the beginning. We are geared to reach our sustainability 2025 goals, and in the process contribute to the UN Sustainable Development Goals.



# **CORPORATE SOCIAL RESPONSIBILITY**







**beneficiaries** 





**Sustainable** 

Water & Watershed



Digitalisation

Volunteering





# ENERGY

34% of the energy generated from renewable sources across ABFRL operations



# WASTE

Zero Waste disposed to landfill across ABFRL facilities



# CARBON FOOTPRINT

3.38% Reduction in scope 1 and scope 2 emissions across ABFRL operations against the baseline of the last financial year



# SAFETY

Zero severity - no severity 5 incidents at our premises



# WATER

1.48 times water positive across ABFRL facilities. 54,020 KL of Rainwater Harvested and Artificially Recharged within premises

45% renewable water used across ABFRL facilities through rainwater harvesting and recharging renewable water sources

75% recycle/reuse across ABFRL facilities through wastewater treatment and reuse



# GREEN BUILDING

2 Lakh sg. ft. of the ABFRL built environment is under the green building certification process in the logistics and warehouse rating system by the IGBC rating system. The pilot of 2 certified facilities under the IGBC Net-Zero energy rating system is in progress



# SUSTAINABLE PRODUCTS

Product sustainability attribute

40% garments of ABFRL have at least one sustainability attribute out of all five attributes:

Raw Material, Production Process. Farm & Factories, Sustainable Packaging, and People

#### Sustainable Material

Usage of sustainable inputs like BCI Cotton, Live Eco Fibre, Liva, Recycled Polyester, Bamboo, Tencel, Lyocell, Modal and Linen



# PACKAGING

88% sustainable packaging

# **Our COVID Response**

### HOW EVENTS UNFOLDED IN INDIA

#### 11 MAR'20

WHO declares COVID-19 as a pandemic

24 MAR'20 Sensex and Nifty crashed

#### 25 MAR'20

Nation wide lockdown announced: only essential services and supplies allowed

#### 1.JUN'20

Economy re-opened in phased manner

#### 17 SEP'20

India reached its peak COVID cases in the 1<sup>st</sup> wave

#### 6 NOV'20

After a series of unlock since June, the Unlock 6.0 announced

#### 31 DEC'20

Stock market reached all time high; breached previous milestones; fashion & retail industry nearing pre-covid levels

#### 16 JAN'21

First phase of vaccination drive began: priority given to healthcare and front-line workers

#### 10 FEB'21

Second wave hits the country; strong headwind for fashion retailers

#### 5 APR'21

Lockdown-like curbs imposed in certain states

14 APR'21

Second wave peaked

#### 7 JUN'21

States and cities re-open as second wave wanes

#### 21.JUN'21

India administered record breaking vaccine doses of over 85 lakh in single day

The Board

The Board led the business' COVID-19 response by directing senior leadership to consider all scenarios associated with the pandemic, reviewed and considered potential response options, and laid out guidelines for ABFRL's approach with each of its stakeholders and the community at large. The Board called on ABFRL's COVID Taskforce and Management committee to provide strategic interventions on employee health and welfare, focus on business continuity and evaluate and approve business support measures and policies. Post declaration of the pandemic by the World Health Organization, the Board members doubled down on their monitoring and tracking of the situation.

Leadership Team

The ABFRL Management formed a core team to actively drive operational leadership, gain thorough visibility across the value chain and ensure correct and complete communication of situation on ground. For ensuring complete safety of all employees, the business quickly moved to а work-from-home set-up well ahead of the nationwide lockdown. The Leadership team frequently met and kept a close tab on health of employees and seamless implementation of safety guidelines. Customer needs were consistently being served by ensuring safe access to merchandise through various digital modes/channels.

ABFRL CAER Program & ABG Code Red



Covid Assistance & Emergency Response Program (CAER)-360° care program 15,000+ beneficiaries\*



99% eligible employees vaccinated (1<sup>st</sup> dose vaccinated)





200+ employee volunteer network worked 24\*7 Covering 70 cities and 25 states



COVID Care Policy for additional emergency financial assistance 10,500+ beneficiaries\*



Life Support Ambulance Service across 40 cities / towns



Emergency services offered through Aditya Birla Group 'Code Red' program

HR ( )epartment

All People Priorities were revisited to embark on a series of actions focused on repurposing goals towards employee wellbeing and safety. The ABFRL COVID Assistance and Emergency Response (CAER) Team was formed with HR heads of all business, led by the Chief Human Resources Officer. This team implemented Government advisories and local health authority circulars; planned scenarios, responses and execution actions: monitored the environment and local business conditions periodically and maintained communication and awareness across business operations. The HR team launched a slew of training programs to build digital competencies among its employees, along with conducting sessions for their physical, mental and emotional well-being.

Operations Team

Our operations team, along with focusing on ensuring business continuity, took up the initiative to support India's fight against the pandemic. Manufacturing team liaised with Governments to dedicate manufacturing facilities for producing essential supplies of masks and PPEs for frontline healthcare workers across the country. We also brought in highest degree of safety protocols to ensure our stores are the safest shopping destination. Manpower was reskilled and machinery redesigned in record time, to manufacture PPEs and masks while maintaining highest level of hygiene and safety standards at the factories. During this time, we also upskilled our frontline staff by imparting them with relevant competence.

Adapting to the changing ecosystem



Manufacturing facilities dedicated to produce PPE/coveralls for frontline warriors



Staff Re-skilled and machinery re-engineered



믭

#### Produced

- 12 million Reusable Cotton masks
- 1 million Surgical masks
- 1 million PPEs

E learning through internal digital platforms and Apps

- 1,00,000 + learning hours
- Unique users grew 4x
- 5,000+ staff trained daily



Provided prevention & relief activities

- Close to 2 lakh beneficiaries
- Vaccinated more than 5,000 people
- More than 50,000 masks distributed
- Close to **30,000 beneficiaries** of ration distribution
- Helped setting up Isolation Wards in **local communities/Panchayats**

# **COVID RESPONSE IN ACTION**





Store Safety Protocols



Supporting Local Artisanal Communities



Manufacturing PPE Kits



Safe Shopping



Kumar Mangalam Birla Chairman & Non-Executive Director Appointed w.e.f. February 24, 2021

- A Chartered Accountant and MBA, London Business School.
- Chairman of the Board of Directors of your Company and of the venerable Indian multinational 'Aditya Birla Group', which operates in 36 countries across six continents.
- Chairs the Boards of all of the Group's major companies in India and globally. In the 25 years, that he has been at the helm of the Group, he has accelerated growth, built meritocracy and enhanced stakeholder value. In the process he has raised the Group's turnover by over 20 times.
- Has been the architect of over 40 acquisitions in India and globally, among the highest by any Indian multinational. Under his stewardship, the Group enjoys a position of leadership in all the major sectors in which it operates, from cement to chemicals, metals to textiles, and apparels to financial services.
- Outside the Group, he has held several key positions on various regulatory and professional Boards such as Director on the Central Board of Directors of the Reserve Bank of India and Chairman of the Advisory Committee constituted by the Ministry of Company Affairs and also served on The Prime Minister of India's Advisory Council on Trade and Industry.
- Chairman of the SEBI Committee on Corporate Governance, he framed the first-ever governance code for Corporate India. He is also the first Indian Industrialist to be conferred an Honorary degree by the Institute of Company Secretaries of India.
- Deeply engaged with Educational Institutions: Chancellor, Birla Institute of Technology & Science (BITS) and Chairman, IIM, Ahmedabad.
- Director, G. D. Birla Medical Research & Education Foundation.
- On the global arena, he serves on the London Business School's Asia Pacific Advisory Board and is a Honorary Fellow of the London Business School. In 2019, Mr. Birla constituted a £15mn scholarship programme at the London Business School in memory of his grandfather, Mr. B. K. Birla, marking the largest ever endowed scholarship gift to a European Business School.
- A firm practitioner of the trusteeship concept, has institutionalized the concept of caring and giving at the Aditya Birla Group. With his mandate, the Group is involved in meaningful welfare driven activities that distinctively impact the quality of life of weaker sections of society.

	Core Skills	С	Е	F	G	н	1	S	Т
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Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill
С	Corporate Governance	F	Financial literacy & Risk Management	Н	Human Resource Development	L	Legal & Compliance	S	Sustainability
E	Expertise – Strategic	G	General Management	I	Industry knowledge	М	Marketing	Т	Technology, Digitisation & Innovation



Himanshu Kapania Vice-Chairman & Non-Executive Director

- Alumnus of IIM Bangalore and BIT Mesra.
- Chairman, Vodafone Idea Limited [Former Managing Director].
- Vice Chairman, Grasim Industries and a member of the 'Business Review Council' for Aluminum business of Hindalco and Cement business of UltraTech, Indian listed companies promoted by the Aditya Birla Group.
- Has over 34 years of work experience primarily in Management Leadership, Technology, Operations, Sales & Marketing etc., with deep understanding of Indian consumers and society. His tryst with the Indian telecom industry dates back to over two decades and he has been a key contributor to the exponential growth of the sector while assisting Indian government in formulating Mobile Services Policies & Regulation.
- Has served on the Global GSMA Board for two Years in 2015 and 2016, and was also Chairman of COAi (Cellular Operators Association of India) during 2012-14 and 2015. Presently Chairman of FICCI Council on 'Telecom, Electronics and Digital Economy' (TED Council).





Ashish Dikshit Managing Director

- Alumnus of IIT-Madras (Electrical Engineering), IIM-Bangalore (MBA) and Harvard Business School (Advanced Management Program).
- Has over 26 years of experience in diverse roles across industries and functions. Started his career at Asian Paints before moving to Madura Fashion and Lifestyle Division of the Company, where he worked in its various functions ranging from Sales, Brand Management, Supply Chain and Sourcing over 15 years. He was appointed President of its Lifestyle Business in 2007 and went on to become its CEO in 2012.
- Served as the Principal Executive Assistant to the Chairman of Aditya Birla Group, where he built strong knowledge across Group's various businesses in multiple industry sectors, ranging from manufacturing businesses such as Metals, Cement, Textiles and Specialty chemicals to consumer businesses such as Telecom, Financial Services and Retail.
- Was honoured with the Outstanding Leader Award in the year 2011 by the Chairman of the Aditya Birla Group.





Sangeeta Pendurkar Whole-time Director Appointed w.e.f. February 24, 2021

- CEO, Pantaloons division and Jaypore.
- Has had a successful career of over 30 years spanning across four diverse sectors i.e. FMCG, pharmaceuticals, financial services and retail.
- Prior to her current role, she was the Managing Director for Kellogg India and South Asia. Before joining Kellogg India, she has held senior positions at Coca-Cola India, HSBC Bank, Hindustan Unilever and at Novartis (then Hindustan Ciba-Geigy), where she started her career.
- Was listed as Fortune's most powerful women in business in India for six consecutive years from 2012 to 2017.
- One of the top 50 most influential women in India in media and marketing for 2020. Also on Business Today's list of Most Powerful women in Indian Business for 2020. Recognized as the "CEO of the Year" at the ET Prime Women Leadership Awards, 2020.
- Has held various industry positions, during her career. Was the Chairperson of the FICCI - Food Processing Committee, for two consecutive years when she was part of the food industry.
- Also, an Independent Director on the board of Vistara Airlines & Signify Innovations India Limited.



- An IIM Bangalore alumnus and a computer engineer from BIT Ranchi
- CEO of Madura Fashion & Lifestyle (MFL), a business unit of Aditya Birla Fashion and Retail Limited (ABFRL).
- He joined the Madura business in 1995 as a Management Trainee. During his 25-year long stint, he has worked across functions and occupied various roles in sales, marketing and retail. Prior to his stint as CEO of Madura, he was the CEO of Aditya Birla Retail Limited (ABRL), where he was instrumental in transforming the "More" Supermarket and Hypermarket business.
- He has won multiple accolades for his stellar contribution to the fashion and retail industry. Within the ABG umbrella, in 2014, Vishak received the Aditya Birla Group 'Chairman's Award for Outstanding Leader' for his exceptional contribution to the business. In 2015, ABG conferred him with the prestigious 'Aditya Birla Fellow' title.

Core Skills E F G I M S	Г
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Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill
С	Corporate Governance	F	Financial literacy & Risk Management	н	Human Resource Development	L	Legal & Compliance	S	Sustainability
E	Expertise – Strategic	G	General Management	I	Industry knowledge	М	Marketing	Т	Technology, Digitisation & Innovation



Vishak Kumar Whole-time Director Appointed w.e.f. February 24, 2021



Nish Bhutani Independent Director Appointed w.e.f. June 5, 2020



Preeti Vyas Independent Director Appointed w.e.f. March 31, 2021



Sukanya Kripalu Independent Director

- Holds a degree in MBA (Honors) from Harvard University, and B.S. and M.S degrees in Engineering from Stanford University.
- Has over 27 years of experience with digital and technology companies in Silicon Valley, UK and India.
- Founder & CEO of Indiginus a digital growth consulting business specialising in digital strategies, experimentation and capability building, with clients in varied industries including healthcare, education, online marketplaces, e-commerce and real estate.
- Previously, has been in senior leadership roles at companies such as CNET Networks in San Francisco, Lovefilm in London, Saffronart, Myntra, and Vuclip.



- Graduate from the National Institute of Design ("NID").
- An independent entrepreneur and has steered Vyas Giannetti Creative to a top position in India as an independent Design and Communication Consultancy.
- Serving as an Independent Director on the Board of Century Textiles
- Has been counted among 50 most influential women in India by Impact and Verve magazines. Ranked as one of the top creative minds by the Economic Times and named one of the 25 most Powerful Women in Indian business by Business Today.
- Conferred with the Women Disruptors Life Time Achievement Award 2021 by Ad Gully.
- Member of the Indian Design Council
- On the advisory councils of ISDI Parsons School of Design, MIT School of Design and the Governing Council of NID Amravati.



- Graduate from St. Xavier's College and the Indian Institute of Management, Calcutta.
- Consultant in the fields of marketing, strategy, advertising and market research. Her experience includes working with leading corporates like Nestle India Limited, Cadbury India Limited and Kellogg's India. Was also the CEO of Quadra Advisory, a WPP group company.
- Presently on the Boards of Directors of various companies, namely Ultratech Cement Limited, Huhtamaki Paper Products Limited, Aditya Birla Health Insurance, Entertainment Network India Limited (Radio Mirchi) and Colgate India Limited.





Sunirmal Talukdar Independent Director



Arun Adhikari Independent Director Appointed w.e.f. May 19, 2021

- Chartered Accountant from the Institute of Chartered Accountants of India and B.Sc. (Bachelor of Science) from St. Xavier's College, Calcutta University.
- Retired as Group Executive President and Chief Financial Officer of Hindalco Industries Limited in 2012.
- Has over 3 decades of rich & comprehensive experience backed by benchmark competence in the areas of Strategic & Tactical Planning, Mergers & Acquisitions, Corporate Governance, Project Evaluation & Financing, Equity & Debt Syndication, Internal Control/Audit Compliance, Direct, Indirect & International Taxation, Organizational Restructuring etc.



- Graduated with a B. Tech. (Chemical Engineering) from Indian Institute of Technology, Kanpur in 1975 and then did his MBA from Indian Institute of Management Calcutta.
- In 1997 attended the Advanced Management Program at The Wharton School, University of Pennsylvania, USA.
- Joined Hindustan Unilever Limited (HUL) as Management Trainee in 1977 and was with Unilever through his full career.
- Retired from Unilever in January 2014 Senior Vice-President for Unilever Laundry Category across Asia and Africa (Singapore)
- Worked with McKinsey & Company in India as Senior Advisor from May 2014 for 4 years, supporting the Consumer Practice and working extensively with McKinsey clients across Consumer and non-Consumer businesses on Marketing and Sales strategy related areas.
- Currently an Independent Director on the Boards of UltraTech Cement Limited, Aditya Birla Capital Limited, Aditya Birla Sunlife Insurance Co Limited, Voltas Limited and Vodafone Idea Limited.

Core Skills	С	Е	F	G	н	Μ	S
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Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill	Symbol	Core Skill
С	Corporate Governance	F	Financial literacy & Risk Management	Н	Human Resource Development	L	Legal & Compliance	S	Sustainability
E	Expertise – Strategic	G	General Management	I	Industry knowledge	М	Marketing	Т	Technology, Digitisation & Innovation



Vikram Rao Non-Executive Director Appointed w.e.f. March 17, 2021

- BE (Chemical) and MBA (XLRI) and has had a rich career spanning over 40 years.
- Started his career in 1975 with the UK based multinational Madura Coats India where, in a 19-year career, rose to become the President of the Madura Fabrics.
- In 1995, moved to Arvind Group as the President of Shirtings and Knits, which become a flagship business for Arvind.
- Joined Aditya Birla Group in 1999 as Group Executive President, Textiles and masterminded the Group's entry into the branded apparel industry with the acquisition of Madura Garments and was subsequently appointed as Whole-time Director of Aditya Birla Nuvo Limited, the then holding Company of Aditya Birla Fashion and Retail Limited.
- Thereafter, was appointed as Executive Director of Thai Acrylic Fibre Co. Limited Thailand; Director of Indo Liberty Textiles, Indonesia; and Executive Director of Alexandria Fibre Co. Limited Egypt.
- Post his retirement from the ABG Group in 2012, he took on a Business Mentor role with Resil Chemicals and subsequently in 2014 joined as the MD of N9 World Technologies Private Limited (a subsidiary of RESIL Chemicals).
- Continues to contribute to the development of leaders through his initiative of CEO coaching and mentoring and is globally accredited Executive Coach and has completed myriad coaching assignments in renowned global and diverse sectors.

<b>Core Skills</b>	Е	G	н	1	Μ	S	
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- Management student from Boston College, USA.
- Currently on the Board of Jaipur Rugs Company Private Limited and provides Jaipur Rugs the strategic direction it needs to explore business opportunities in the domestic and global markets.
- Has immense entrepreneurial abilities and deep knowledge in the manufacturing business, leading Jaipur Rugs increase its global presence to 65 plus nations, from just two a decade ago and position itself as a global leader in manufacturing and exporting exclusive, designer hand- knotted rugs worldwide.
- Vital part of many prestigious associations such as Rajasthan Angel Investors network (RAIN), Intellecap Impact Investment Network (I3N) and Entrepreneurs Organization (EO), to name a few.
- In 2020, named one of the most influential people in Indian Luxury by Luxebook Magazine. His vision to create a timeless brand out of India and his passion for grassroots has propelled an expansion drive in the business.





Yogesh Chaudhary Independent Director Appointed w.e.f. March 17, 2021



Sushil Agarwal Non-Executive Director Resigned w.e.f. March 31, 2021

- Chartered Accountant and holds a Master's degree in Commerce.
- Currently the Group Chief Financial Officer for the Aditya Birla Group. Also a member of the Business Review Council, which is an institutionalized mechanism for bringing in wider managerial perspectives and leadership experiences, into reviewing the development, growth and operations of the Group's businesses.
- Has been with the Aditya Birla Group since the beginning of his career in 1989 and has a distinction of working closely with the former Chairman Late Mr. Aditya Vikram Birla and current Chairman Mr. Kumar Mangalam Birla. He has worked with several businesses of the
- Aditya Birla Group and has richly contributed in many Restructurings, Mergers and Acquisitions initiatives of the Aditya Birla Group with his widely acknowledged financial acumen and analytical skills. Familiar with operations in most states in India and several countries abroad through his experience of about 31 years.

Core Skills C E F G I L

# **Key Managerial Personnel**

# Jagdish Bajaj

**Chief Financial Officer** 

# Geetika Anand

**Company Secretary & Compliance Officer** 

# **Key Executives**

**R Sathyajit** Chief Executive Officer, International Brands

Dr. Naresh Tyagi Chief Sustainability Officer

# Praveen Shrikhande

Chief Digital &Information Officer

# **Puneet Malik**

Chief Executive Officer, Innerwear Business

Chandrashekhar Chavan

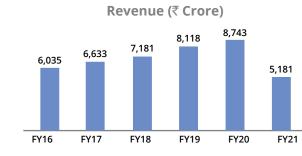
**Chief Human Resource Officer** 

Swaminathan Ramachandran Chief Supply Chain Officer

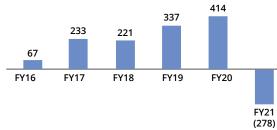
# **FINANCIAL HIGHLIGHTS**

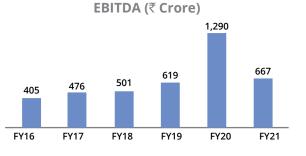
					(Amount	in₹Crore)
Particulars	FY16	FY17	FY18	FY19	FY20	FY21
Revenue	6,035	6,633	7,181	8,118	8,743	5,181
EBITDA	405	476	501	619	1,290	667
EBIT	67	233	221	337	414	(278)
PBT	(110)	54	49	149	(9)	(776)
PAT	(110)	54	118	321	(145)	(650)
Revenue Growth		9.9%	8.3%	13.0%	7.7%	-40.7%
EBITDA Growth		17.5%	5.4%	23.5%	108.5%	-48.3%
EBITDA%	6.7%	7.2%	7.0%	7.6%	14.8%	12.9%
EBIT%	1.1%	3.5%	3.1%	4.1%	4.7%	-5.4%
PBT%	-1.8%	0.8%	0.7%	1.8%	-0.1%	-15.0%
PAT%	-1.8%	0.8%	1.6%	4.0%	-1.7%	-12.5%
Capital Employed	2,755	3,003	2,955	3,132	6,330	6,188
Return on Average Capital Employed ("ROACE")	2.4%	8.1%	7.4%	11.1%	8.7%	-4.4%
Net Debt Equity Ratio	2.0	2.1	1.6	1.2	2.3	0.2

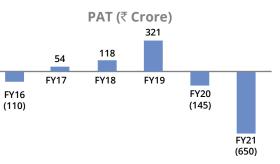
FY20 and FY21 are post implementation of Ind AS 116, hence not comparable with earlier periods



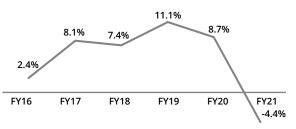














Report of the Board of Directors (Includes Management Discussion and Analysis)

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# **REPORT OF THE BOARD OF DIRECTORS**

#### (INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS)

#### Dear Members,

Your Company's directors hereby present the Fourteenth Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2021 (*"year under review/ FY 2020-21"*).

# MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

This year began with the advent of the pandemic, where most of the businesses had to face challenges brought upon by lockdowns, human distress and deeply impacted consumer confidence. In view of the imminent challenges at hand, the top near-term priorities for policy makers became:

- (i) Controlling the spread of COVID-19 and;
- (ii) Ensuring rapid and widespread vaccine deployment.

It is expected that aggressive vaccination rollout may contain the virus' spread and allow governments worldwide to ease restrictions; encouraging a gradual but definite return to regular economic activities. As experienced in other parts of the world such as US and UK, rapid vaccinations that started in late December 2020 had a direct impact on stimulating the consumption economy. Though there were pockets of COVID resurgence in the interim all across the globe, swift actions by the governments helped curb the spread. As we look forward, markets would expect to see a boom in consumption and spending post this phase, as has been the case, historically, post every global recession.

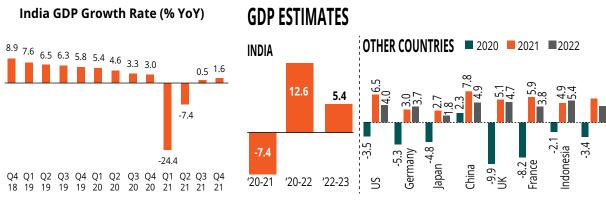
#### **Global Economy Overview**

According to the IMF's April 2021 World Economic Outlook, the global economy is projected to grow 6% in 2021, up from its 5.5% forecast in January 2021. Similarly, as per OECD economic outlook global economic growth is now expected to be 5.8% this year, a sharp upwards revision from the December 2020 Economic Outlook projection of 4.2% for 2021. Differences in the strength of economic recovery across countries are being driven by the extent of government support towards public health and vaccination policies, along with coordinated multi-pronged aggressive monetary policy response across the world; given most of the economies were comfortable in terms of inflation prior to this pandemic.

#### Indian Economy Overview

A strong rebound in economic activity is likely in India soon. India's GDP was initially anticipated to fall by 8%, which ended up declining by 7.3% in FY21. India's focus on implementing stringent measures towards saving lives and livelihoods has helped the Indian economy rebound faster than the other emerging markets. In 2020, monetary easing, supportive financial regulation and

fiscal support were deployed to counter the recessionary effects of the lockdown. CPI Inflation was expected to touch 5% in Q4 FY21 but ended up crossing the 5.5% mark and is expected to stabilise at 5.3% in Q4 FY22.



Source: OECD Economic Outlook, Interim Report

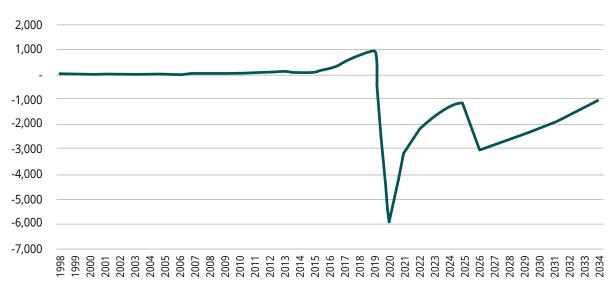
India has an advantage that its domestic consumption share (measured as Private Final Consumption Expenditure – PFCE) in its GDP is ~60%. This high share of private consumption in the GDP not only insulates India from the vagaries of global economy, but it also implies that a sustainable high economic growth in India directly translates to a sustained consumer demand for merchandise and services. Furthermore, with the Government enhancing capital expenditure, vaccination drive and relentlessly pushing forward on long-pending reform measures, improvement and strengthening of industrial activities should follow.

#### Outlook: Cautious Optimism, as we step into FY22

India's economy has shown signs of a strong recovery towards the end of 2020. The economy was poised to head towards rapid economic recovery in the medium to long-term. However, a combination of sharp handling of the lockdown and a regulated fiscal stimulus has allowed a quick resumption of economic activity. Risks to this recovery are inflation, unemployment and sluggish pace of vaccinations.

India's long-standing fundamentals continue to be robust, with a predominantly young population, growing urbanization, increasing participation of women in the workforce, rising disposable income, discretionary spending and growing middle-class. This is further fuelled by exploring untapped business potential in the semi-urban and rural economy, reform focused governance, and improving ease of doing business in the country. The Government's continued focus on infrastructure creation and enhancing indigenous expertise are other big positives.

India's growth forecast for FY22 is pegged at a spectacular 9.9% as observed by the Organisation for Economic Co-operation and Development *("OECD"*), one of the highest among major economies. The Economic Survey 2020-21 projected the economy to grow 11.5% in the fiscal year FY22, higher than the RBI's projection of 9.5%.



# Figure 1 - Change in world nominal GDP - WELT 2020 forecast vs WELT 2021 forecast, in \$ billion

**Financial Statements** 

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### **Industry Review**

### **Global Apparel Industry**

Amidst shifting consumer behaviours and accelerating digital demand, the fashion industry is gearing for the next normal, while bringing in transformation and innovation at the core of its business strategy. Agility and flexibility would be the key change management principle for fashion retailers with operational resilience being another.

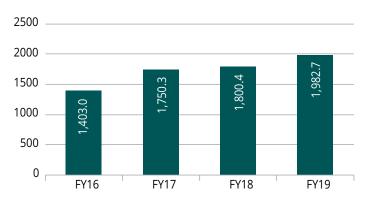
Digital channels will continue to be the primary driver of growth in the apparel retail industry. Brands are rethinking store formats to make them Omni-channel enabled, leveraging data and analytics to predict footfall, managing assortments and building personalized offerings. Armed with fresh customer insights, companies have reset their long-term strategies and are redirecting investment into opportunities that have sprouted during the outbreak of the pandemic. However, the underlying principle on consumer centricity remains the same, and brands will need to evolve with consumers, while staying true to their identity.

Global apparel market is close to 2.3% of world GDP with Europe, USA and China being the largest markets. Global apparel market shrunk during the last year and is expected to reach to pre-Covid levels soon.

# The Indian Apparel Industry

The Indian textiles and apparel industry is the 6<sup>th</sup> most prominent globally, with an estimated size of USD 70 Billion, and contributing nearly 4% to the global pie. It employs over 45 million people and is the 5<sup>th</sup> largest exporter of textile and apparel in the world with exports worth USD 36.4 billion. The pandemic has accelerated many trends in this space. The apparel retail industry's shift from unorganised to organised has become quicker, as aspirations for better fashion and brands is being coupled with wider and deeper supplies.

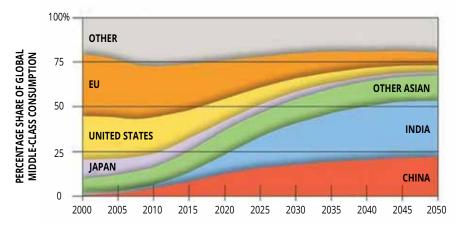
# Table: Increase in disposable income and per capita apparelexpenditure in emerging economies



Trends in per-capita income in India (US\$)

#### The global middle-class wave

Global middle-class consumption will shift heavily toward China, India, and other Asian countries (excluding Japan) as the high-income countries see their share decrease.



As pandemic forced people to stay at home, online apparel sales surged during the first half of the year, prompting many brands to fast-track digitization and offer e-commerce solutions. Moreover, brands leveraging technology would boost the overall industry with supply-side innovations, enhanced manufacturing capabilities, and efficient warehousing and distribution. Furthermore, going forward, aspects such as sustainability will continue to be one of the key points of differentiation that will drive aspirations back for brands.

# **Outlook: Indian Apparel Segment**

The Indian apparel market is the 2<sup>nd</sup> largest retail market after food and grocery. Domestic apparel players are expected to start seeing recovery towards the latter part of FY22. Growth in all apparel segments such as athleisure, active wear, casual wear and innerwear will gain aggressive momentum and provide opportunities to scale branded play.

# Key Trends in the Indian Apparel Industry

# 1. Digitalization is creating new opportunities across the value chain

In the new world, digital ecosystem will become increasingly crucial for brands to keep in touch

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**Financial Statements** 

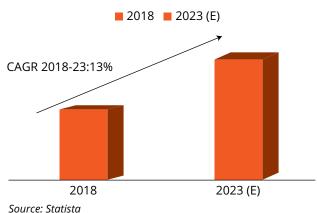
with consumers and understand their requirements. The adoption of digital technologies would help tackle multiple challenges and strengthen several aspects of the industry. Digitalisation will sweep through sourcing, designing, warehousing, cataloguing, transportation and all other touch points in the value chain of online commerce.

Brands are now exploring multiple channels to maximize sales, whether through brick and mortar and pop-up stores, smartphone apps, or desktop websites. The idea is to provide a seamless experience across various platforms, while building continued engagement. Omnichannel models are built around this thesis and they will gradually become the mainstay of business models across consumer businesses, not just fashion and apparel.

As e-commerce extends itself, fashion retailers are focusing on leveraging technologies to provide a seamless virtual shopping experience. These initiatives are designed to track their consumer journey and offer multitude of influencing and transaction avenues. Furthermore, automation methods, such as using sales CRM software, can improve the efficiency of customer management initiatives by sending more personalized and relevant communications to customers. Digital marketing expenditures are expected to increase and a considerable thrust would be put to leverage all possible digital channels to attract customers, drive sales, and, most importantly, continue building the brand.

#### 2. The Indian ethnic wear market is rapidly evolving

In last 4 -5 years, the rising Indian diaspora to a rise in Indian pride and trust within products of Indian origin is driving the Indian ethnic wear market, that is expected to reach ₹ 1.70 trillion by 2023 from a market size of ₹ 925 billion in 2018. Other than impetus on overall premiumization of category, this boost can also be attributed to the recession-proof wedding wear market, further augmented by increased consumption of ethnic wear for special occasions, traditional festivals and even work wear.



ETHNIC WEAR MARKET (INR CR)

Ethnic wear comprises the largest segment in the women's apparel category, accounting for more than 74% market share. Interestingly, more than 75% of this sector is currently unorganized. Another interesting shift visible in the ethnic wear segment is the rise of men's ethnic wear. While Ethnic wear accounts for 70.7% of the total womenswear market of USD 21.2 billion, the same accounts for only 6.6% of USD 23.5 billion in menswear, leaving a significant headroom for expansion of this category. This consumption pattern will be driven by rising disposable incomes, awareness through social media, and increased number of special occasions.

# 3. Active wear & athleisure is the new trend

India has the largest youth population, with the lowest median age across developed and developing nations. This, aided with a general propensity towards healthier lifestyles and engagement with activities related to fitness, athleisure and active wear have emerged as a new apparel category across segments and price points. The category has also gained prominence due to the new "work from home" setting brought upon by the impact of the pandemic. The growth in this category will continue long after the impact of the pandemic recedes and hence it's a permanent shift that way.

# 4. Reaching the wider India: The 'Bharat' opportunity

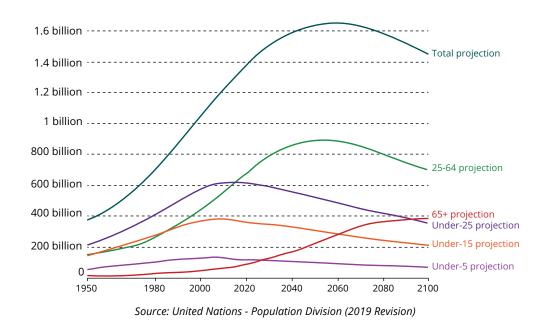
For decades, metro cities have attracted small town shoppers, given the prevalence of trends; quality of retail and creation of popular shopping destinations. However, with increasing social media influence, the demand for better quality products and latest fashion trends is continuously increasing in the smaller towns along with rising aspirations for branded merchandise. Looking at tremendous untapped potential, brands are now foraying into these markets aggressively.

# 5. Rising Youth fashion

The new generation of consumers, have the desire, passion and want for fashionable lifestyle that exudes confidence and style. They display a strong willingness to spend and are highly discerning about "best-in-class" offerings in every consumption category. Catering to these new consumers is a great Opportunity.

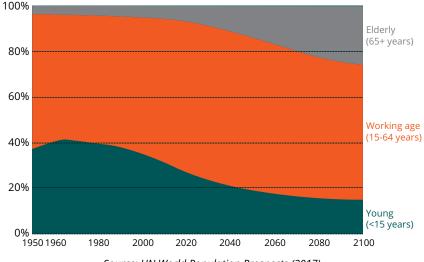
# Population by age bracket with UN projections, India

Historical population estimates (from 1950 to 2020), and projections through to 2100 based on UN medium fertility scenarios. This is shown for various age brackets and total population.



#### Size of young, working-age and elderly populations, India, 1950 to 2100

Historic estimates from 1950 to 2015, and projected to 2100 based on the UN medium scenario.



Source: UN World Population Prospects (2017)

#### 6. Women's Wear and Kid's wear as growth driver

The global women's apparel market is expected to grow at 5% between 2021-2025. An increase in the number of working women, their higher say in decision making and higher ability to spend are driving growth in women's fashion and lifestyle categories.

Kids wear is a significant part of the fashion industry and is presently growing at a CAGR of 5.9% in India. The kids wear segment accounting for almost 18% of India's total apparel market, provides an enormously lucrative opportunity for the Indian kids' apparel industry. The increased spending-capacity of the average Indian parent, affinity towards brands and online shopping are fundamental reasons for this growth.

#### 7. Value fashion - the largest growth opportunity

Value fashion is a promising segment in fashion retail, spreading across a broader customer base and varied geographies driven by aspirational consumers who are price conscious. Popular and mass-priced products constitute over 75% of the total fashion market in India. This is one of the fastest growing segments and as unorganised fashion shifts much more swiftly towards organised, this segment is expected to gain heavily. The drivers for this category are quality and value-for-money products that can cater to the regional choices.

#### **Business overview**

Your Company is India's largest pure-play fashion and lifestyle entity with an elegant bouquet of leading fashion brands and retail formats.

#### A) Madura Segments

Madura Fashion and Lifestyle (*"MFL"*) segment includes Lifestyle Brands, Youth Western Fashion, Active Athleisure Innerwear and Super Premium Brands. MFL reported a revenue of ₹ 3,405 Crore down by 37% the previous year. The EBITDA margin was positive 10.7% at ₹ 365 Crore compared to ₹ 746 Crore in FY20. MFL continued with expansion of its presence in the retail channel by opening new stores and ends the year with 2,866 exclusive brand outlets.

# Lifestyle brands

Your Company's Lifestyle brands house four of India's iconic apparel brands, addressing diverse customer needs in a unique way:

- Louis Philippe: To inspire the quest for excellence
- Van Heusen: To make professionals fashionable and trendy
- Allen Solly: To encourage unconventional thinking in your workplace
- Peter England: To bring alive authenticity and trust in our relationships

Each of the brands continued to dominate in their respective segments. The Business added around 380 new stores last year. The brands also expanded their loyal customer base to include over 22.4 million satisfied customers, gaining their trust by providing high-quality products and superb retail experience.

Lifestyle business, at the back of its strong brand portfolio, has gained share from its competition. With revamping its back-end operations through digitalization, the business has not only innovated on how to reach customers, but also has made significant stretches from its core proposition to create contextual fashion products such as WFH wear.

E-Commerce sales continued to rise significantly for the division; with the brands being available across all leading e-commerce platforms. Your Company's deep partnership with E-Commerce platforms, along with significant fillips to its own website, is expected to sharply improve the overall share of ecommerce channel.

Lifestyle brands	FY17	FY18	FY19	FY20	FY21
Walk-ins (Crore)	0.79	0.82	0.79	0.72	0.39
Conversion	44%	46%	50%	55%	83%
Average selling price ("ASP")	1,639	1,747	1,714	1,626	1,680
Average bill value ("ABV")	3,701	4,211	4,256	4,072	3,693
Items per bill	2.3	2.4	2.5	2.5	2.2
like-to-like ("LTL") volume growth	-7%	8%	4%	3%	-9%
LTL ASP growth	2%	0%	1%	1%	-11%
LTL value growth	-5.7%	8.6%	5.3%	4.5%	-19.6%

# Overview of Key performance indicators ("KPIs"):

The new growth levers identified by the Business, i.e., women's wear and kids wear businesses, and the Peter England small town format made a significant mark during the year. After successfully crossing the 300+ stores milestone for PE small town format, the Lifestyle Brands Business has now piloted a similarly modelled small town format for Allen Solly across select markets. This aggressive expansion into newer Indian towns and cities has further augmented your Company's strong distribution network.

Lifestyle aspires to become a significant portfolio of iconic brands spread across all important occasions and price points.

#### VH Active wear, Athleisure and Innerwear

Your Company forayed into the innerwear and athleisure space in 2016 through its iconic lifestyle brand Van Heusen. The brand has gained a strong foothold, with the product now selling across more than 23,000 outlets, key departmental stores, and large e-commerce platforms. The brand is known distinctively for its innovative products, premium imagery, and wide range. Market leading product innovations in both men's and women's segments have resulted in greater acceptance among consumers. The post-pandemic recovery has been one of the best in this category as demand for loungewear, athleisure and innerwear grew rapidly in cities and towns. This was driven by increasing number of people working from homes and fuelling the demand for casual comfortable attire all day long.

**Innerwear** and **Athleisure** saw volumes grow at a higher pace and continued their aggressive growth despite the pandemic. Furthermore, your Company has made significant investments in digitizing back-end operations and supply chain to enhance distributor relationship. Trade outlets significantly increased from 20,000 to over 23,000 this year. Exclusive Brand Outlet (*"EBO"*) expansion as well has accelerated over FY20 in FY21. The e-commerce channel in these categories grew by 153% over last year. This was possible with an increased acceptance of Men's wear and Women's wear in these categories.

**Women's innerwear** has scaled well in FY21, creating a strong brand equity with its innovative products and superior quality. It is emerging as one of the most popular choices for customers in branded women's innerwear and loungewear category.

Through a strong brand extension to both men and women segments, laying down the large and deep trade network, continuous product innovation that led to customer winning products, your Company has created a strong foundation of future business growth.

#### **Youth Western Fashion**

**Forever 21** continues to remain a preferred brand for young, fashionable consumers through its high fashion, sharply priced merchandise.

During the year, your company worked closely with its global parent entity to roll out favourable terms of operations and ensured alignment towards quicker profitability for the business. The brand has redesigned its business model by moving to 100% local sourcing, making it easily scalable in India.

**American Eagle** is on the path to become a formidable player in the denim category, given its rising brand prominence and product excellence. The brand constantly focussed on product freshness and taking merchandise online through e-commerce channel, which has led to a strong growth and acceptance among its consumers. It has established itself as a premium denim brand, growing both offline and online on the strength of its excellent product.

#### **Super Premium Brands**

The Global brands portfolio includes **'The Collective'**, one of India's largest multi-brand retailer of luxury brands and select mono brands such as the super-premium brand **Ralph Lauren** and the iconic British brands **Fred Perry, Ted Baker** and **Hackett London**.

The business in premium and super premium segment remained most resilient during the year. This year, **The Collective** has significantly transformed its e-commerce operations through a focused improvement in this channel, resulting in its e-commerce revenue increasing to more than ten-times of previous year, at the back of a revamped supply chain strategy and distribution. The category showed increased traction among consumers online and would continue to enhance its appeal in future as well.

#### **B)** Pantaloons

Pantaloons has been one of the strongest brand in the Indian fashion retail industry over the past two decades. The brand offers fashionable clothing and accessories with superior quality and freshness to the Indian middle class consumers across the length and breadth of the country. It has built one of India's widest retail network with more than 340 large format stores. This year, Pantaloons focused on growing Pantaloons.com, its online store. With good design capabilities, innovative product development, agile supply chain and customercentric processes, Pantaloons delivers an enhanced Omni-channel shopping experience to its customers.

**Pantaloons** reported an annual revenue of ₹ 1859 Crore, down by 47% from last year, while the EBITDA stands at ₹ 276 Crore compared to ₹ 563 Crore last year. The EBITDA margin was a positive 14.8% for FY21.

In line with its strategy to increase its private label share, **Pantaloons** launched new categories including Home, Sarees, Bags and other Accessories and has also unveiled exclusive brands in women's ethnic wear.

**Pantaloons** exited FY21 with a total of 346 stores, adding 19 new stores in the year.

Pantaloons	FY17	FY18	FY19	FY20	FY 21
Walk-ins (Crore)	4.7	4.6	5.4	5.7	2.3
Conversion	22.6%	22.4%	24.3%	26.1%	31.5%
ASP	668	665	643	665	649
ABV	1,725	1,842	1,880	2,001	2,075
Items per bill	2.6	2.8	2.9	3.0	3.2
LTL volume growth	6.4%	-3.3%	3.1%	-2.1%	-50.5%
LTL ASP growth	-2.9%	0.8%	-1.7%	4.9%	-1.7%
LTL value growth	3.3%	-2.6%	1.4%	2.7%	-51.3%

#### **Overview of KPIs\*:**

\*Basis of previous years', numbers have been adjusted to make it comparable with FY21.

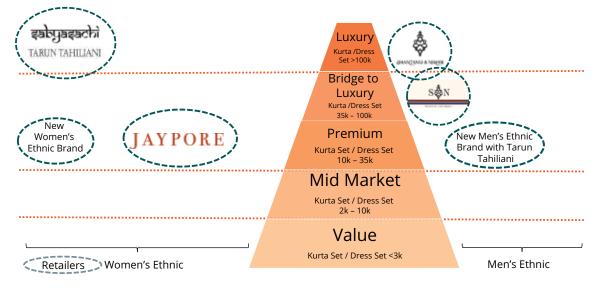
Strong demand resurgence during the festive period combined with focused efforts towards driving alternative channels such as e-commerce, WhatsApp commerce etc. brought the business back on track quite significantly until early March 2021, when it was again disrupted by the second wave and the lockdowns that followed.

**Pantaloons** e-commerce has grown significantly, recording 2.3 times of sales over last year, with Pantaloons.com growing by four times over FY20, in revenue terms. Inventory for e-commerce was managed innovatively to make a wider variety available online. Alternate revenue channels of PopShop and ChatShop leveraged Omni-channel play.

Despite a challenging operating environment, Pantaloons opened 19 new stores and unveiled a New Retail Identity in 5 stores in FY21. It is planning to expand its network with ~ 60 new stores in the next fiscal with its new retail identity that will match the fast-changing consumer interests in fashion. The brand continually redesigns its product strategy to meet the changing fashion needs of consumers and is well placed to continue to grow aggressively in FY22.

# Ethnic wear

This category accounts for about 28% of the overall apparel fashion in the country and is growing with a CAGR over 10% with no international competition. A large part of this market remains unorganized and unbranded. Consumers are now increasingly shifting to branded and organised segment, thus increasing the pie for organised players. FY20 was the turning point in the ethnic strategy when your company took definitive steps in this space by acquiring Jaypore brand and forging partnering with Shantanu and Nikhil for occasion wear brand. In FY21, with two fresh partnerships with Tarun Tahiliani and Sabyasachi, your company now boasts of the most comprehensive portfolio of iconic ethnic wear brands across price points.



**Jaypore** is an ethnic apparel and lifestyle retailer, making its products available in domestic and international markets through its e-commerce channel. **Shantanu & Nikhil** caters to contemporary luxury shoppers by curating design for the millennials' sartorial choices. Furthermore, your Company announced new strategic investments in luxury couture **Sabyasachi**, and men's ethnic and ceremonial wear by **Tarun Tahiliani**.

**Sabyasachi** aspires to establish itself as a global Indian luxury brand, offering bridal wear, ethnic wear, handcrafted jewellery, and accessories. It has gradually built a strong play at the back of inspiration that is deeply rooted in the rich Indian heritage. It aspires to become India's first global luxury fashion brand.

**Tarun Tahiliani** is a renowned couturier in the Indian ethnic wear category. In partnership with him, Your Company is foraying into affordable premium men's ethnic wear by launching a new brand by the festive of FY22.

In the section below, we are covering the broad business strategy of Your Company and how it plans to build its leadership position in its competitive landscape.

# Business strategy:

# 1. Digitalization

Your Company is reinventing its business model in line with changing consumer preferences. Digital is one such pivot that Your Company has accelerated on, as it has launched an aggressive digital transformation program across its businesses. On the front end, this is focused around driving e-commerce, customer experience and customer engagement. For e.g. **Mobile apps** have been launched for all your flagship brands for ensuring deeper connects with the consumers of the brands. Innovative **Customer loyalty programs** are being run on robust data warehouse in the back-end. **Hyper-local commerce** model has been piloted this year and will be ramped up across more markets, while **WhatsApp** commerce is also gaining momentum.

On the back end, your Company has recently rolled out new initiates including **Distributor Management Platform**, **Salesforce automation mobile App** and **retailer mobile App** for forging closer operating partnerships with our distributors and retailers, leveraging digital. We see the digitally enabled hyper-local model as the next wave of innovation in fashion retail, which Your Company is well-placed to capitalize on, leveraging its strong brands, loyal customer base and a wide physical distribution network.

# 2. Scaling brands through newer categories

Your Company has consistently evolved and grown its brands through expansion into newer categories and products in line with shifting consumer tastes and lifestyles. In the last few years, our brands have successfully extended themselves into fast growing categories such as athleisure, loungewear, kids wear, ethnic wear, etc.

# 3. Strengthen Portfolio play through new brands

Your Company has been enhancing its brand portfolio by entering into newer and attractive segments, in line with evolving consumer needs. With strong legacy brands, enriched with deep understanding of consumer markets across geographies and patronized by strong consumer loyalty, Your Company is confident of its portfolio play. Our branded play is across multiple price points, multiple occasions and multiple customer demographic and psychographic segments. Through its rich brand portfolio, your Company is able to cater to a diverse set of consumers making it the best placed company in fashion industry to benefit from the consumption growth of this decade.

# 4. Agile Design & supply chain

Your Company works relentlessly towards driving agility in the design and supply chain functions to be able to respond quickly to consumer response to our designs and fast-changing fashion trends. The industry leading shift to a 12-season cycle has been helping Your Company

manage its inventory efficiently, thereby providing agility & flexibility to its buying process and infusing freshness into its inventory. Your Company built on its **Digital Trade Show platform**, replacing seasonal tradeshows, which have been the mainstay of the industry. This has helped completely transform the product development lifecycle, right from the design stage.

# 5. Multi-channel Distribution

Your Company deploys a highly scalable, asset-light distribution model. The franchisee-led EBO expansion has made it faster and easier to scale up. These franchisee models have been built over last many years and their continued success is a testament of the strength of our brands. Pantaloons, our Large Format Store ("LFS") brand has also proven its store economics across various store sizes as well as store locations in towns, cities and metros.

Your Company also scaled its ecommerce more than three times in just FY21, both driven by partnered ecommerce as well as own brand.com, leveraging its strong loyal customer base. This supplemented our continuous offline expansion, making us an increasingly multi-channel business going forward. With an aim to serve the customer in a unified mode, with enhanced digital coverage, more than 1000 stores across our business will deliver a truly Omni-channel experience to our customers.

### 6. Small town opportunity

Branded apparel has largely been restricted to bigger cities – Metros and Tier 1 & 2 towns – in India. Increasingly, our brands are now tapping the "Bharat" opportunity across small towns through exclusive formats catering to needs of these geographies. With merchandise customized for local needs and providing quality products at value, brands are set to scale through in small town India through an asset-light growth model. The brands' focus on fostering local entrepreneurship would drive quick on-boarding of partners leading to rapid scale up. Your company plans to tap this opportunity through such specialized small-town formats under **Peter England, Allen Solly** and **Pantaloons & Style Up** brands.

# **Digital Transformation Roadmap**

Your Company follows a brand-led e-commerce strategy that aligns with its offline business model, building on the strength of our brands and also enhancing them. The e-commerce stack includes own web portals and mobile-sites for each brand and the capability to integrate seamlessly with over 10 different marketplace partners. This has been developed on a common technology platform that is robust, flexible and integrated with Your Company's offline enterprise technology in warehouses and stores, enabling seamless Omni-channel capabilities. Your Company has launched brands on multiple marketplace platforms and also built in inventory across all warehouses and majority of stores, to be available on web sites and marketplaces, providing customers a large assortment and depth of merchandise.

Your Company has launched mobile Apps for flagship brands, such as **Louis Philippe** and **Van Heusen**. The Company would be launching mobile Apps for **Pantaloons, Allen Solly, Peter England** and **Jaypore**, over the next few months. While e-commerce functionality is standard in the Apps, your Company is also adopting digital for enabling customers to virtually shop in nearby stores and directly interact with store associates for planning visits, scheduling pickups or alterations. This would also enable 'endless aisle' capability for store visitors, giving them access to the entire range of merchandise that may not be in the store, but is available in warehouses or other stores.

All your Company's brands have **Customer Loyalty programs** that are amongst some of the highly acclaimed in the industry. These programs give access to each brand to a loyal customer base and an ability to track customer shopping habits over the years. In the last 5 years, your Company has also rolled out an **NPS (Net promoter score) program** called **'Mission Happiness'** in all major brands, which tracks customer satisfaction in store and post purchase. In the last financial year, your Company has put in place a Customer 360 program, where a data warehouse has been set up for all customer transactions and interaction data for the entire base of over 30 million customers

AGM Notice

for all customer transactions and interaction data for the entire base of over 30 million customers across brands. The Company has set up the Machine Learning capability to analyse customer behaviour data and come up with personalized recommendations at a customer-segment-of-one, which can be used to run effective personalized campaigns. Your Company has also set up a multi-channel campaign automation platform that enables communicating with customers on email, SMS, web/ app notifications, social and WhatsApp, so that customers can be engaged on their most preferred channels. Your Company is now implementing capabilities to personalize the online browsing journey of consumers visiting brand websites, in real time, based on their past transactions as well as the browsing behaviour in current session. This will include personalization of product listings, recommendations, category pages, search and checkout.

Your Company is focussing on hyper-local customer engagement and fulfilment, enabling a store associate to reach out to loyal customers on platforms such as WhatsApp, showcasing preferred merchandise available in the store, book orders and take payments online and arrange for quick delivery directly from the store. Solutions for POS at offline stores and faster delivery through hyperlocal channels are being implemented to improve the consumer experience across touchpoints.

Although Direct-to-consumer is the major part of your Company's business, there is also a significant distributor-retailer network, particularly in the innerwear business.

While the focus is clearly on digital, your Company has taken several initiatives in streamlining backend operations as well, mainly by leveraging advanced analytics algorithms. Last year, your Company rolled out a platform across all our businesses, for automatically replenishing inventory from warehouses to stores by tracking rate-of-sale and inventory on a daily basis, across the entire store network.

#### Human Resources

ABFRL's **People Vision** is "To drive a **High Performing** and **Customer Centric Culture** with **Happy and Value Oriented** Employees". Your Company's performance is anchored on its capabilities and productivity; customer-centric culture through a strong service orientation; happiness through purposeful behaviour by high quality talent; value-oriented through a deep commitment to the values of the Aditya Birla Group.

FY21 saw the most unprecedented challenges due to the onset of COVID. Apparel, being a discretionary spend item, has been extremely impacted due to COVID and the unprecedented crisis highlighted the need to:

- Survive, revive and grow your Company's business despite the pandemic and beyond
- Respond to the health and safety needs of employees/customers
- Enable alternative methods of organizational coping through Work from Home ("WFH"), training and wellness initiatives

Your Company's People priorities were revisited and it embarked on a series of initiatives focused on ensuring, employee wellbeing and safety, business continuity, cost and cash conservation, and accelerating digital initiatives. An Emergency Response Team was formed. This team was formed much before lockdown and focused on:

- Implementation of the advisories issued
- Plan scenarios, response and execution actions
- Monitor local (environment and situation) conditions in business locations on ongoing basis
- Adhere to government advisories and local health authority's circulars
- Maintain active communication and awareness across business operations

Your Company's teams have reacted admirably to this. Their proactive approach in dealing with complexity, breaking through existing structures, working with conflicting scenarios have ensured that Your Company has emerged stronger and better prepared. This would not have been possible but for the tremendous resilience, robust relationships, close collaboration and leadership exhibited.

Your Organization's core values of Seamlessness, Passion, Speed, Commitment, and Integrity have always guided our actions and are the key to why Your Company attracts the best talent. It gives us immense pride to announce ABFRL's recognition by Great Place to Work, as one of India's Best Workplaces in 2021 in the Retail industry!

Your Company has a diverse workforce of 25,000+ permanent employees, consisting of a mix of people from diverse social, economic and geographic backgrounds, and building a huge knowledge capital with varied educational and industry experience. Your Company continues to build an inclusive environment for your diverse workforce. Your Company is proud to be represented by women across levels and comprising of 52% of the overall workforce.

Your Company has maintained healthy, cordial and harmonious industrial relations at all levels through Proactive ER, Development Initiatives, Gender Diversity and Community Development.

# **Employee Wellness:**

Your Company pioneered a one-of-its-kind program that comprehensively addresses employee and employee's family wellness needs in this new context. Your Company's COVID Assistance and Emergency Response ("CAER") Program is an industry-first program done by a Corporate. CAER aims to offer access to resources and information for responding to a situation with quality care and empathy.

The program offers below facilities to employees:

- Prevention and Awareness around COVID
- **Online Doctor Consultation**
- COVID Testing and related Consultation
- Basic Life Support / Ambulance Service •
- Hospitalisation / Quarantine information & coordination •
- Home Isolation Support Program •
- Voluntary Additional Insurance Cover •
- Temporary financial assistance
- **COVID Vaccination Support**

4,450+ lives have benefitted so far through the CAER programme's services. As part of the benefit program this year, medical insurance coverage was reviewed for the entire Frontline Retail staff. Special financial assistance in case of medical emergency was made available for your Company's Retail and Manufacturing employees.

Your Company adopted 100% Work from Home for a large part of the office-based workforce; Last year, your Company launched Enrich Your Life @ ABFRL; a comprehensive program to focus on wholesome wellbeing by encompassing four key dimensions - physical, mental, financial and social wellness. Your Company provides annual comprehensive health check-up for employees with focus on preventive healthcare.

# Delivering 'Employee Value Proposition' ("EVP") through People strategy:

"The Biggest Brands and Best People" is the philosophy that drives your Company. Your Company has well-known brands; however, it is the people behind the brands who have made us what we are. Our unique Employee Value Proposition – "A World of Opportunities" makes Your Company a preferred employer for professionals in the industry.

#### Talent Management and Career Growth 1.

Your Company has institutionalized **Talent Councils** that actively reviews the Organization's talent pipeline, succession planning for key roles and requisite development interventions.

Succession Planning for all critical roles was reviewed and validated with Management Team to ensure readiness assessment of key talent. All critical contributors across the Organization were identified and focused talent retention measures have been initiated to ring fence them.

Your Company invests in early careers of bright young students from premier institutes across the country to create a future talent pipeline. The Company has developed structured programs for campus hires, by giving them meaningful business stints and exposure to senior leadership. The **Young Talent Program** includes hires across multiple streams such as Business Management, Fashion Management, Chartered Accountancy and Retail Operations.

2. Learning and Development

Your Company's People's development is focused on behavioural and functional learning to develop future-ready leaders. This learning is anchored by the internal capability-building academy, ABFRL University as well as Gyanodaya, Aditya Birla Group Global Centre for Leadership.

**ABFRL University** – Your Company's in-house structured learning initiative has expanded to other Lines of Businesses.

With the onset of the pandemic, there has been a major focus on e-learning through **Gyanodaya** Virtual Campus (GVC) App, clocking total of 1,00,000+ learning hours and increase in unique users from 22% to 89%.

Your Company has launched Digital Capability Building series to build digital, as a core capability required for the business. The entire organisation raised its learning bar of being digitally adept and from leadership team to our front end staff everyone built their digital capability. This was done by curating an application-oriented **Digital Marketing Program**. Your Company launched the Digital Capability Program for the Senior Leadership Team to equip them for Digital Transformation in the business.

Your Company takes pride in launching **India's Finest Store Manager** ("IFSM") **Program**, an industry-best learning and development practice for grooming Store Managers to take up senior roles in the Organization. In addition to this, Your Company is part of the '**A World of Opportunities'** (**AWOO**) **Foundation**, which supports the funding of education for children of workmen and store associates.

### 3. <u>Rewards and Recognition</u>

# **Remuneration and Benefits**

Your Company has a comprehensive, agile, balanced and inclusive approach towards remunerations and benefits. Your Company takes a total rewards approach, which essentially covers both monetary (Fixed Compensation, Variable Pay and Long Term Incentive Plan) and non-monetary rewards (Benefits Program, Recognition Programs, and Work-life effectiveness program). Your Company strives to ensure absolute non-discrimination in pay because of gender, age, and experience of the individual.

Your Company has also put in place fairness measures in certain scenarios such as maternity leave, inter or intra business transfers.

Organization productivity plans were reviewed closely and set of actions were deployed to prepare the Organization to be future-ready in the context of changes happening at work, workplace and workforce.

#### 4. <u>Recognition</u>

There are multiple platforms for recognition for employees and teams – at the Company as well as the business level.

In FY21, the **ABFRL Awards** celebrated the achievements and milestones of all the hard work put in from all employees from all corners of the country. A special category of awards was instituted to celebrate the brilliance, grit, determination and innovation to highlight the exemplary work that these testing times have inspired. These included Innovation in Lockdown Awards, Digital Acceleration Awards and Resilience and Grit Awards.

Your Company's recognition programs also include PACE, GEMS, etc. across various lines of businesses that celebrate and recognise team and individual achievements, value champions and feats achieved by employees beyond the call of duty.

#### 5. Enrich Your Life

Your Company's vision is to provide a fulfilling workplace to employees, where every employee feels valued and supported as an individual. Your Company is consistently working towards creating a supportive, friendly and happy workplace.

Your Company's leave policies, flexible work arrangements, and employee wellness programs aim to maintain a healthy work-life balance and better manage their professional and personal commitments.

#### Communicate:

Your Company encourages informal and direct communication in line among teams, which in turn, creates a friendly and open work atmosphere. Additionally, your Company has systematic and established set of platforms, such as town halls, internal journals and emailers, for structured and important communication with employees.

**A comprehensive employee outreach program-** Employee feedback sessions and town halls by CEOs were conducted to ensure a healthy two-way communication between leadership and staff.

#### **Employee Engagement:**

Your Company believes that people who are engaged and involved with its purpose can only build an organisation this large, collectively. During the process of unlock, wherein the retail stores, manufacturing units and offices were in the resumption phase, in order to boost morale of the workforce, the leadership team shared positive and reassuring communications in both print and video format addressing all employees.

#### **Sustainability**

Aditya Birla Group (ABG) has laid an ambitious vision to become the leading Indian conglomerate in sustainable business practices across operations. Towards this objective, a rigorous **ABG Sustainability Framework** is developed, which guides your Company's businesses to perform in the resource-constrained world and be resilient in a face of uncertainties such as the COVID pandemic. People, Planet and Prosperity have been the key drivers of our long term goals.

Your Company is one of the early adopters of ESG framework and created a comprehensive sustainability programme - '**ReEarth'**, which focused on the pressing needs of the fashion and retail sector in India. Over the past decade, your Company, has been a pioneer in driving sustainability to the forefront of the Fashion and Retail Industry. A **Risk Management Committee** ("*RMC"*) was set up by the board for identification, evaluation and mitigation of operational, strategic and external risks but taking a forward-looking step, your Company has evolved its RMC to **Risk Management and Sustainability Committee** ("*RMSC"*).

Your Company also provides leadership and allocates resources to materialize the **Sustainability Policy** across owned business operations. While the Company celebrates a leadership position in the fashion segment and continues to grow brand equity and consumer base, your Company is always working towards giving back to the environment through 'ReEarth' sustainability philosophy.

Your Company is a customer-centric and future-focused organization, recognising that consumers in India are increasingly demanding products with better environmental and social footprints. The ReEarth sustainability program is a movement to give back to our planet what we've taken from it over the years. It is a construct that goes beyond conservation and encourages rejuvenation.

Your Company's sustainability commitment towards people and planet has helped in doing some exceptional work that has won global recognition in FY21.

- Achieved highest score in Asia for S&P Global Corporate Sustainability Assessment in textile, apparel and luxury good sector in 2020 cycle. Received 8th rank globally in sector and 1st rank in emerging market for DJSI assessment.
- Received outstanding achievement in CII ITC Sustainability Award 2020 in corporate excellence and got highest score in the assessment in among Indian Industry.
- Received the award as winner for Golden Peacock Award for Sustainability 2020.
- Positioned among the most sustainable companies in India for sustainability assessment in joint research of Business World India and Sustain Lab Paris.

**Directors Report** 

Today, your Company is at the cusp of a strategic shift of its mission's from **process-centric to product-centric approach from 2020 to 2025**, where products will be the fulcrum of the Company's sustainability strategy. The product-centric approach will help identify key focus areas for improvement and develop interventions for each life cycle stage of the product, including upstream and downstream operations. From product design and product development, to supply chain and customer-centricity through use and end-use, this approach lets your Company pivot sustainability into becoming the everyday norm, which ultimately, will centre around achieving overall product sustainability.

Your Company's venture into the newer avenues, exploring possibilities and global collaborations helped it to move ahead of your peers and industries in looking for an innovative solution and advocate the issues such as the **Circular Economy**. The dominant idea that is shaping your sustainability roadmap is that of a Circular Economy. The benefits of a Circular Economy include, high resource efficiency, reduced waste and responsible waste management, extended product life, reduced environmental impacts and extended producer responsibilities.

While your Company has an existing collaboration with **the Ellen McArthur foundation**, it has also made a large stride in its circularity journey through your collaboration with **the Circular Apparel Innovation Factory** ("CAIF"). CAIF will be an innovation facilitator to help your Company develop and test circular innovations. This collaboration will bring together various stakeholders from the Circular Economy ecosystem. Your Company plans to leverage this collaboration to build, operate and scale circular innovations over the next few years. Through this initiative, your Company will demonstrate its commitment to shift the industry from its current 'take-make-dispose' approach to one that encourages the use of sustainable material, maximises utilisation of clothing and textile, thereby promoting recycling.

Your Company also made strategic collaboration and participated in various forum discussions with **GIZ, UNEP, S&P Global, DJSI, GRI, SDG, OECD, SU.RE**, which provide opportunities to benchmark our sustainability performance with your domestic and global peers. Your Company has collected and analysed for gaps against international standards, performance of peers in the apparel sector, along with Group sustainability standards. With this unwavering commitment, your Company is strategically shifting towards a product-centric sustainability approach and has fuelled this approach with innovation, usage of alternate materials, sustainable sourcing and resource neutral operations.

Sustainability will always remain a priority and your Company as a responsible organization is committed to contributing towards National goals and progression.

#### Risk management

Effective governance and risk management forms the bedrock of a Company's sustained performance. Your Company has a robust Enterprise Risk Management framework which helps in identifying, evaluating, mitigating and reporting of risks. Your Company has adopted a Risk Management Policy in line with provisions of the Companies Act and Listing Regulations. Your Company has constituted a **Risk Management and Sustainability Committee** to monitor risks on a continuous basis which is supported by internal risk management committee comprising of experts from various business processes and segments including subsidiaries. The internal risk

management committee also reviews developments in the socio-economic environment and identifies internal threats and opportunities, updates the framework and refines processes and systems for mitigation. The Company has also laid down procedures wherein the committee on a periodic basis informs the Audit Committee as well as the Board of Directors about risk assessment and effectiveness of mitigation plans defined. Your Company has reviewed major Business and Corporate Risks in light of the COVID-19 pandemic outbreak which may or has affected its operations, employees, customers, vendors and other stakeholders and has managed to effectively mitigate, transfer or accept the risks identified. Details of the composition of the RMSC and the Risk Management Policy, adopted by the board, have been disclosed separately.

#### **Key Risks**

#### 1. Inability to keep pace with changing fashion and consumer needs

Rapidly changing fashion, deeply influenced by social & electronic media is a challenge to apparel business models. Going forward, the offerings must be highly nuanced to meet the ever-changing fashion needs of consumers, globally. Also, with changing consumer needs, new categories keep gaining relevance from business perspective.

To mitigate this, your Company has undertaken various supply chain and digital initiatives, to run an agile model, ensuring merchandize freshness by introducing the 12-season model, and utilizing analytics based planning tools for smarter merchandize management. Also, in line with its broader strategy, extending the brand into relevant categories, your company has evolved its product portfolio, mirroring the changing consumer needs.

#### 2. Subsequent waves of the pandemic

Subsequent waves of COVID may further disrupt the Indian apparel industry's operations and may impact, in the short-term, as follows. Firstly, restrictions on people's movement to contain the spread of the infection will impact offline sales. Secondly, the economic impact may be significantly more on discretionary spends and hence may soften sales.

Alongside ongoing efforts around building digital channels of sales to enable consumers to shop from wherever they are, this impact may also have to be mitigated through cost and cash flow improvement measures.

#### 3. Disruption of established business model

Deep discounts on e-commerce channels that are built around only building scale may hurt the overall fashion retail market in India. With increasing consumer traffic on e-commerce looking for fashion at value, the demand is growing for cheaper merchandise, which is in turn growing a market for low quality apparel, cannibalising the market for quality fashion.

The mitigation strategy will be built around enhancing the price-value equation of products, offering superior quality of consumer services that would help us in building stronger and more desirable brands. Working towards better sourcing management and efficient fulfilment model, will enable us to deliver on the above brand promise.

#### 4. Intensifying competitive landscape

The penetration of technology and growing e-retail space in the entire value chain has enabled start-ups to enter the fashion industry with a much larger aggression. Major international

**Financial Statements** 

apparel brands also have forayed into the Indian apparel market, realizing the growth potential of the Indian market. The fashion and apparel industry is highly competitive as large numbers of retailers sell similar looking products at similar price points. It is becoming increasingly important to develop brand equity at the back of better quality products and service that could create differentiation.

Your Company will continue to build its capability in product quality, designs, merchandising and distribution required to strengthen its portfolio of brands, enabling it to maintain a leadership position in the fashion and apparel space. Your company will also keep diversifying its portfolio to tap into newer areas of growth leveraging its expertise in its core businesses, refined to gain profitability.

#### 5. Inability to attract and retain talent

The apparel industry has been facing difficulty in attracting quality talent, due to a highly competitive market ecosystem. The demand for talent exceed supply in critical areas such as analytical thinking, technical competency, and leadership skills. The above two factors have made talent development and management an extremely crucial part of business strategy.

Your Company has a well-crafted and structured approach towards talent retention and development along with leadership grooming of internal talent with focused interventions.

### 6. Inadequate supply of quality retail space

Commercial real estate in India has seen a slowdown in the past few years. Lack of prime retail land, high-property rates in prime areas and COVID related uncertainties in recent times have further discouraged developers from investing in commercial spaces.

To address this issue, your Company is in regular connect with most prominent mall owners and real estate developers across the country to remain a preferred partner of choice in any new ventures. Your Company has also kept a keen eye out for prime retail locations which have opened up over the past year, in wake of exits of other brands that have faced financial pressures due to the pandemic.

# 7. Information Technology Risk

Leakage or loss of confidential business information and consumer data is a risk aggravated by higher dependence on digital platforms.

To mitigate IT risks your company ensures employees handling sensitive and critical data are covered with all information security and data leakage prevention controls alongside implementation of Information Rights management ("IRM") tool. Your company's data centre is run by world class professional service providers and is supported by well managed backup systems and protocols to avoid any unforeseen disruption.

#### **COVID Resurgence Impact**

While most other major world economies have marked the third quarter of the recession between October and December, India's economy rebounded quickly. The aggregate economic activity mostly recovered to the pre-pandemic level by the end of 2020, thanks to the Government's relentless war against the virus. However, with the resurgence of COVID second wave towards March 2021, lockdowns across the country were brought in again, to control the spread of the virus,

affecting consumer mobility and spends. The second wave peaked by May 2021 and then subsided subsequently, leading to recovery again.

Going forward, contingent on the availability and administration of vaccine, we expect a growth bounce-back.

Learning from the past, Your Company has been adapting itself to handle such temporary disruptions. Your company has trained its workforce to be much better prepared going forward. Your company has relooked at its cost structure and tried to align them with the scale of business. In line with it, Your Company has started discussing with its real estate partners, vendors and other service providers on a possible reinstatement of certain concessions given last year during first wave of COVID. Your Company has also aggressively expanded itself in e-commerce and extended into new alternate channels of sales to reach customers within the confines of their homes. It has made fresh investments into its own brand.coms to enhance the consumer experience and ensure that they come back again and again.

Your Company has also worked more closely with its ecommerce partners making the operations seamless, while collaborating well on the front end side in terms of creating new merchandise lines more suited for ecommerce platforms, along with co-investing on building the marketing play. This has led to a significant jump in our partnered ecommerce sales, which is expected to only go upwards going forward. We have also strengthened our ethnic portfolio by investing in key partnerships with ethnic players like Sabyasachi and Tarun Tahiliani this year, making our portfolio more comprehensive and complete for our customers. Strong brands, desirable products, integrated channel play and a sharp focus on costs will keep us in good stead to pass through this global crisis.

#### **Road Ahead**

The recovery trend observed in third quarter of this fiscal is testimony to the temporary nature of the impact of the pandemic and the resilient consumer sentiment, which is pointing towards getting back to the stores and shopping, as soon as it is safe to move outside. The future for the Indian apparel industry looks promising, buoyed by strong domestic consumption and export demand. The per capita consumption of apparel will grow swiftly in the times ahead fuelled by aspirational buying and an organised market play. As digital consumption continues to build its dominance, your company will continue investing in building its digital capabilities at front and back end to make it intrinsic to its business model going forward.

Your Company firmly believes that its formidable branded play across categories will drive rapid growth. The post pandemic phase is expected to boost demand, as Indians from all age groups begin moving out for work and travel, leading to sharp recovery of consumption led sectors. As the recovery happens, at the back of its bouquet of strong brands, your company will reinforce its leadership position in Indian fashion and apparel sector.

(Amount in ₹ Crore)

# **Financial performance and analysis**

			(				
Particulars	Stand	alone	Conso	lidated			
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020			
Revenue from Operations	5,181	8,743	5,249	8,788			
EBITDA <sup>(1)</sup>	667	1,290	628	1,277			
Finance Costs	498	423	503	425			
Depreciation	945	877	963	885			
Profit/ (Loss) Before Tax <sup>(1)</sup>	(776)	(9)	(838)	(33)			
Current Tax	-	-	40	-			
Deferred Tax Assets / (Liabilities)	196	(6)	211	(2)			
Deferred Tax Assets / (Liabilities) - One time <sup>(2) (3)</sup>	(69)	(130)	(69)	(130)			
Net Profit/ (Loss) After Tax <sup>(1)</sup>	(650)	(145)	(736)	(165)			

(Amount in ₹ Crore)

Particulars	Standalone (Comparable)*		Consolidated (Comparable)*	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue from Operations	5,181	8,743	5,249	8,788
EBITDA (1)	(222)	518	(271)	500
Finance Costs	274	212	275	213
Depreciation	221	249	231	254
Profit/ (Loss) Before Tax <sup>(1)</sup>	(717)	57	(778)	33
Current Tax	-	-	40	-
Deferred Tax Assets / (Liabilities)	196	(6)	211	(2)
Deferred Tax Assets / (Liabilities) - One time <sup>(2) (3)</sup>	(69)	(130)	(69)	(130)
Net Profit/ (Loss) After Tax <sup>(1)</sup>	(590)	(79)	(676)	(99)

\*Comparable refers to Pre Ind AS 116 numbers.

(Amount in ₹ (rora)

#### Standalone performance

		(Amount in C Crore) As at March 31, 2020
Particulars	As at March 31, 2021	
Net Fixed Assets (including CWIP)	614	738
Right-of-use assets	2,067	2,174
Goodwill (4)	1,860	1,860
Deferred Tax Asset <sup>(2) (3)</sup>	321	195
Investments <sup>(5)</sup>	690	170
Net Working Capital <sup>(6)</sup>	636	1,193
Capital Employed	6,188	6,330
Net Worth	2,685	1,086
Debt <sup>(7)</sup>	1,118	2,776
Lease Liability	2,386	2,467

Notes:

(1) Includes other income of ₹ 73 Crore (Previous year: ₹ 65 Crore).

(2) One-time impact of reversal of deferred tax assets of ₹ 130 Crore as at March 31, 2020 is on account of adoption of lower tax rate as permitted under section 115BAA of Income Tax Act, 1961 and also based on review of components of deferred tax assets/ liabilities leading to a reassessment of estimates compared to earlier periods.

(3) One-time impact of creation of deferred tax liability of ₹ 69 Crore as at March 31, 2021 is on account of amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

(4) As on March 31, 2021, goodwill (after testing for impairment in accordance with the Ind AS - 36 issued by the Institute of Chartered Accountants of India) stands at ₹ 1,860 Crore.

(5) Investments includes ₹ 683 Crore towards investments in Subsidiaries and Joint Venture (Previous year: ₹ 163 Crore).

(6) Net working Capital

		(Amount in ₹ Crore)
Particulars	As at March 31, 2021	As at March 31, 2020
Inventory	1,743	2,349
Trade Receivables	722	840
Cash and Bank Balances	164	265
Other Assets	1,581	1,098
Less: Trade Payables	2,334	2,273
Less: Other Liabilities	1,241	1,086
Net Working Capital	636	1,193

(7) Comprises of non-current borrowings, current borrowings, current maturities of long-term borrowings.

#### Revenue

Your Company reported revenue of ₹ 5,181 Crore during the financial year, recording a de-growth of 41% over the previous year. The growth was impacted due to COVID-19.

#### Directors Report

#### Earnings before interest, tax, depreciation and amortization ("EBITDA")

EBITDA of the Company, including other income, has seen a negative growth to ₹ 222 Crore on comparable basis from ₹ 518 Crore of previous year. The reported EBITDA of the Company is ₹ 667 Crore (*previous year* ₹ *1290 Crore*) factoring impact of Ind AS 116. The EBIDTA margin for the Company dropped from 14.8% to 12.9% due to COVID-19 impact on the industry during the year.

#### Finance cost

Finance cost for the year was ₹ 274 Crore on a comparable basis, increased from ₹ 212 Crore in previous year, in line with the increase in average borrowings of your Company during the year. The average borrowing cost for the Company is at 7.36% as compared to 7.27% in the previous year. The reported finance cost of the Company is ₹ 498 Crore (previous year ₹ 423 Crore) due to the impact of Ind AS 116.

#### Depreciation

Depreciation during the year reduced from ₹ 249 Crore in the previous year to ₹ 221 Crore on comparable basis. The reported depreciation of ₹ 945 Crore (*previous year* ₹ 877 Crore) includes the impact of Ind AS 116.

#### Dividend

In view of accumulated losses of previous years, no amount is proposed to be transferred to reserves and your directors have not recommended payment of any dividend for the year under review.

#### Borrowings

Borrowings has reduced from ₹ 2,776 Crore in the previous year to ₹ 1,118 Crore. The Net Debt has reduced from ₹ 2,511 Crore in the previous year to ₹ 654 Crore, further to raising fresh capital through Rights/ Preferential Issue and reduction in net working capital.

#### Standalone Key financial ratios

As at March 31, 2021	As at March 31, 2020
6.63	10.79
2.53	4.09
(1.83)	0.96
1.07	0.83
0.24	2.31
12.9%	14.8%
-5.4%	4.7%
-12.5%	-1.7%
-10.4%	38.1%
-4.4%	8.7%
	March 31, 2021           6.63           2.53           (1.83)           1.07           0.24           12.9%           -5.4%           -12.5%           -10.4%

The formulae used in the computation of the above ratios are as follows:

Ratio	Formula			
Debtors Turnover Ratio	Revenue from Operations / Average of opening and closing Trade Receivables			
Inventory Turnover Ratio	Revenue from Operations / Average of opening and closing Inventories			
Interest Coverage Ratio	Earnings Before Interest and Tax*/ Finance Costs (Pre Ind AS 116)			
Current Ratio	Current Assets / Current Liabilities (excluding Lease Liabilities accounted as per Ind AS 116)			
Debt Equity Ratio	Debt <sup>#</sup> / Net Worth			
EBITDA Margin	EBITDA / Revenue from Operations			
Operating Profit Margin	Earnings Before Interest and Tax / Revenue from Operations			
Net Profit Margin	Profit After Tax / Revenue from Operations			
Return on Net Worth	Earnings Before Interest and Tax / Net Worth			
Return on Average Capital Employed	Earnings Before Interest and Tax / Average Capital Employed			

\* Earnings Before Interest and Tax = Net Profit/(Loss) After Tax + Tax + Interest Expense (excludes Interest accounted as per Ind AS 116 and interest on other than Borrowings)

<sup>#</sup> Debt = Borrowings (excluding Lease Liabilities accounted as per Ind AS 116) - Cash and Bank Balance (includes FD) - Liquid Investments

Details of significant changes (*i.e. change of 25% or more as compared to the immediately previous financial year*) in the key financial ratios:

- (1) Debtors Turnover Ratio, Inventory Turnover Ratio, Interest Coverage Ratio, Operating Profit Margin, Net Profit Margin, Return on Net Worth, Return on Average Capital Employed - Ratios have been impacted due to decline in revenue and profitability on account of COVID-19.
- (2) Debt Equity Ratio Ratios have improved due to reduction in borrowings as the Company had raised the funds during the year by way of Rights and Preferential Issue and reduction in net working capital.

#### **Consolidated performance**

At consolidated level, your Company reported a revenue of ₹ 5,249 Crore (*previous year* ₹ 8,788 Crore) and EBITDA of ₹ 628 Crore with EBITDA margin at 12% (*previous year* ₹ 1,277 Crore with EBITDA margin at 14.5%). This year's performance was impacted by COVID-19.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The audited financial statements of your Company for the year under review (*"financial statements"*) are in conformity with the requirements of the Companies Act, 2013 read with the rules made thereunder (*"Act"*) and the Accounting Standards. The financial statements reflect the form and substance of transactions carried out during the year under review and present your Company's financial condition and results of operations, fairly and reasonably.

Your directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) accounting policies selected have been applied consistently and reasonable & prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of

your Company as at the end of the year under review and the profit & loss of your Company for the year under review;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts of your Company have been prepared on a 'going concern' basis;
- e) adequate internal financial controls were laid down and followed by your Company and such internal financial controls were operating effectively; and
- f) proper systems have been devised by your Company to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.
- g) the Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## SHARE CAPITAL

#### a) Equity share capital

Details of changes in paid-up share capital during the year under review, are as under:

Paid-up Equity Share Capital	₹ in Crore
At the beginning of the year, i.e., as on April 1, 2020	773.95
Changes made during the year: Allotments made pursuant to:	
1.1. Employee Stock Option Scheme, 2013	0.04
1.2. Employee Stock Option Scheme, 2017	0.46
1.3. Preferential Issue	73.17
1.4. Rights Issue	
(i) Receipt of money on application	45.14
(ii) Receipt of 1 <sup>st</sup> call money	22.48
(iii) Forfeiture due to non-payment of 1 <sup>st</sup> call money	(0.19)
At the end of the year, i.e., as on March 31, 2021	915.05

## b) Preference share capital

The paid-up preference share capital of your Company as at the end of the year under review stood at ₹ 50.50 Lakh (same as at the end of previous year).

The Board of Directors of the Company has varied the terms of the preference shares to the extent of extending their respective redemption dates by a period of 5 years, more particularly as under:

Class of preference shares	Redemption date
5,00,000, 8% Redeemable Cumulative Preference Shares of ₹ 10/- each	March 29, 2024
500, 6% Redeemable Cumulative Preference Shares of ₹ 100/- each	October 12, 2024

# DISCLOSURES IN TERMS OF THE PROVISIONS OF THE ACT & SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("SEBI Listing Regulations")

#### A. Board of Directors ("Board")

#### (i) Number of meetings

The Board met 11 *(eleven)* times during the year under review. The details of such meetings are disclosed in the Section "The Board of Directors" of the Corporate Governance Report forming part of this Annual Report.

# (ii) Appointments and resignations

- a) <u>Resignations/ Retirements/ Retirement by Rotation</u>
  - (i) Mr. Arun Thiagarajan, Independent Director completed his tenure on May 10, 2020.
  - (ii) Mr. Sanjeeb Chaudhuri, Independent Director resigned w.e.f. closing hours of June 5, 2020, due to personal reasons.
  - (iii) Mr. Sushil Agarwal, Non-Executive Director, resigned w.e.f. closing hours of March 31, 2021, due to personal reasons.

The Board appreciates the valuable contribution made by Mr. Thiagarajan, Mr. Chaudhuri and Mr. Agarwal during their tenure.

(iv) In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Himanshu Kapania, Non-executive Director of the Company, is due to retire by rotation at the ensuing Fourteenth Annual General Meeting and being eligible, has offered himself for re-appointment.

Resolution seeking his re-appointment alongwith his profile as required under Regulation 36(3) of SEBI Listing Regulations forms part of the Notice of Fourteenth Annual General Meeting.

- b) <u>Appointments</u>
  - (i) Mr. Nish Bhutani, Independent Director was appointed w.e.f. June 5, 2020. His appointment was approved by the Shareholders at the last Annual General Meeting held on September 7, 2020.
  - (ii) Further, the Board of Directors, on recommendation of the Nomination and Remuneration Committee and subject to Shareholder's approval at the ensuing Annual General Meeting, appointed:

Director	Category/ Designation	Appointment date
Mr. Kumar Mangalam Birla	Chairman and Non-Executive Director	5 4 0004
Ms. Sangeeta Pendurkar	Whole-time Director	February 24, 2021
Mr. Vishak Kumar		
Mr. Vikram Rao	Non-Executive Director	March 17, 2021
Mr. Yogesh Chaudhary	Independent Director	March 17, 2021
Ms. Preeti Vyas	Independent Director	March 31, 2021
Mr. Arun Adhikari	Independent Director	May 19, 2021

Resolutions seeking their appointment alongwith their profile as required under Regulation 36(3) of SEBI Listing Regulations form part of the Notice of Fourteenth Annual General Meeting.

#### (iii) Board evaluation

The Company has devised a framework for performance evaluation of Board, its committees and individual directors in terms of the provisions of the Act, SEBI Listing Regulations and the Nomination Policy of the Company.

During the year under review, the Board carried out the evaluation of its own performance and that of its committees and the individual directors. The performance evaluation of Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The evaluation process consisted of structured questionnaires covering various aspects of the functioning of the Board and its committees, such as composition, experience and competencies, performance of specific duties and obligations, governance issues etc. The Board also carried out the evaluation of the performance of Individual Directors based on criteria such as contribution of the director at the meetings, strategic perspective or inputs regarding the growth and performance of the Company etc.

Further, pursuant to the applicable provisions of the Act, the performance evaluation criteria for the Independent Directors is disclosed in the Section "Directors Details as on March 31, 2021" of the Corporate Governance Report forming part of this Annual Report.

# (iv) Declaration of independence

The Company has received necessary declaration from each Independent Director of the Company stating that:

- (i) they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations *("said declarations")*.
- (ii) they have registered their names in the Independent Directors' Databank.

Based on the declarations received from the Directors, the Board confirms, that the Independent Directors fulfill the conditions as specified under Schedule V of the SEBI Listing Regulations and are independent of the management.

# B. Committees of the Board

The Board has constituted five committees, viz. Audit Committee, Corporate Social Responsibility Committee, Risk Management and Sustainability Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and is authorised to constitute other functional Committees, from time to time, depending on business needs.

Details of all the committees, along with their charters, composition and meetings held during the year, are provided in the Section "The Board Committees" of the Corporate Governance Report forming part of this Annual Report.

# C. Corporate Social Responsibility ("CSR")

The Board has, pursuant to the recommendation of the CSR Committee, with a vision "to actively contribute to the social and economic development of the communities in which your Company operates and in doing so, build a better, sustainable way of life for the weaker Sections of society and raise the country's human development index", adopted a CSR Policy and the same is available on the website of the Company i.e. <u>www.abfrl.com</u>

The scope of the CSR Policy is as under:

- i. Planning Project or programmes which the Company plans to undertake falling within the purview of Schedule VII of the Act;
- ii. Monitoring process of such project or programmes.

The CSR Policy of the Company inter alia includes the process to be implemented with respect to the identification of projects and philosophy of the Company, alongwith key endeavours and goals i.e.

- Education to spark the desire for learning and knowledge;
- **Health care** to render quality health care facilities to people living in the villages and elsewhere through our hospitals;
- **Sustainable livelihood** to provide livelihood in a locally appropriate and environmentally sustainable manner;
- **Infrastructure development** to set up essential services that form the foundation of sustainable development; and
- **Social cause** to bring about the social change we advocate and support.

# CSR initiatives taken during the year

Your Company's CSR activities are mainly focused towards Education, Health Sanitation, Water, Digitisation, Sustainable livelihood, Institutional Building and Social Causes.

An annual report on CSR activities of the Company for the financial year 2020-21 is annexed as **Annexure I** to this Report.

# D. Key Managerial Personnel

Pursuant to Section 203 of the Act, the key managerial personnel ("KMP") of the Company are:

- i. Mr. Ashish Dikshit, Managing Director;
- ii. Ms. Sangeeta Pendurkar, Whole-time Director;
- iii. Mr. Vishak Kumar, Whole-time Director;
- iv. Mr. Jagdish Bajaj, Chief Financial Officer; and
- v. Ms. Geetika Anand, Company Secretary & Compliance Officer.

# E. Remuneration of directors and employees

Disclosure comprising particulars with respect to the remuneration of directors and employees, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure II** to this Report.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

# F. Employee stock option scheme and share based employee benefits

Grant of share based benefits to employees is a mechanism to align the interest of the employees with those of the Company, to provide them with an opportunity to share the growth of the Company and also to foster long-term commitment.

# Employee Stock Option Scheme and Restricted Stock Units

Your Company regards employee stock option as instruments that would enable the employees to share the value they create for the Company in the years to come. Accordingly, in terms of the provisions of applicable laws and pursuant to the approval of the Board and the members of the Company, the NRC has duly implemented the:

- (a) 'Employee Stock Option Scheme 2013' ("Scheme 2013");
- (b) 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017' ("Scheme 2017") and;
- (c) 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019"), to grant the stock options, in the form of Options and Restricted stock units ("RSUs"), to the employees of the Company.

All the Schemes of the Company i.e. Scheme 2013, Scheme 2017 and Scheme 2019 are governed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (*"SEBI SBEB Regulations"*) and in terms of the approvals granted by the shareholders of the Company, the NRC *inter alia* administers, implements and monitors the aforesaid schemes, thereby governing the grant of share based benefits to its employees, in the form of RSUs.

# Stock Appreciation Rights

Your Company has also instituted a 'Plan for Stock Appreciation Rights Plan, 2013' ("SAR Plan 2013") in the year 2013, which is a cash based plan linked to the actual stock price movement over the plan tenure. Further, pursuant to the enforcement of SEBI (SBEB) Regulations, in the event of transfer of employee to any Group Company ("said transfer"), all the options and RSUs granted to an employee under the employee stock option scheme of the Company, if not exercised by such employee before the last working day in the Company shall lapse as on the date of said transfer.

In view of the above, in order to compensate the loss to an employee due to the lapse of options and RSUs in the event of said transfer, your Company has instituted and implemented the 'Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019' ("SAR Scheme 2019"), to grant SARs in the form of 'Option SARs' (in place of options) and 'RSU SARs' (in place of the RSUs), to such employees.

The SAR Plan 2013 and SAR Scheme 2019, do not give rise to any right towards any equity share of the Company and hence, they are not covered under the provisions of SEBI (SBEB) Regulations. On exercise of the SARs granted under the said plan/ scheme, the employee exercising the SARs becomes entitled to receive cash, in terms of the respective plan/ scheme.

In terms of the provisions of Regulation 14 of the SEBI SBEB Regulations, details of the aforesaid schemes can be accessed at <u>www.abfrl.com</u>

A certificate from the Statutory Auditor of the Company, confirming that the aforesaid schemes have been implemented in accordance with the SEBI SBEB Regulations, will be open for inspection at the ensuing Fourteenth Annual General Meeting.

## G. Related party transactions

All related party transactions entered into during the year under review were approved by the Audit Committee and the board, from time to time and the same are disclosed in the financial statements of your Company for the year under review. Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. <u>www.abfrl.com</u>

Further, in terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all contracts/ arrangements/ transactions entered into by the Company with its related parties, during the year under review, were

- in "ordinary course of business" of the Company,
- on "an arm's length basis" and
- not "material".

All transactions with related parties are in accordance with the policy on related party transactions formulated by the Company.

Accordingly, Form No. AOC-2, prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of related party transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure to this Report.

## H. Dividend Distribution Policy

In terms of Regulation 43A of the SEBI Listing Regulations, your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors,

which shall be considered by the Board in determining the dividend pay-out. The policy is annexed as **Annexure III** to this Report and is also available on the website of the Company i.e. <u>www.abfrl.com</u>

AGM Notice

# I. Strategic initiatives during the year

## Rights Issue:

During the year under review, the Company raised capital by way of a Rights Issue as detailed below:

Event date	Details
May 27, 2020	Approved fund raising of ₹ 1,000 Crore by way of a Rights Issue
Jun 25, 2020	Approved the Issue:
	<ul> <li>of 9.05 Crore equity shares of face value of ₹ 10 each ("Rights Equity Shares");</li> </ul>
	<ul> <li>at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per Rights Equity Share), aggregating to ₹ 995.12 Crore</li> </ul>
	• in the ratio of 9 Rights Equity Shares for every 77 existing fully-paid shares held by the eligible equity shareholders as on the Record Date i.e. July 1, 2020.
Jul 28, 2020	(i) Approved allotment of:
	<ul> <li>9.03 Crore partly paid-up Rights Equity shares ("partly paid shares") to the eligible applicants;</li> </ul>
	<ul> <li>at a price of ₹ 55 per share received on application (of which ₹ 5 was towards face value and ₹ 50 towards premium)</li> </ul>
	<ul> <li>(ii) 0.02 Crore Rights Equity Shares has been kept in abeyance pending regulatory/ other clearances</li> </ul>
Jan 8, 2021	Approved various matters with respect to the first call on partly paid shares
Jan 11, 2021	Issuance of the notice for the 1 <sup>st</sup> call money of ₹ 27.50 per partly paid share (of which ₹ 2.50 is towards face value and ₹ 25 towards premium)
Jan 15 to Feb 23, 2021	Amount received on 8,99,09,500 partly paid shares
Mar 24, 2021	3,67,542 partly paid shares forfeited due to non-payment of the 1 <sup>st</sup> call money (in accordance with the Articles of Association of the Company)
May 28, 2021	Approved calling of 'Final Call of ₹ 27.50 per partly paid share (of which ₹ 2.50 is towards face value and ₹ 25 towards premium)', in respect of 8,99,09,500 outstanding partly paid-up shares of face value of ₹ 10 each, issued by the Company, on a rights basis, pursuant to the Letter of Offer dated June 28, 2020

#### **Preferential Issue:**

During the year under review, the Company raised capital by way of a Preferential Issue as detailed below:

Event date	Details
Oct 23, 2020	Approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited ("Flipkart") aggregating to ₹ 1,500 Crore
Nov 22, 2020	Received approval of shareholders by way of Postal Ballot

Jan 20, 2021	Flipkart received approval of Competition Commission of India for its proposed acquisition in your Company
Jan 28, 2021	<ul> <li>Approved allotment of 7.32 Crore fully paid-up equity shares to Flipkart at ₹ 205 per Equity Share (of which ₹ 10 is towards face value and ₹ 195 towards premium)</li> </ul>
	<ul> <li>Post approval Flipkart holds 7.8% equity stake in the Company on a fully diluted basis</li> </ul>

#### Acquisition of 51% stake in Sabyasachi Calcutta LLP:

On January 27, 2021, the Board of Directors have approved entering into a Framework Agreement with Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm] *("Sabyasachi")* which is engaged in the business of manufacturing, distribution and sale of designer apparels, jewellery and accessories under its own brand "Sabyasachi". On February 24, 2021, post completion of the customary closing conditions under the said Agreement, the Board of Directors approved acquisition of 51% stake in Sabyasachi. Consequently, Sabyasachi is a Subsidiary of the Company [w.e.f. February 24, 2021].

# Strategic partnership with 'Tarun Tahiliani':

On February 24, 2021, the Board of Directors approved a strategic partnership with the brand 'Tarun Tahiliani' for its couture business, as well as launch of a new line of affordable premium men's ethnic wear.

The said partnership was executed through:

- (i) Acquisition of 33.5% stake in Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited] ("GFPL") by way of entering into a 'Share Purchase and Subscription agreement' ("SPSA") along with a 'Shareholders Agreement' ("SHA"). As a part of the transaction, the couture business under the brand 'Tarun Tahiliani', which was erstwhile residing in the entity named Tahiliani Design Private Limited was transferred to GFPL.
- (ii) Acquisition of 80% stake in Indivinity Clothing Retail Private Limited ("ICRPL") by way of entering into 'Share Subscription and Shareholders Agreement' ("SSSA") to develop and launch a new brand of apparel and accessories, in the affordable premium ethnic wear segment in collaboration with Tarun Tahiliani.

On March 26, 2021, post completion of the customary closing conditions under the said SPSA, SHA and SSSA, the Board of Directors approved the effectiveness of the said acquisitions. Consequently, GFPL is an Associate [w.e.f. March 19, 2021] and ICRPL is a Subsidiary of the Company [w.e.f. March 26, 2021].

#### J. Proceeds from Rights Issue and Preferential Issue:

			(₹ in Crore)
Mode	Object	Amount allocated	Amount utilised
Rights Issue	Repayment of certain borrowings of the Company	745.00	736.17
	General corporate purpose	244.26	6.52
Preferential Issue	Strengthening the balance sheet, pursue growth in existing business, expand new lines of business, strengthen digital and omni-channel	1499.99	1499.99

The utilization of funds raised have been mentioned hereunder:

There has been no deviation in the use of proceeds of the Rights Issue and Preferential Issue from the objects stated in the Offer document as per Regulation 32 of SEBI Listing Regulations. The Company has been disclosing on a quarterly basis to the Audit Committee, the uses / application of proceeds / funds raised from Rights issue and Preferential Issue and also filed with the Stock Exchanges on a quarterly basis, as applicable.

# K. Subsidiaries, joint ventures, associate companies

As on March 31, 2021, the Company has 5 (five) subsidiaries and 1 (one) associate company.

Following were the additions during the year under review:

- (i) Sabyasachi became a subsidiary of the Company w.e.f. February 24, 2021;
- (ii) GFPL became an associate of the Company w.e.f. March 19, 2021;
- (iii) ICRPL became a subsidiary of the Company w.e.f. March 26, 2021;

Further, Jaypore Inc., USA ceased to be subsidiary of the Company w.e.f. September 21, 2020; No company has ceased to be an associate/ Joint venture of the Company.

Pursuant to the provisions of Section 129(3) of the Act, read with the Companies (Accounts) Rules, 2014 and in accordance with applicable accounting standards, a statement containing the salient features of financial statements of your Company's subsidiaries and associate in Form No. AOC-1 is annexed as **Annexure IV** to this Report.

In accordance with the provisions of Section 136 of the Act and the amendments thereto, and the SEBI Listing Regulations, the audited Financial Statements, including the consolidated financial statements and related information of the Company and financial statements of your Company's subsidiaries, joint ventures/ associate companies have been placed on the website of your Company viz. <a href="https://www.abfrl.com">www.abfrl.com</a>

Your Company has formulated a Policy for determining Material Subsidiaries. The said policy is available on the website of the Company i.e. <u>www.abfrl.com</u>. However, the Company does not have any material subsidiary as defined under Regulation 16(1)(c) of SEBI Listing Regulations.

# L. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Your Company consciously makes all efforts to conserve energy across all its operations. A report containing details with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is annexed as **Annexure V** to this Report.

# M. Vigil Mechanism

The Board, on recommendation of its audit committee, has adopted a Vigil Mechanism/ Whistle Blower Policy and the details of which are provided in the Corporate Governance Report forming part of this Annual Report.

Adequate safeguards are provided against victimization to those who avail of the mechanism and direct access to the Chairperson of the audit committee is provided to them. The details of establishment of vigil mechanism is also available on the website of the Company i.e. <u>www.abfrl.com</u>

# N. Risk Management

Your Company has framed and implemented a Risk Management Policy in terms of the provisions of Regulation 17 of the SEBI Listing Regulations, for the assessment and minimization of risk, including identification therein of elements of risk, if any, which may threaten the existence of the Company.

The policy is reviewed periodically by the Risk Management and Sustainability Committee along with the key risks and related mitigation plans. More details on risks and threats have been disclosed hereinabove, as part of the Management Discussion and Analysis.

Further, in view of the ever-increasing size and complexity of the business operations, your Company is exposed to various risks emanating from frauds. Accordingly, the Board, on recommendation of the Audit Committee, has adopted an Anti-Fraud Policy and a Whistle

Blower Policy, to put in place, a system for detecting and/or preventing and/or deterring and/ or controlling the occurrence of frauds.

**Financial Statements** 

AGM Notice

# O. Nomination Policy and Executive Remuneration Policy/Philosophy

In terms of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the Board of your Company, on recommendation of the Nomination and Remuneration Committee ("NRC"), had adopted a Nomination Policy, which inter alia enumerates the Company's policy on appointment of directors, KMP and senior management. Further, the Board, on recommendation of NRC, has also adopted a policy entailing Executive Remuneration Philosophy, which covers remuneration philosophy covering the directors, KMP, senior management and other employees of the Company.

Both the aforesaid policies, as amended from time to time pursuant to the amendment in the applicable regulatory provisions, are available on the website of the Company i.e. <u>www.abfrl.com</u>

Salient features of the aforesaid policies are as under:

(a) Nomination Policy

The Nomination Policy is enacted mainly to deal with the following matters, falling within the scope of the NRC:

- To institute processes which enable the identification of individuals who are qualified to become directors and who may be appointed as key managerial personnel and/or in senior management and recommend to the Board of Directors their appointment and removal from time to time;
- To devise a policy on board diversity;
- To review and implement the succession and development plans for managing director, executive directors and officers forming part of senior management;
- To formulate the criteria for determining qualifications, positive attributes and independence of directors;
- To establish evaluation criteria of board, its committees and each director.
- (b) Executive Remuneration Policy/ Philosophy

This Policy supports the design of programmes that align executive rewards - including incentive programmes, retirement benefit programmes, promotion and advancement opportunities - with the long-term success of the Stakeholders of the Company.

The executive remuneration program of the Company is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders and intends to:

- Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis.
- Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

# P. Sustainability and Business Responsibility Report

Your Company's sustainability initiatives are aligned with the Aditya Birla Group's sustainability vision, which mainly comprises of responsible stewardship, stakeholder engagement and future-proofing. Accordingly, under the aegis of the Aditya Birla Group's sustainability vision, your Company is strengthening its 'ReEarth' programme, to design a roadmap, which will align with the group level sustainability policies and international frameworks.

Through this mission, we hope to create a future ready organisation, which can pre-empt imminent challenges and address the needs of all stakeholders.

In accordance with our sustainability vision and in terms of Regulation 34(2)(f) of the SEBI Listing Regulations, a Sustainability and Business Responsibility Report forms part of this Annual Report.

## Q. Auditors and Auditors report

#### (i) Statutory Auditor

As per the provisions of the Act, the period of office of M/s. S R B C & CO LLP, Chartered Accountants (ICAI Registration No. 324982E/E30003), expires at the conclusion of the ensuing Annual General Meeting.

The Board has recommended the appointment of Price Waterhouse & Co Chartered Accountants LLP (FRN: 304026E/E-300009), as the Statutory Auditors of the Company in their place, for a term of five consecutive years, from the conclusion of the 14<sup>th</sup> AGM of the Company scheduled to be held in the year 2021 till the conclusion of the 19<sup>th</sup> AGM to be held in the year 2026, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

They have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the financial statements of the Company for financial year 2020-21, is disclosed in the financial statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

The notes to the financial statements are self-explanatory and do not call for any further comments.

## (ii) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, M/s. Dilip Bharadiya & Associates, Company Secretaries, were appointed as the Secretarial Auditor of the Company, to conduct secretarial audit of the board processes for the year under review.

The Secretarial Audit Report given by the Secretarial Auditor of the Company is annexed as **Annexure VI** to this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in his Report for the year under review.

#### (iii) Cost Auditor

During the year under review, your Company was not required to maintain cost records under sub-Section (1) of Section 148 of the Act. Hence, the provisions related to appointment of Cost Auditor is not applicable.

Further, no fraud in terms of the provisions of Section 143(12) of the Act, has been reported by the Auditors in their report for the year under review.

#### R. Material changes and commitment affecting financial position of the company

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Operations and revenue have been impacted due to COVID-19.

#### S. Other Disclosures

In terms of the applicable provisions of the Act and SEBI Listing Regulations, your Company additionally discloses that, during the year under review:

- **Directors Report** 
  - there was no change in the nature of business of your Company; •
  - your Company has not accepted any fixed deposits from the public falling under Section • 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2021, there were no deposits which were unpaid or unclaimed and due for repayment, hence, there has been no default in repayment of deposits or payment of interest thereon;
  - your Company has not issued any shares with differential voting rights; .
  - your Company has not issued any sweat equity shares; •
  - no significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status operations of your Company in future.
  - your Company has not transferred any amount to the Reserves; •
  - your Company has not raised any funds through qualified institutions placement as per • Regulation 32(7A) of SEBI Listing Regulations.
  - Your Company does not engage in commodity hedging activities. .
  - Your Company has not made application or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
  - Your Company has not made any one-time settlement for the loans taken from the Banks or Financial Institutions.

It is further disclosed that:

- There is no plan to revise the financial statements or directors' report in respect of any • previous financial year.
- Particulars of the loans, guarantees and investments as required under Section 186 of the • Act are disclosed in the financial statements of your Company for the year under review.
- Details pertaining to unclaimed shares demat suspense account of your Company are • disclosed in the General Shareholder Information forming part of this Annual Report.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the SEBI. The report on Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report.

Your Company has duly complied with the Corporate Governance requirements as set out under Chapter IV of the SEBI Listing Regulations and the M/s. Dilip Bharadiya & Associates, Company Secretaries, vide their certificate dated May 28, 2021, have confirmed that the Company is and has been compliant with the conditions stipulated in the chapter IV of the SEBI Listing Regulations. The said certificate is annexed as **Annexure VII** to this Report.

#### ANNUAL RETURN

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Act and the Companies (Management and Administration) Rules, 2014, the Annual Return in Form no. MGT-7 can be accessed on the website of the Company i.e. www.abfrl.com

# DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a policy on Prevention of Sexual Harassment at Workplace, which is in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). The objective of this policy is to provide an effective complaint redressal mechanism if there is an occurrence of sexual harassment.

This policy is applicable to all employees, irrespective of their level and it also includes 'Third Party Harassment' cases i.e. where sexual harassment is committed by any person who is not an employee of the Company.

Your Company has also set up an Internal Complaints Committee at each of its administrative office, which is duly constituted in compliance with the provisions of the POSH Act. Further, the Company also conducts interactive sessions for all the employees, to build awareness amongst employees about the policy and the provisions of POSH Act.

During the year under review, no cases were filed under the POSH Act.

## **AWARDS AND RECOGNITIONS**

Your Company has been proud recipient of many awards and recognitions during the year under review and significant ones amongst them are as under:

- Asia's Most Sustainable Company' in the Textile, Apparel & Luxury Goods Industry by S&P Global CSA 2020
- Golden Peacock Award for Sustainability 2020 in the Textile and Apparel Sector.
- India's most Sustainable Companies 2020 by BW Business World.
- CII-ITC Sustainability Award 2020 for 'Outstanding Accomplishment in Corporate Excellence'.
- ICC Social Impact Award for FY2021 under the 'Empowering the Rural Population' category by the Indian Chamber of Commerce.
- Recognized as one of India's Best Workplaces in Retail for 2021 by Great Place to Work, India
- Third prize for **Best Communication Campaign (Internal Publics)** at **The Public Relations** Society of India (PRSI) National Awards 2020.
- Manufacturing teams at ABFRL won the 'Excellence Award' and 'Distinguished Award' at the National Convention on Quality Concepts (NCQC) 2020 by Quality Circle Forum of India.
- Internal Magazine "InTouch" awarded with Third prize for Best Newsletter (English) at The Public Relations Society of India (PRSI) National Awards 2020.

#### ACKNOWLEDGEMENT

We take this opportunity to thank all the customers, members, investors, vendors, suppliers, business associates, bankers and financial institutions for their continuous support. We also thank the Central and State Governments and other regulatory authorities for their co-operation.

We acknowledge the patronage of the Aditya Birla Group and above all, we place on record our sincere appreciation for the hard-work, solidarity and contribution of each and every employee of the Company in driving the growth of the Company.

For and on behalf of the Board of Directors

Place : Bengaluru Date : May 28, 2021 Ashish Dikshit Managing Director Vishak Kumar Whole-time Director Corporate Governance Report

**Business Responsibility Report** 

#### Disclaimer:

Certain statements in the "Management's Discussion and Analysis" may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and Regulations, including but not limited to those relating to general business plans and strategy of the Company, its future outlook and growth prospects, future developments in its businesses, its competitive and regulatory environment and management's current views and assumptions, which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government Regulations, tax regimes, competitor's actions, economic developments, within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise. The "Management's Discussion and Analysis" does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's securities. The financial figures have been rounded off to the nearest Rupee One Crore.

#### Source:

- 1. https://www.livemint.com/news/india/indias-apparel-market-set-to-rebound-athleisure-sales-to-grow-report-11614259827696.html
- https://retail.economictimes.indiatimes.com/news/apparel-fashion/apparel/indias-apparel-market-to-reach-usd-85-bn-by-2021-report/72862772#:~:text=New%20 Delhi%3A%20India's%20apparel%20market,Fashion%20Report%20released%20on%20Tuesday.
- 3. https://www.indiaretailing.com/2021/02/08/fashion/2021-how-fashion-retail-is-inching-towards-normalcy-a-deloitte-report/
- 4. https://www.india.com/lifestyle/experts-talk-about-fashion-trends-that-may-rule-2021-4304308/
- 5. https://www.indianretailer.com/article/whats-hot/trends/future-trends-fashion-retail-in-2021-beyond.a6721/
- 6. https://in.apparelresources.com/business-news/retail/trends-driving-evolving-indian-ethnicwear-market/
- 7. https://www.businesswire.com/news/home/20210126005544/en/Global-Apparel-Market-Report-2021-to-2030—COVID-19-Impact-and-Recovery— ResearchAndMarkets.com
- 8. https://www.businesstoday.in/current/graphics/new-projections-on-india-gdp-for-fy21/story/429545.html
- 9. https://www.thehindu.com/business/Economy/indias-real-gdp-estimated-to-contract-by-77-in-2020-21/article33521311.ece
- 10. https://www.livemint.com/news/india/india-q3-gdp-growth-at-04-11614339901677.html
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- 12. https://www.newindianexpress.com/business/2021/jan/15/indian-apparel-exports-to-be-on-growth-path-in-fiscal-year-2021-22-icra-2250445.html
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- 14. https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
- 15. https://www.thehindu.com/news/national/india-stands-out-in-terms-of-vaccine-policy-says-imf-economist-gita-gopinath/article34024852.ece
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- 17. https://www.businesstoday.in/current/economy-politics/moody-forecasts-7-gdp-contraction-for-india-in-fy21-revises-estimate-to-13-in-fy22/story/432328.html
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- 19. https://www.livemint.com/budget/economic-survey/economic-survey-2020-21-key-takeaways-11611915899230.html
- 20. https://www.fibre2fashion.com/industry-article/8698/global-apparel-market-outlook-an-overview#:~:text=The%20global%20apparel%20industry%20 was,comparison%20to%20the%20last%20year.&text=During%20the%20forecast%20period%202020,in%20the%20Asia%2DPacific%20market.
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- 22. https://www.fibre2fashion.com/industry-article/8601/statistics-about-women-s-fashion-industry
- 23. https://www.businesswire.com/news/home/20210112005540/en/India-Kids-Wear-Market-2021-to-2026---by-Gender-Category-Season-Sector-Distribution-Channeland-Region---ResearchAndMarkets.com

# **ANNEXURE I**

AGM Notice

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

- 1. Brief outline on CSR Policy of the Company:
  - To actively contribute to the social and economic development of the communities in which we operate. In so doing, in sync with the United Nations Sustainable Development Goals build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.
  - Projects of the Company focus on education, healthcare & sanitation, sustainable livelihood, • water and digitization epitomising a holistic approach to inclusive growth.

#### 2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation*/ Nature of Directorship		Meetings attended during the year
1.	Mr. Himanshu Kapania	Chairman (Vice- Chairperson and NED)	1	1
2.	Mr. Nish Bhutani	Member (ID)	1	1
3.	Mr. Sushil Agarwal <sup>\$</sup>	Member (NED)	1	1

Notes:

# Mr. Yogesh Chaudhary and Preeti Vyas were appointed as members w.e.f. April 1, 2021 and May 28, 2021 respectively.

- 3. Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company as mentioned below:
  - (i) Composition of CSR Committee : <u>www.abfrl.com/corporate-governance/</u>
  - (ii) CSR Policy : www.abfrl.com
  - (iii) CSR Projects : www.abfrl.com/sustainability/
- 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - Not Applicable
- 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NIL (The Company has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off)
- 6. Average net profit of the company as per section 135(5): ₹ **57.97 Crore**
- 7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1.16 Crore
  - (b) Surplus arising out of the CSR projects or Programmes or activities of the previous financial years: NIL
  - (c) Amount required to be set off for the financial year, if any: NIL
  - (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 1.16 Crore

<sup>\*</sup> NED: Non-Executive Director; ID: Independent Director

<sup>\*</sup>Resigned w.e.f. closing hours of March 31, 2021

- 8. (a) CSR amount spent for the financial year: ₹ 1.91 Crore
  - (b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable
  - (c) Details of CSR amount spent against other than **ongoing projects** for the financial year:

Sr. No.		Item from the list of activities in	of area sper is in (Yes/ for t	ea	area (Yes/	Amount spent for the	ent implemen- the tation	Mode of Through agency	implemen- tation implementing
		schedule VII to the Act	No)	State	District	<b>project</b> (₹ in Crore)	Direct (Yes/No)	Name	CSR registration number
1.	School Transformation Project			Maharashtra	Raigad District, Navi Mumbai	0.22		Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
2.	Gyanarjan	Education	Yes	Karnataka	Ramanagara District, Mysuru District and	0.34	No	Sri Venkateshwara Educational Trust	CSR00011621
		Lucuton	105		Bangalore	0.51	110	Rashtreeya Shikshana Samithi Trust	CSR00012218
3.	Kasturba Gandhi Balika Vidyalaya			Karnataka and Tamil Nadu	Ramanagara District and Krishnagiri District	0.11		Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
4.	Village Developm	ent Project, Karnat	aka and	Tamil Nadu <i>("Pr</i>	oject")				
4. 1	Project- Education	Education				0.15			
4.2	Project- Health & Sanitation	Health Care including Preventive health care and sanitation				0.22		Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
4.3	Project- Sustainable Livelihood	Special education and employment enhancing vocation skills and livelihood enhancement projects. Promoting gender equality and empowering women.	Yes	Karnataka and Tamil Nadu	Bangalore, Ramanagara District and Krishnagiri District	0.14	No	Edunet Foundation	CSR00001388
4.4	Project- Water & Watershed	Rural Development Projects Yes		Karnataka	Bangalore, Ramanagara	0.01		Aditya Birla Fashion	
4.5	Project- Digitalisation		Yes	and Tamil Nadu	District and Krishnagiri District	0.05	No	and Retail Jan Kalyan Trust	CSR00005147
4.6	Project- Others					0.10			
5.	Village Developm	ent Project, Odisha	("Project	t Odisha")					

Directors Report

Sr. No.	Name of the Project	ltem from the list of activities in	Local area (Yes/	area spent		Mode of implemen- tation	Mode of Through agency	implemen- tation implementing	
		schedule VII to the Act	No)	State	District	<b>project</b> (₹ in Crore)	Direct (Yes/No)	Name	CSR registration number
5. 1	Project Odisha- Education	Education				0.05			
5.2	Project Odisha- Health and Sanitation	Health Care including Preventive health care and sanitation				0.05			
5.3	Project Odisha- Sustainable Livelihood	Livelihood enhancement projects. Promoting gender equality and empowering women.		Odisha	Khurda District	0.06		Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
5.4	Project Odisha- Water & Watershed	Rural Development Projects	Yes			0.07	No		
5.5	Project Odisha- Digitalisation					0.02			
5.6	Project Odisha- Others					0.01			
6	Kaushalya Project	Special education and employment enhancing vocation skills and livelihood enhancement Projects.		Karnataka	Bangalore	0.21		Labour Net Services India Private Limited	
тот	AL					1.82			

- (d) Amount spent in Administrative Overheads : ₹ 0.07 Crore
- (e) Amount spent on Impact Assessment, if applicable : ₹ 0.02 Crore
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 1.91 Crore
- (g) Excess amount for set off, if any : Nil

Sr. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the company as per section 135(5)	1.16
(ii)	Total amount spent for the Financial Year	1.91
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.75
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.75*

\*The Company has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off

- 9. a) Details of Unspent CSR amount for the preceding three financial years: **Nil** 
  - (b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **Not Applicable**
- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year-
  - (a) Date of creation or acquisition of the capital asset(s): Not Applicable
  - (b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **Not Applicable**
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**
- 11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): **Not Applicable**

**Himanshu Kapania** Chairperson, CSR Committee Ashish Dikshit Managing Director

Financial Statements

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Place : Mumbai Date : May 28, 2021 Place : Bengaluru Date : May 28, 2021 Directors Report

# **ANNEXURE II**

# **INFORMATION: REMUNERATION OF DIRECTORS & EMPLOYEES**

As per S. 197(12) of the Act & R. 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Total number of permanent employees as on March 31, 2021: 22,351

Median remuneration of employees for FY 2020-21: ₹ 1,49,788 (Pvs. year: ₹ 1,66,273)

Percentage decrease in the median remuneration of employees: ~9.91%

Average percentile <u>decrease</u> in the salaries of employees other than the managerial personnel: ~12 %

Average percentile decrease in the managerial remuneration: ~54.16%.

Justification for the <u>exceptional decrease</u> in the managerial remuneration:

Considering COVID-19 pandemic and its effect on the Company's business, as a part of productivity measures, a temporary pay reduction measure *(including contribution towards retirals thereon)* was implemented at across all levels of employees for a period of 6 to 10 months.

The above resulted in overall percentage decrease in the median remuneration and average remuneration paid to the employees, including Managerial Personnel *[i.e. Managing Director (MD)/ Whole-time Directors (WTDs)].* Accordingly, the remuneration paid for FY 2020-21 is not comparable with that of FY 2019-20.

Ratio of the remuneration of each director to the median remuneration of the employees; and percentage increase/ (decrease) in remuneration of each Director and KMPs [i.e. Chief Financial Officer (CFO)/ Company Secretary (CS)]:

Sr. no.	Name	Designation	Remuneration FY 2020-21 (in ₹ Lakh)	Increase/ (decrease) %	Ratio to median remuneration
Non	-Executive Directors(1) (Includ	ing Independer	nt)		
1	Mr. Kumar Mangalam Birla <sup>(2)</sup>	Chairman & NeD	-	-	-
2	Mr. Himanshu Kapania <sup>(2)</sup>	Vice- Chairman & NeD	10.25	-	6.84
3	Mr. Sushil Agarwal	NeD	14.95	147.11	9.98
4	Mr. Vikram Rao <sup>(2)</sup>	NeD	-	-	-
5	Ms. Sukanya Kripalu	ID	14.55	99.32	9.71
6	Mr. Sunirmal Talukdar <sup>(2)</sup>	ID	13.40	-	8.95
7	Mr. Nish Bhutani <sup>(2)</sup>	ID	12.15	-	8.11
8	Mr. Sanjeeb Chaudhuri <sup>(2)</sup>	ID	2.00	-	1.34
9	Mr. Arun Thiagarajan <sup>(2)</sup>	ID	0.75	-	0.50
10	Mr. Yogesh Chaudhary <sup>(2)</sup>	ID		-	
11	Ms. Preeti Vyas <sup>(2)</sup>	ID	-	-	-

Sr. no.	Name	Designation	Remuneration FY 2020-21 (in ₹ Lakh)	Increase/ (decrease) %	Ratio to median remuneration
Mar	nagerial Personnel				
12	Mr. Ashish Dikshit	MD	307.05	(54.16)	204.99
13	Ms. Sangeeta Pendurkar <sup>(2)</sup>	WTD	31.83	-	21.25
14	Mr. Vishak Kumar <sup>(2)</sup>	WTD	24.99	-	16.68
KMF	S				
15	Mr. Jagdish Bajaj	CFO	155.69	(32.09)	103.94
16	Ms. Geetika Anand	CS	48.39	(41.37)	32.31

Notes:

(1) Remuneration comprises of sitting fees paid for attending the meetings of the Board and/ or its committees.

(2) Remuneration for part of the current year/ previous year. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.

# **Affirmation:**

It is hereby affirmed that the remuneration paid to:

- a. directors, KMP and members of senior management is as per Executive Remuneration Philosophy/Policy; and
- b. other employees is as per the Human Resource Philosophy.

# **ANNEXURE III**

AGM Notice

# **DIVIDEND DISTRIBUTION POLICY**

# Introduction

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, this Dividend Distribution Policy was approved by the Board of Directors of the Company ("the Board") at its meeting held on February 3, 2017.

The objective of this policy is to provide the dividend distribution framework to the Stakeholders of the Company.

The Board shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

# **Target Dividend Payout**

Dividend will be declared out of the current year's Profit after Tax of the Company.

Only in exceptional circumstances, including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

'Other Comprehensive Income' (as per applicable Accounting Standards) which mainly comprises of unrealized gains/ losses, will not be considered for the purpose of declaration of dividend.

Subject to the leverage position and the availability of cash flows, the Board will endeavour to achieve a dividend payout ratio (including dividend distribution tax) in the range of 15% to 25% of the Standalone Profit after Tax, net of dividend payout to Preference Shareholders, if any. Subject to the dividend payout range mentioned above, the Board will strive to pass on the dividend received from material Subsidiaries, Joint Ventures and Associates (as defined in the Companies Act, 2013).

# Factors to be considered for Dividend Payout

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividends:

- Stability of earnings
- Cash flow from operations
- Future capital expenditure, inorganic growth plans and reinvestment opportunities
- Industry outlook and stage of business cycle for underlying businesses
- Leverage profile and capital adequacy metrics
- Overall economic/ regulatory environment
- Contingent liabilities
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans.

# General

Retained earnings will be used inter alia for the Company's growth plans, working capital requirements, debt repayments and other contingencies.

If the Board decided to deviate from this policy, the rationale for the same will be suitably disclosed. This policy would be subject to revision/ amendment on a periodic basis, as may be necessary. This policy (as amended from time to time) will be available on the Company's website and in the Annual Report.

#### **ANNEXURE IV**

AGM Notice

₹ in Crore

#### <u>FORM AOC - 1</u>

# PURSUANT TO FIRST PROVISO TO SUB SECTION (3) OF SECTION 129 OF COMPANIES ACT, 2013 READ WITH RULE (5) OF COMPANIES (ACCOUNTS) RULES, 2014

# Statement containing salient features of the consolidated financial statement of Subsidiaries or associate companies / Joint Ventures

## Part "A" – Subsidiaries:

Particulars Name of the subsidiary companies Sr. No. Sabyasachi Calcutta Indivinity Jaypore TG Apparel Jaypore Inc., Finesse E-Commerce & Decor USA \* International LLP [formerly Clothing Retail Private Private Private **Design Private** M/s. Sabyasachi Limited Limited Limited Limited Couture]\*\* July 02, 2019 July 26, 2019 March 26, 2021 1 Date since when subsidiary was acquired July 02, 2019 July 02, 2019 February 24, 2021 2 2020-2021 2020-2021 Reporting period 2020-2021 2020-2021 2020-2021 2020-2021 3 Reporting currency INR INR USD INR INR INR 4 Share capital/Partner's capital account 6.14 0.01 . 1.24 771.28 35.00 5 Reserves & surplus (32.28) (0.26) -4.60 (2.28) 34.19 6 Total assets 44.93 1.71 55.82 874.50 70.76 -7 **Total liabilities** 71.07 1.96 49.98 105.50 1.57 -8 Investments . 0.75 44.03 . 9 Turnover 28.43 2.47 -19.15 19.89 -10 Profit/(Loss) before taxation (26.96) 2.48 0.01 (13.86) (15.22) (0.04)11 Provision for taxation (10.38) 0.48 (3.57)39.80 --12 Profit/(Loss) after taxation (16.58) 2.00 0.01 (10.29) (55.02) (0.04) 13 Proposed Dividend . . -. 51% 14 % of shareholding 100% 100% . 51% 80%

\* Jaypore Inc., USA was dissolved w.e.f. September 21, 2020.

\*\*Financial Statements of Sabyasachi Inc. has been consolidated with Sabyasachi Calcutta LLP.

#### Part "B" - Joint Ventures:

SI. No.	Particulars	Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited]
1	Date since when joint venture	March 19,2021
2	Reporting period	2020-2021
3	Shares of Joint Ventures Held by the Company on year end - Nos.	3,579
4	Amount of Equity Investment in Joint Venture	67.18
5	Extent of Holding (%)	33.50%
6	Networth attributable to shareholding as per latest Audited Balance Sheet	3.25
7	Profit/(Loss) for the Year	(1.02)
8	Considered in Consolidation	(0.34)
9	Not considered in Consolidation	(0.68)

#### For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

#### ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

#### VISHAK KUMAR (Whole-time Director) (DIN: 09078653) Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021

## GEETIKA ANAND (Company Secretary) (M. No.: 23228)

Place: Mumbai Date : May 28, 2021

# **ANNEXURE V**

AGM Notice

# DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

# A. CONSERVATION OF ENERGY

# Energy conservation measures are taken during the financial year 2020-21

- Energy conservation measures at your Company are looked at in synergy with Carbon Footprint and Green Building initiatives and your Company has taken actions to reduce its energy & carbon footprint.
- The measures have been taken across Company's facilities to increase the efficiency in energy utilization are such as the installation of LED (Light-Emitting Diode) lights and Solar streetlights at the select units.
- As the result of these initiatives taken, your Company has saved close to 0.15 Lakh units of energy during the year which resulted in a reduction of ~ 13 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.

The organization is exploring the REMS (Remote Energy Management Systems), an IOT based energy management technology, to further cut down the energy use at the retail stores

# Steps were taken by the Company for utilizing alternate sources of energy

- 34% of our total energy requirement (i.e. in TOE) is met through renewable energy sources with help of increasing use of solar power & usage of Biomass. We have added about 126 kWp solar rooftop PV at Pantaloons DC in the west zone.
- Solar rooftop plant of capacity 2MWp has been operational around the year across 5 facilities (i.e. 4 factories and 1 warehouse) enabling us to generate close to 24 Lakh units (kWh) which resulted in reduction of ~ 2000 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.
- Conversion of a Diesel-based boiler to a Biomass-based boiler has also been operational round the year at one of our manufacturing units which have contributed to reduction of ~ 25 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.
- Further, usage of ~ **3000 Tons of briquettes** (biomass) in the boilers, as a renewable fuel for steam generation at the manufacturing units of the Company, has cut down significant amount of Greenhouse Gas emissions.

# Investment done on energy conservation equipment's

Your Company has invested in energy conservation measures, which includes moving towards energy-efficient lighting systems.

# **B. TECHNOLOGY ABSORPTION**

• There has been no import of technology in the financial year 2020- 21.

# C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign exchange earnings for the year under review: ₹ 103.09 Crore (vis-à-vis ₹ 143.66 Crore during the previous year).
- Foreign exchange outgo for the year under review: ₹ 418.27 Crore (vis-à-vis ₹ 777.61 Crore during the previous year).

#### **ANNEXURE VI**

AGM Notice

# Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

Τo,

The Members,

#### ADITYA BIRLA FASHION AND RETAIL LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Aditya Birla Fashion and Retail Limited. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

On account of the ongoing and evolving COVID-19 pandemic and consequent lockdown as directed by the Central and State Government(s), the process of audit has been modified. Some of the documents /records /returns / registers /minutes were not verified physically, however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. Our report also covers the due adherence of the miscellaneous circulars/ notifications/guidelines as issued by the regulatory bodies from time to time. Further, we have verified books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the financial year ended on March 31, 2021 ["the Audit period"], the Company has complied with the statutory provisions listed hereunder and has proper Board processes and compliance mechanism, in place, to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit period, and have relied on the records, documents and information shared electronically with us by the Company due to extra- ordinary circumstance of COVID-19, according to the applicable provisions of:
  - (i) The Companies Act, 2013 ("the Act") and the rules made thereunder and the Companies Act, 1956;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and circulars issued under:
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- Directors Report
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; and
  - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").
- 2. We have relied on the representations made by the Company and its officers and report of the Statutory Auditor, Internal Auditor and other designated professionals for systems and mechanism formed by the Company for compliances under the following other applicable Laws, including but not limited to:
  - (a) Acts prescribed related to Retail activities.
  - (b) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, Employees' State Insurance Corporation, compensation etc.;
  - (c) Local Municipal Corporation Act & Bye Laws (city-wise);
  - (d) Shops and Establishment Act & Rule (State wise);
  - (e) The Consumer Protection Act, 2019 and rules made thereunder;
  - (f) Legal Metrology Act, 2009;
  - (g) Acts prescribed under prevention and control of pollution;
  - (h) Acts prescribed under Environmental protection;
  - (i) Acts as prescribed under Direct Tax and Indirect Tax including GST and others;
  - (j) Land Revenue laws of respective States;
  - (k) Labour Welfare Act of respective States;
  - (I) Local laws as applicable to various stores as per the respective Municipal Authority;
  - (m) The Indian Copyright Act, 1957;
  - (n) The Patents Act, 1970;
  - (o) The Trade Marks Act, 1999.
- 3. We have also examined compliance with the applicable clauses of the following:
  - (i) The Secretarial Standards issued by 'The Institute of Company Secretaries of India' with respect to board and general meetings.
  - (ii) The Listing Agreements entered into by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (hereinafter collectively referred to as "Stock Exchanges"), read with the SEBI Listing Regulations.

During the period under review, the Company has complied with all the applicable provisions of the above Regulations and circulars/ guidelines issued thereunder except to the extent of compliance with Regulation 17(1)(b) of the SEBI Listing Regulations w.e.f. February 24, 2021. The Company is in due compliance with the said regulation w.e.f. May 19, 2021.

We further report that the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (except to the extent mentioned above). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice was given to all Directors w.r.t. the Board/Committee Meetings held during the year. Agenda and detailed notes on agenda were sent seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions/decisions, including Circular Resolutions of the Board of Directors and its Committees are approved by the requisite majority and are duly recorded in the respective minutes.

Majority decisions are carried through, while the dissenting views of the Directors/ Members, if any, are captured and recorded as part of the minutes.

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

We further report that in terms of Clause 21 of the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors, the Company has kept allotment of 37,82,178 Equity Shares of ₹ 10/- each, pertaining to 3,475 Non-Resident Shareholders of ABNL holding shares on repatriation basis, pending, until receipt of applicable regulatory approval(s).

We further report that during the year under review, the Company had undertaken the following activities:

- A. <u>Rights Issue of Partly-paid shares</u>
  - The Board of Directors ("the Board") vide their resolutions dated May 27, 2020 and June 25, 2020, approved fund raising by way of a Rights Issue. Basis this approval the Company issued 9,04,65,693 equity shares of face value of ₹ 10 each (the "Rights Equity Shares") at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per Rights Equity Share), aggregating to ₹ 995.12 Crore.
  - ii. Further, on July 28, 2020, the Board approved allotment of 9,02,77,042 Rights Equity shares of face-value ₹ 10 each to the eligible applicants. The Rights Equity Shares were allotted as partly paid-up for an amount of ₹ 55 per Rights Equity Share received on application (of which ₹ 5 was towards face value and ₹ 50 towards premium). The allotment of 1,88,651 Rights Equity Shares has been kept in abeyance pending regulatory/ other clearances.
  - iii. On January 11, 2021, the Company dispatched notices for the 1st call money of ₹ 27.50 per partly paid shares (of which ₹ 2.50 is towards face value and ₹ 25 towards premium) ("PPS").
     3,67,542 PPS were forfeited due to non-payment of the 1<sup>st</sup> call money, in accordance with the Articles of Association.
- B. Preferential Issue

By virtue of the approval granted by the shareholders vide their resolution dated November 22, 2020, the Board on January 28, 2021, allotted 7,31,70,731 equity shares of ₹ 10/- each at a premium of ₹ 195/- per share on preferential basis to Flipkart Investments Private Limited.

C. Allotment of Equity shares pursuant to Employee Stock Option Plan(s)

During the financial year, the Stakeholders Relationship Committee approved allotment of:

 i. 37,840 equity shares of ₹ 10/- each to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the Employee Stock Option Scheme 2013.

- ii. 4,64,601 equity shares of ₹ 10/- each to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017.
- D. Issue and Redemption of Non-Convertible Debentures
  - i. On April 20, 2020, the Company redeemed 4,000, 3<sup>rd</sup> Series, Rated, Listed Unsecured, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each.
  - ii. On May 22, 2020, the Company allotted 3,250 Listed, Unsecured Rated, Redeemable Non-Convertible Debentures aggregating to ₹ 325 Crores on Private Placement basis.
- E. <u>Strategic Partnerships/Acquisitions:</u>
  - i. On February 24, 2021, the Company acquired a 51% stake in Sabyasachi Calcutta LLP formerly known as "M/s. Sabyasachi Couture" by way of entering into a Framework Agreement ["Agreement"]. Considering the terms of the Agreement, it is a subsidiary of the Company w.e.f. February 24, 2021.
  - ii. The Company also entered into a Strategic Partnership with Tarun Tahiliani through a Composite transaction by way of acquisition of:
    - a. 33.5% stake in Goodview Fashion Private Limited ["GFPL"] [formerly Goodview Properties Private Limited]; thereby making it an associate of the Company w.e.f. March 19, 2021.
    - b. 80% stake in Indivinity Clothing Retail Private Limited ["ICRPL"], an entity incorporated and thereby making it a subsidiary of the Company w.e.f. March 26, 2021

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

# For **DILIP BHARADIYA & ASSOCIATES**

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Place: Mumbai Date : May 28, 2021 DILIP BHARADIYA Proprietor FCS No.: 7956, C P No.: 6740 UDIN : F007956C000383386 **Directors Report** 

Annexure - A

# To, The Members, ADITYA BIRLA FASHION AND RETAIL LIMITED

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

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed by us provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- 6) Due to prevailing circumstance of COVID-19 pandemic, the audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by / obtained from the Company electronically and also the information provided by the Company and its officers by audio and visual means.
- 7) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

# For **DILIP BHARADIYA & ASSOCIATES**

#### **DILIP BHARADIYA**

Place: Mumbai Date : May 28, 2021 Proprietor FCS No.: 7956, C P No.: 6740 UDIN : F007956C000383386

# **CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE**

# Τo,

**Directors Report** 

# The Members of **ADITYA BIRLA FASHION AND RETAIL LIMITED**

1. The Corporate Governance Report prepared by Aditya Birla Fashion and Retail Limited ("the Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") with respect to Corporate Governance for the year ended March 31, 2021. This report is required by the Company for annual submission to the Stock exchange and for sending to the Shareholders of the Company.

# Management's Responsibility

- 2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
- 3. The Management along with the Board of Directors is responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

# Auditor's Responsibility

- 4. Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
- 5. We conducted our examination of the Corporate Governance Report as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Listing Regulations. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.
- 6. The scope of such audit included the following:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Verified that the optimum combination of executive and non-executive directors are maintained during the year under review;
  - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified the Board composition;
  - iv. Obtained and read the minutes of the Board, Committee and Members' meetings held during the year under review;
  - v. Obtained necessary representations and declarations from directors of the Company including the Independent Directors; and
  - vi. Performed necessary inquiries with the management and obtained necessary representations.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

## Opinion

7. Based on the procedures performed by us as referred in paragraph 5 and 6 above and according to the information and explanations given to us, we certify that the Company has complied with all the applicable provisions of the above Regulations and circulars/ guidelines issued thereunder except to the extent of compliance with Regulation 17(1)(b) of the SEBI Listing Regulations w.e.f. February 24, 2021. The Company is in due compliance with the said regulation w.e.f. May 19, 2021

# **Restriction on Use**

- 8. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- 9. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

#### For DILIP BHARADIYA & ASSOCIATES

Place: Mumbai Date : May 28, 2021 DILIP BHARADIYA Proprietor FCS No.: 7956, C P No.: 6740 UDIN : F007956C000383419 Corporate Governance Report

# **CORPORATE GOVERNANCE REPORT**

"Our values provide us with our roots and they provide us with our wings."

- Mr. Kumar Mangalam Birla Chairman

## **Company's Governance philosophy**

The Aditya Birla Group ("Group") is one of the pioneers in the field of corporate governance. As a part of the Group, at Aditya Birla Fashion and Retail Limited ("Company"/ "ABFRL") we feel proud to belong to a Group whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the Group values mentioned below:



#### Integrity

Acting and taking decisions in a manner that is fair and honest. Following the highest standards of professionalism and being recognised for doing so. Integrity for us means not only financial and intellectual integrity, but encompasses all other forms as are generally understood.

#### Commitment

On the foundation of integrity, doing all that is needed to deliver value to all stakeholders. In the process, being accountable for our own actions and decisions, those of our team and those on the part of the organisation for which we are responsible.



#### Passion

An energetic, intuitive zeal that arises from emotional engagement with the organisation that makes work joyful and inspires each one to give his or her best. A voluntary, spontaneous and relentless pursuit of goals and objectives with the highest level of energy and enthusiasm.



#### Seamlessness

Thinking and working together across functional groups, hierarchies, businesses and geographies. Leveraging diverse competencies and perspectives to garner the benefits of synergy while promoting organisational unity through sharing and collaborative efforts.



#### Speed

Responding to internal and external customers with a sense of urgency. Continuously striving to finish before deadlines and choosing the best rhythm to optimise organisational efficiencies.

At ABFRL, it is always ensured that the performance is driven by integrity & value and that business is done in the right way. It treats all its shareholders fairly and equitably. It also recognises, protects and facilitates the exercise of shareholders' rights by providing transparency, professionalism and accountability. It respects minority rights and aims to enhance long-term stakeholder value without compromising on ethics.

Your Company, at all times strives to develop, strengthen and uphold the above mentioned corporate governance principles, systems and processes, in practice. Your Company keeps its governance practices under continuous review and benchmarks itself to best practices across the globe.

Also, your Company ensures that its governance framework incorporates the amendments introduced from time to time in various laws applicable to the Company and that the same is complied with on or before the relevant due dates.

Your Company is committed to the highest standards of business ethics and corporate governance. The governance philosophy of the Group and your Company rests on the following basic tenets viz.



To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our stakeholders.

In line with the above philosophy, your Company continuously endeavours for excellence and focuses on enhancement of long-term stakeholders' value through adoption of and adherence with the best governance practices, in true spirit at all times.

A report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *("SEBI Listing Regulations"*) is given herein below:

# The Board of Directors ["The Board"]

The Board is at the core of the corporate governance system of the Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long-term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Boards operations are duly supported by the Managing Director, Whole-time Directors, Key Managerial Personnel (*"KMPs"*) and the Senior Management, while discharging its fiduciary duties and in ensuring effective functioning of your Company.

Committees of the Board *viz. Audit Committee, Stakeholders Relationship Committee ("SRC"), Nomination and Remuneration Committee ("NRC"), Corporate Social Responsibility Committee ("CSRC") & Risk Management and Sustainability Committee ("RMSC")* handle specific responsibilities and empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution on diverse matters. Non-statutory Committees of the Board, are formed from time to time, basis the requirements of the Company. Details of the aforesaid Committees is covered in the Section "Committees of the Board" of this report.

The Company strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

## Board Composition

An independent and well-informed Board goes a long way in protecting the stakeholders' interest.

The composition of your Company's Board represents an optimal mix of professionalism, knowledge, experience that enables the Board in discharging its responsibilities and providing effective leadership and support to the business. The composition, diversity and strength of the Board is reviewed from time to time for ensuring that the same is in line with the applicable laws and also that it remains aligned with the strategy and long term needs of the Company.

Until April 1, 2020, the Board comprised of 7 members, consisting of 2 Non-Executive and Non-Independent Directors, 1 Executive Director, and 4 Independent Directors.



Detailed profile of the Board of Directors of the Company alongwith skills/ expertise/ competencies pursuant to Schedule V of the SEBI Listing Regulations, is provided separately in the 'Corporate Information' section of this Annual Report.

In view of the above, as on March 31, 2021, the Board comprised of 12 members (as against 7 members as on March 31, 2020), consisting of 4 Non-Executive and Non-Independent Directors (including one Chairman), 3 Executive Directors, and 5 Independent Directors.

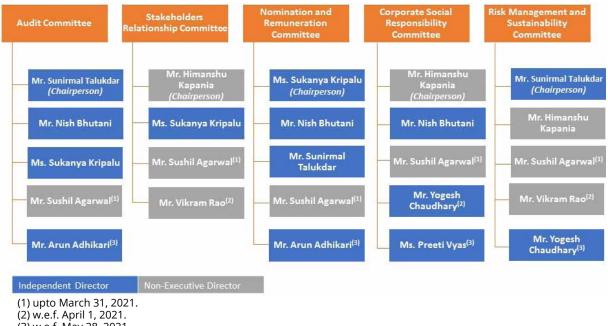


# The Board Committees ["The Committees"]

The Committees play a crucial role in the governance structure of the Company. The Committees are formed with the approval of the Board and function under their respective terms of references framed in accordance with the Act and SEBI Listing Regulations.

The Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. Each Committee demonstrates highest levels of governance standards and has the requisite expertise to handle issues relevant to its field. These Committees spend considerable time and provide focused attention to various issues placed before them and the guidance provided by these Committees lend immense value and support, enhancing the efficiency of the decisionmaking process of the Board. The Board reviews the functioning of these Committees from time to time.

# Committees' Composition:



(3) w.e.f. May 28, 2021.

Also, a 'Rights Issue Committee - 2020' was formed by the Board of Directors on May 27, 2020, for the specific purpose of deciding matters w.r.t the Rights Issue. As on March 31, 2021, Mr. Ashish Dikshit, Ms. Sukanya Kripalu and Mr. Sushil Agarwal were members of this Committee.

Mr. Ashish Dikshit, Managing Director of your Company, is a Permanent Invitee of the Committees. Ms. Geetika Anand, Company Secretary of your Company, acts as the Secretary to all the Committees. They attended all the meetings/matters of the Board and Committees held during the financial year, except those in which they were interested.

# A. Audit Committee

Your Company has a qualified and independent Audit Committee, which acts as an interface between the statutory and internal auditors, the management and the Board. All the members of the Committee have the ability to read and understand the financial statements. The Chairman of the Committee possesses professional qualifications in the field of Finance and Accounting.

The Committee is governed by a Charter, which is in line with Section 177 of the Act and Regulation 18 read with Part C of Schedule II of the SEBI Listing Regulations. The scope, functions and overall responsibility of the Audit Committee is to supervise the Company's internal controls and financial reporting process. The brief description of the terms of reference is available on the website of the Company i.e. <u>www.abfrl.com</u>.

Your Company also has in place a Forex policy, which mentions measures to protect cash flows and shareholder value by reducing the adverse effect of currency rate fluctuations on the Company's profitability, business plans and sustainability of operations.

The quorum and composition of the Audit Committee are in accordance with Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

# B. Nomination and Remuneration Committee ("NRC"):

The composition, quorum, powers, role and scope of the NRC are in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

The overall responsibility of the NRC is to approve and recommend to the Board matters relating to the appointment and remuneration of the Company's Executive Directors, KMPs and senior management, in line with the Nomination Policy and Executive Remuneration Policy of the Company.

The broad terms of reference of the NRC, in terms of the Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations is available on the website of the Company i.e. <u>www.abfrl.com</u>.

# C. Stakeholders Relationship Committee ("SRC"):

The composition, quorum, powers, role and scope of the SRC are in accordance with Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.

Ms. Geetika Anand, Company Secretary, being the Compliance Officer of your Company, is responsible for the redressal of grievances of the shareholders, debenture holders and other security holders.

In terms of the applicable provisions of the Act and Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations, the scope, functions and overall responsibility of the SRC is to oversee various aspects of interests of stakeholders of the Company. The term 'stakeholder' includes shareholders, debenture holders and other security holders. The brief description of the terms of reference is available on the website of the Company i.e. <u>www.abfrl.com</u>.

# D. Corporate Social Responsibility Committee ("CSR Committee"):

Your Company has a Corporate Social Responsibility Policy in place, duly approved by the Board on recommendation of the CSR Committee, details of which are disclosed in the 'Directors Report' forming part of this Annual Report.

The composition, quorum, powers, role and scope of the CSR Committee are in accordance with Section 135 of the Act.

In terms of the applicable provisions of Section 135 read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Committee is *inter alia* entrusted with the responsibility of monitoring and implementing the CSR projects/ programmes/ activities of your Company. The brief description of the terms of reference is available on the website of the Company i.e. <u>www.abfrl.com</u>.

Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development and Dr. (Mrs.) Pragnya Ram, Group Executive President & Group Head - CSR, Legacy Documentation & Archives, are permanent invitees to the meetings of the CSR Committee.

# E. Risk Management and Sustainability Committee ("RMSC"):

Since your Company is in the retail industry, it is prone to inherent business risks. Your Company has in place a Risk Management Policy that covers the inherent business risks and appropriate measures to be taken, to manage uncertainty, changes in the internal and external environment to limit negative impacts and capitalise on opportunities along with minimisation of identifiable risks by the Company.

The composition, quorum, powers, role and scope of the RMSC are in accordance with the applicable provisions of the Act and Regulation 21 of the SEBI Listing Regulations.

Business risk evaluation and its management is an on-going process within the Company. The RMSC is *inter alia* entrusted with the responsibility of monitoring and reviewing the risk management plan, sustainability and the cyber security of the Company and such other functions as may be delegated by the Board from time to time. The brief description of the terms of reference is available on the website of the Company i.e. <u>www.abfrl.com</u>.

### **Meetings: Board & Committees**

The Board meets at regular intervals to discuss and decide on strategies, policies and reviews the financial performance of the Company.

<u>Annual Calendar</u>: The meetings of the Board & Committees are pre-scheduled. A tentative annual calendar of the meetings is circulated to the Directors well in advance to facilitate them to plan their schedules.

<u>Meetings at shorter notice & Circular Resolutions</u>: In case of business exigencies, the Board's approval is taken either by holding meetings at shorter notice or through circular resolutions, which are noted at the subsequent meeting of the Board and/or Committees.

### Information placed / provided

Following information is provided to the Board (including Committees thereof), adequately in advance, of its Meetings / consideration (in case of Circular Resolutions), as per regulatory timelines, to enable them to take well informed decisions:

- a) The notice and detailed agenda along with relevant explanatory notes;
- b) Material information, to the extent applicable and relevant, as prescribed under:
  - The Companies Act, 2013 (including rules made thereunder and Circulars/clarifications issued thereunder) ("Act");
  - Secretarial Standard 1 on Meetings of the Board of Directors ("SS-1");
  - SEBI Laws, more particularly, the Listing Regulations, Issue of Capital and Disclosure Requirements, Prohibition of Insider Trading Regulations and SEBI Circulars issued, from time to time; and
  - Other applicable laws
- c) Presentations on various functional and operational areas of the Company and other business development activities as well as on major projects, financial highlights, etc.

Any information which involves unpublished price sensitive information and in exceptional cases, certain additional matters are tabled at the meeting with the approval of the Chairman and the Board, more particularly the Independent Directors. An approval from the Board for circulating such information at a shorter notice is obtained every year, in terms of SS-1.

### Mode

The Board meets at regular intervals as per the pre-scheduled calendar to discuss and decide on strategies, policies and reviews the financial performance of the Company, in person or through the Video-conferencing facility [to enable the directors travelling abroad or present at other locations to be able participate in the meetings]. Such meetings are conducted physically at the Registered Office / Corporate office of the Company / Group.

### Paperless Meetings

In line with our sustainability vision and with a view to reducing paper consumption and leverage technology, a paperless mechanism of conducting Meetings was set-up in the year 2018. Since

then, the Company has been conducting all its meetings through a web-based application, as and when the need arises. The Directors have been provided with iPads to enable smooth and safe access to information at all times. All the information relating to a meeting (*as detailed in the section 'Information provided to / placed before the Board /Committees' above*), is provided to the Directors by uploading through the application. The said application meets high standards of security and integrity required for storage and transmission.

The Chief Executive Officers of various businesses, Chief Financial Officer, Senior Management Personnel of the Company are also invited to the Board/Committee meetings.

In addition, representatives of the Statutory Auditors and Internal Auditors of your Company are also invited to the Committee meetings for providing such information as may be necessary.

Your Company has provided an avenue to the Statutory Auditors to have a separate discussion with the Chairperson and members of the Audit Committee without the presence of executives, prior to declaration of the financial results, whenever requested.

### Meetings held: FY 2020-21

In view of the health risks associated with Covid-19 pandemic and travel restrictions/lock-down imposed by the Central and State Government and in compliance with the regulatory relaxations provided by SEBI and Ministry of Corporate Affairs and the Institute of Company Secretaries of India, all the Board and Committee Meetings held during the year were conducted virtually.

Extreme precautions and safeguards were put in place to ensure security and confidentiality of discussions and smooth conduct of such meetings. Continuous engagement with the Board Members were done to facilitate their attending and effective contribution during such meetings. The Company complied with all the procedures stipulated under the Companies Act, 2013 and rules made thereunder and SS-1.

Meeting Date(s)	Board	Audit	NRC	SRC	RMSC	CSRC
Apr 11, 2020	1	-	-	-	-	-
May 27, 2020	2	1	-	-	-	-
Jun 25, 2020	3	-	1	-	-	-
Jul 28, 2020	4	-	-	-	-	-
Aug 13, 2020	5	2	-	-	-	-
Sep 28, 2020	-	3	-	1	1	-
Oct 23, 2020	6	4	-	-	-	-
Nov 6, 2020	7	5	-	-	-	-
Jan 21, 2021	-	-	2	-	-	-
Jan 27, 2021	8	-	-	-	-	-
Jan 28, 2021	9	-	-	-	-	-
Feb 8, 2021	10	6	-	-	-	-
Feb 24, 2021	11	-	3	-	-	_
Mar 17, 2021	-	7	4	2	2	1
Mar 31, 2021	-	-	5	-	-	-

Details of Board and Committee Meetings held during FY 2020-21

Director	Board	Audit	CSRC	NRC	RMSC	SRC	13 <sup>th</sup> AGM
	(11)	(7)	(1)	(5)	(2)	(2)	
Mr. Kumar Mangalam Birla	1/1	*	*	*	*	*	٨
Mr. Himanshu Kapania	<b>11</b> / 11	*	1/1	Λ	2/2	2/2	Y
Mr. Ashish Dikshit	<b>11</b> / 11	*	*	*	*	*	Y
Mr. Arun Thiagarajan	1/1	Λ	*	Λ	٨	*	Λ
Mr. Nish Bhutani	9/9	6/6	1/1	5/5	*	*	Y
Mr. Sanjeeb Chaudhuri	2/2	1/1	٨	٨	*	*	٨
Ms. Sukanya Kripalu	11 / 11	7/7	*	5/5	*	2/2	Y
Mr. Sunirmal Talukdar	10 / 11	7/7	*	4 / 5	2/2	*	Y
Mr. Sushil Agarwal	<b>11</b> / 11	7/7	1/1	4 / 5	2/2	1/2	Y
Ms. Preeti Vyas	٨	*	*	*	*	*	Λ
Ms. Sangeeta Pendurkar	٨	*	*	*	*	*	Λ
Mr. Vishak Kumar	٨	*	*	*	*	*	Λ
Mr. Vikram Rao	٨	*	*	*	*	*	٨
Mr. Yogesh Chaudhary	٨	*	*	*	*	*	٨

### Attendance at Meetings of Board, Committees and Shareholders'

^ Meeting not conducted during tenure

\* Not a member of the Committee

(1) The maximum gap between no two consecutive Board and Audit Committee meetings was less than 120 days.

(2) The necessary quorum was present for all the Board and Committee meetings.

(3) No Meetings were held during the tenure of Ms. Preeti Vyas, Ms. Sangeeta Pendurkar, Mr. Vishak Kumar, Mr. Vikram Rao and Mr. Yogesh Chaudhary

### Directors Details as on March 31, 2021

In terms of the provisions of Section 165 and 184 of the Act and Regulation 17A and 26 of the SEBI Listing Regulations, the Directors provide necessary disclosures regarding positions held by them on the Board and/or Committees of other public and/or private companies in the first Meeting of the Board every financial year and post change in such disclosures, from time to time. The said disclosures are placed before the Board in its next Meeting (post receipt of disclosures) for noting.

Category	Name of the	At ABFRL		In other companies			
	Director				Directorships	Committees <sup>(3)</sup>	
		Tenure (in ~ yrs)	Shareholding <sup>(1)</sup>	Total <sup>(2)</sup>	In listed entit	ies	
Non-Independent Non-Executive	Mr. Kumar Mangalam Birla	0.2	33,966	9	<ul> <li><u>As NED</u><sup>(4)</sup>:</li> <li>1) Aditya Birla Capital Ltd.</li> <li>2) Century Textiles and Industries Ltd.</li> <li>3) Grasim Industries Ltd.</li> <li>4) Ultratech Cement Ltd.</li> <li>5) Hindalco Industries Ltd.</li> <li>6) Vodafone Idea Ltd.</li> </ul>	-	
	Mr. Himanshu Kapania	1.3	-	3	<u>As NED<sup>(4)</sup>:</u> Vodafone Idea Limited	1M	
	Mr. Sushil Agarwal	11.7	1,33,074	5	<u>As NED<sup>(4)</sup>:</u> Aditya Birla Capital Ltd.	3M	
	Mr. Vikram Rao	0.1	-	-	-	-	

Corporate Governance Report

Category	Name of the		At ABFRL	In other companies			
	Director			Directorships		Committees <sup>(3)</sup>	
		Tenure (in ~ yrs)	Shareholding <sup>(1)</sup>	Total <sup>(2)</sup>	In listed entit	ies	
Independent Non-Executive	Mr. Nish Bhutani	0.9	-	-		-	
	Ms. Preeti Vyas	-	-	1	As ID <sup>(4)</sup> : Century Textiles and Industries Ltd.	1M	
	Ms. Sukanya Kripalu	6.5	-	5	<ul> <li><u>As ID</u><sup>(4)</sup>:</li> <li>1) Ultratech Cement Ltd.</li> <li>2) Colgate - Palmolive (India) Ltd.</li> <li>3) Entertainment Network (India) Ltd.</li> </ul>	6M	
	Mr. Sunirmal Talukdar	1.1	-	7	<ul> <li><u>As ID</u><sup>(4)</sup>:</li> <li>1) India Carbon Ltd.</li> <li>2) Clariant Chemicals (India) Ltd.</li> <li>3) Titagarh Wagons Ltd.</li> <li>4) Sasken Technologies Ltd.</li> </ul>	7M, (including 4 as Chairman)	
	Mr. Yogesh Chaudhary	0.1	-	-	-	-	
Executive	Mr. Ashish Dikshit	3.2	1,29,588	4	-	-	
	Ms. Sangeeta Pendurkar	0.2	-	5	-	2M	
	Mr. Vishak Kumar	0.2	62,883	-	-	-	

(1) Includes partly paid-up shares.

(2) Computed basis directorships in all public limited companies (including deemed public company), whether listed or not; and excludes this Company, foreign companies, private limited companies and Section 8 companies.

(3) in Audit Committee & Stakeholders Relationship Committee of other public limited companies (including deemed public). M : Memberships

(4) NED: Non-Executive Director; ID: Independent Director.

Basis the disclosures received from the Directors as on March 31, 2021, it is confirmed that none of the Directors:

- (a) is on the Board of more than:
  - i. 20 (twenty) companies;
  - ii. 10 (ten) public limited companies;
  - iii. 7 (seven) listed entities;
- (b) is a member in more than 10 *(ten)* Audit and/or Stakeholders Relationship Committees, across all public limited companies *(incl. deemed public)*
- (c) is a chairperson of more than 5 *(five)* Audit and/or Stakeholders Relationship Committees across all public limited companies *(incl. deemed public)*; and
- (d) have any inter-se relationship with the Board members.

# Appointment, tenure and remuneration

All the Directors of the Company are appointed/ re-appointed by the Shareholders on the basis of recommendations of the Board and Nomination and Remuneration Committee.

# Executive Directors:

The Executive Directors on the Board have been appointed as per the provisions of the Act and serve in accordance with the terms of their contract of service with the Company. They are appointed by the shareholders for a period of five years but can be re-appointed on completion of the term, if eligible. Either parties may terminate their employment by giving three months' notice.

# Non-Executive Directors (other than Independent Directors):

As per the Articles of Association of the Company, at least two-thirds of the Board members shall be retiring Directors, excluding Independent Directors. One-third of such Directors are required to retire every year and if eligible, the retiring Directors qualify for re-appointment.

# Independent Directors:

As trustees of shareholders, Independent Directors play a pivotal role in upholding corporate governance norms and ensuring fairness in decision-making. Being experts in various fields, they also bring independent judgement on matters of strategy, risk management, controls and business performance.

All Independent Directors on the Board are Non-Executive Directors as defined under Regulation 16 of the SEBI Listing Regulations. Independent Directors hold office for upto two terms of five years each. As regards the appointment and tenure of the Independent Directors, the Company has complied with the provisions of the Act and the SEBI Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

Further, in opinion of the Board, the Independent Directors fulfil the conditions specified in Regulation 16 and 25 of the SEBI Listing Regulations and are independent of the management.

The Independent Directors on the Board of your Company are experienced, competent and highly respected individuals in their respective fields, which brings an ideal mixture of expertise, professionalism, knowledge and experience to the table.

# Databank registration:

Further, pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

# Separate meeting of Independent Directors:

Pursuant to Schedule IV of the Act and Regulation 25 of SEBI Listing Regulations, the Independent Directors met once during the year i.e. on March 17, 2021, without the presence of Non-Independent Directors, Executive Directors or management representatives. The Independent Directors *inter alia* discussed the performance of the Board, Non-Independent Directors and the management of the Company and assessed the quality, quantity and timeliness of flow of necessary information between the management and the Board, required for the Board to effectively and reasonably perform its duties.

# Evaluation criteria for Independent Directors:

The performance of the Independent Directors of the Company is evaluated on the criteria more particularly as to how an Independent Director:

- i. Invests time in understanding the Company and its unique requirements;
- ii. Brings in external knowledge and perspective to the table for discussions at the meetings;
- iii. Expresses his/ her views on the issues discussed at the Board; and
- iv. Keeps himself/ herself current on areas and issues that are likely to be discussed at the Board level.

Pursuant to the amendment in the SEBI Listing Regulations, in addition to the above criteria the evaluation criteria for Independent Directors also include fulfilment of the independence criteria as specified in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and their independence from the management.

# Remuneration:

In terms of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, your Company has a Nomination Policy in place, which *inter alia* enumerates the appointment of Directors, KMP and senior management. Further, the Company also has an Executive Remuneration Philosophy, which indicates the remuneration philosophy covering the Directors, KMP, senior management and other employees of the Company.

Both the aforesaid policies, as amended from time to time, are available on the website of the Company i.e. <u>www.abfrl.com</u>.

The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive Directors (comprises of salary, allowances, perquisites, stock options, performance linked income/ bonus and other retirement benefit funds, as may be approved by the members of the Company), Non-Executive Directors (comprises of sitting fees), Key Managerial Personnel and Senior Management. Further, the Company has in place a system where all the Directors, KMP and senior management of the Company are required to disclose all pecuniary relationships or transactions with the Company. Also, the Company does not pay any severance fees to its Directors.

Annual increments to Executive Directors are linked to performance and are decided by the NRC and recommended to the Board for approval thereof. The performance review system is primarily based on competencies and values. The Company closely monitors growth and development of top talent in the Company to align personal aspirations with the organisational goals and objectives.

Also, your Company has a policy of not advancing any loans to its Directors, except to the Executive Directors, in the normal course of employment.

Your Company does not have any pecuniary relationship with any of the Non-Executive Directors and they do not hold any convertible instruments in the Company.

Further, requisite disclosure with respect to the details of fixed component and performance linked incentive, in terms of the provisions of Part C of the Schedule V of the SEBI Listing Regulations and in terms of the provisions of sub-clause (IV) of the second proviso to clause (B) of Section II of Part - II of Schedule V of the Act, have been made in the Annual Return in Form no. MGT-7 disclosed on the website of the Company i.e. <u>www.abfrl.com</u>.

<b>Details of Remuneration to</b>	Directors for the financial	year 2020-21:

			(₹ in lakhs)
Director	Designation <sup>(1)</sup>	Salary/ other compensation	Sitting fees <sup>(4)</sup>
Mr. Kumar Mangalam Birla	Chairman and NED	-	-
Mr. Himanshu Kapania	Vice-Chairman and NED	-	10.25
Mr. Ashish Dikshit	MD	307.05(2)	-
Mr. Arun Thiagarajan	ID	-	0.75
Mr. Nish Bhutani	ID	-	12.15
Ms. Preeti Vyas	ID	-	-
Ms. Sangeeta Pendurkar	WTD	31.83(3)	-
Mr. Sanjeeb Chaudhuri	ID	-	2.00
Ms. Sukanya Kripalu	ID	-	14.55
Mr. Sunirmal Talukdar	ID	-	13.40
Mr. Sushil Agarwal	NED	-	14.95
Mr. Vishak Kumar	WTD	24.99(3)	_
Mr. Vikram Rao	NED	-	-
Mr. Yogesh Chaudhary	ID	-	_

(1) NED: Non-Executive Director; ED: Executive Director; ID: Independent Director; MD: Managing Director; WTD: Wholetime Director.

(2) Amount represents remuneration paid for the entire year. Remuneration w.e.f. February 1, 2021 is subject to Shareholders' approval.

(3) Subject to shareholders approval.

- (4) Gross amount of sitting fees paid for attending the Board and Committee meetings held during the financial year (without deducting TDS).
- (5) Any pecuniary transaction, if so undertaken between a Director and the Company in the ordinary course of business is reflected in the related party disclosure in the notes to the financial statements.
- (6) In addition to the stock options granted earlier, 2,14,822 stock options were granted to Mr. Ashish Dikshit on January 21, 2021, under the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme, 2019 (Tranche 3).
- (7) No Stock Options/RSUs have been granted to Ms. Sangeeta Pendurkar and Mr. Vishak Kumar post their appointment as Whole-time Directors of the Company.

# Board induction, training and familiarisation

In terms of the provisions of Regulation 25 of the SEBI Listing Regulations, your Company has framed a Familiarisation Programme for Independent Directors of the Company, structured into two parts i.e. 'Induction' and 'Ongoing interaction'. This Programme aims to provide insights into the business of the Company, to enable the Independent Directors to understand their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, its business in depth and contribute significantly to the Company.

By way of an introduction/ induction to the Company, presentations are also made to the newly appointed Independent Director (including Non-Executive Directors) on relevant information such as overview of the Company's business, offerings, market and business environment, growth and performance, organisational set up of the Company, governance and internal control processes. As a part of their induction process, the newly appointed Directors are taken through 'Corporate familiarization' and 'Business familiarization'. These initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively discharge his/her role as a Director of the Company.

Further, as provided in the Act, a formal letter of appointment has been issued to the Independent Directors and the same is also disclosed on the website of the Company i.e. <u>www.abfrl.com</u>.

Further, on an ongoing basis as a part of the agenda of meetings of the Board/ Committee(s), presentations are regularly made to the Independent Directors on various matters *inter alia* covering the Company's businesses and operations, strategy, risk management framework, industry and regulatory updates and other relevant matters. These presentations enable one-on-one interaction between the Independent Directors and the senior management of the Company' statutory auditor/ internal auditor of the Company. Additionally, visits to the stores of the Company, trade shows, etc. are also arranged to apprise them of the actual operations of the Company.

The details of the 'Familiarisation Programmes for Independent Directors' are also available on the website of the Company i.e. <u>www.abfrl.com</u>.

### **GENERAL BODY MEETINGS**

### A. Annual General Meetings ("AGM"):

The 13<sup>th</sup> AGM of the Company was held on September 7, 2020 via Video-conferencing, in terms of General Circular no. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 issued by the Ministry of Corporate Affairs.

The respective Chairpersons of the Committees of the Board i.e. Audit Committee [Mr. Sunirmal Talukdar], NRC [Ms. Sukanya Kripalu] and SRC [Mr. Himanshu Kapania], were present at the AGM, to answer the queries of the members of the Company. Details of attendance of Directors form part of this report.

Details of location, date, time and special resolutions passed in previous three annual general meetings of the company, are tabled herein below:

AGM No.	Location / Venue	Date and Time	Particulars of special resolution(s) passed
11 <sup>th</sup>	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer	August 28, 2018 at 3:00 p.m.	(i) Appointment of Mr. Ashish Dikshit as the Managing Director;
	Savarkar Marg, Shivaji Park, Dadar (West),Mumbai- 400 028		<ul> <li>(ii) Issuance of non-convertible debentures for an amount of upto ₹ 1,250 Crore, on private placement basis.</li> </ul>
12 <sup>th</sup>	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West),Mumbai- 400 028	August 21, 2019 at 3:00 p.m.	<ul> <li>(i) Continuation of directorship of Mr. Arun Thiagarajan, Independent Director;</li> <li>(ii) Re-appointment of Ms. Sukanya Kripalu as an Independent Director;</li> <li>(iii) To approve the offer or invitation to subscribe to non-convertible debentures for an amount of upto ₹ 1,250 Crore, on private placement basis;</li> </ul>
			<ul> <li>(iv) Introduction of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019';</li> <li>(v) Extension of benefits of the Scheme 2019 to the employees of the holding and subsidiary company(ies) of the Company</li> <li>(vi) Implementation of Scheme 2019 through trust and consider:</li> </ul>

Corporate Governance Report

AGM No.	Location / Venue	Date and Time	Particulars of special resolution(s) passed				
			(a) authorising the trust for secondary acquisition of the equity shares of the Company; and				
			(b) extending financial assistance/ provisioning of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the Scheme 2019.				
13 <sup>th</sup>	Video Conferencing/ Other Audio- Visual Means	September 7, 2020 at 4:00 p.m.	<ul> <li>(i) Enhancement of borrowing limit of the Company up to ₹ 4,500 Crore (Rupees Four Thousand and Five Hundred Crore only).</li> <li>(ii) Creation of charge on movable and immovable properties of the Company up to ₹ 4,500 Crore (Rupees Four Thousand and Five Hundred Crore only).</li> </ul>				

### B. Postal Ballot

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through postal ballot. In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members.

During the year under review, a Special resolution was passed for Issue of Equity Shares on Preferential basis:

- i. On October 23, 2020, the Board of Directors appointed M/s. Dilip Bharadiya and Associates, Company Secretaries, as the Scrutinizer for conducting the postal ballot (remote e-voting process).
- ii. Due to the COVID-19 pandemic requiring social distancing, and in line with the General Circular no. 14/2020, 17/2020 and 33/2020 dated April 8, 2020, April 13, 2020 and September 28, 2020 issued by the Ministry of Corporate Affairs (MCA), the requirement of sending hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope had been dispensed with.
- iii. In view of the above, the Company had proposed the special business for approval of members by way of Postal Ballot only through remote e-voting facility.
- iv. The Company completed sending of Postal Ballot Notice dated October 23, 2020, on the same day, via e-mail to only those members whose:
  - a. e-mail addresses were registered with Company/ Link Intime India Private Limited ("RTA")/ Depositories and
  - b. names were appearing on the Register of Members/List of Beneficial Owners, received from NSDL and CDSL as on the cut-off date i.e. October 16, 2020.
- v. The Company engaged the services of the RTA for the purpose of providing remote e-voting facility to all its members.
- vi. The remote e-voting period commenced on Saturday, October 24, 2020 (9:00 a.m. IST) and concluded on Sunday, November 22, 2020 (5:00 p.m. IST) *("voting period").*

- vii. The e-voting facility was disabled by RTA for voting after the said date and time
- viii. Post-closing of the voting period, the Scrutinizer submitted his report and Mr. Ashish Dikshit (elected Chairperson for the purpose of declaring the postal ballot results) declared/announced the results on November 22, 2020.
- ix. Details of the voting pattern of the Postal Ballot:

Total Votes	Votes in Favour	Votes Against
66,72,41,580	66,72,34,349	7,231
[100 %]	[99.99 %]	[0.01 %]

As on the date of this report, no special resolution is proposed to be conducted through postal ballot.

# **MEANS OF COMMUNICATION**

The Company uses the following means for communication with investors/ shareholders:

Website	www.abfrl.com	<ul> <li>A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information required to be disseminated by the Company in terms of Regulation 46 and 30 of the SEBI Listing Regulations are uploaded on the website of the Company. These include, more particularly, the following: <ol> <li>Quarterly financial results and annual financial statements,</li> <li>Investor presentations, press releases, earnings call transcripts,</li> <li>Details of corporate governance policies, Board committee charters,</li> <li>Other quarterly filings and Stock Exchange disclosures</li> </ol> </li> </ul>
Newspaper	'The Business Standard' and 'Navshakti'	The quarterly financial results of the Company are published within the stipulated timeline, in 1 (one) English language national daily newspaper and regional language daily newspapers.
E-mail IDs	-	The Company has designated e-mail ids for investor relations and shareholders assistance.
Investor Redressal system	SEBI Complaints Redress System (SCORES)	The Company makes use of this system which is a centralised database of all complaints and enables online upload of Action Taken Reports by the Company on complaints received, online viewing by investors of actions taken on the complaints and their current status.

# **GENERAL SHAREHOLDER INFORMATION**

Your Company has provided the details required under this as a separate section on 'General Shareholder Information', which forms a part of this Annual Report.

### **OTHER AFFIRMATIONS AND DISCLOSURES**

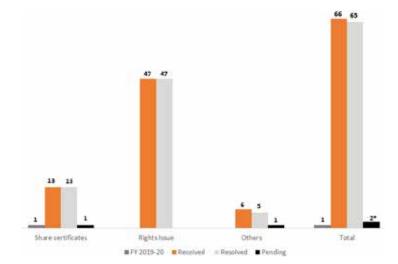
- a. No material transaction has been entered into by your Company with the promoters, directors or the management or relatives, etc. that may have a potential conflict with interests of the Company.
- b. Compliance with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the SEBI Listing Regulations:

During the year under review, the Company has complied with all the applicable provisions of the above Regulations and circulars/ guidelines issued thereunder except to the extent of compliance with Regulation 17(1)(b) of the SEBI Listing Regulations w.e.f. February 24, 2021. The Company is in due compliance with the said regulation w.e.f. May 19, 2021.

- c. There were no material significant RPTs that had/ may have potential conflict with the interests of the Company at large.
- d. The Company has complied with all applicable provisions of the SEBI Listing Regulations and all other applicable regulations and guidelines issued by SEBI and stock exchanges, other than that stated in point no. b of 'Other Affirmations and Disclosures'. No penalties or strictures are imposed on your Company by SEBI or the stock exchanges or any statutory authority on any matter related to the capital markets during the last 3 years.
- e. <u>Shareholders' complaints as</u> on March 31, 2021

During the year under review, the Company received total of **66** complaints from the shareholders.

The Company addressed all the investor complaints received as indicated above, except for two, which were received towards the financial year-end and resolved/ replied to on April 1, 2021.



f. <u>Vigil Mechanism/ Whistle Blower policy and affirmation that no personnel have been denied</u> access to the Audit Committee

The Company has in place a Vigil Mechanism/ Whistle Blower Policy which facilitates the stakeholders to have direct access to the management and the Audit Committee, to report concerns about any unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It is hereby affirmed that no employee has been denied access to the Audit Committee. The said policies are also available on the website of the Company i.e. www.abfrl.com.

Also, the Company has adopted 'Policy for Prevention of Sexual Harassment at Workplace' and 'Anti-fraud Policy' which specifically guarantee the right to 'blow the whistle'. The said policies are also available on the website of the Company i.e. <u>www.abfrl.com</u>. This ensures a work environment that is professional and mature, free from animosity and one that reinforces ABFRL's value of integrity, which includes respect for the individual.

Without prejudice to and in addition to the same, your Company has established a policy for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics. The mechanism provides adequate safeguards against any victimisation of the persons who use this mechanism.

g. <u>Details of compliance with mandatory requirements and adoption of non-mandatory</u> requirements

Except to the extent of non-compliance of Regulation 17(1)(b) as detailed in point (b) above, the Company has complied with all the mandatory requirements of the SEBI Listing Regulations.

In addition to the above, your Company also strives to adhere and comply with the following discretionary requirements specified under Regulation 27(1) and part E of the schedule II of the SEBI Listing Regulations, to the extent applicable:

- (i) <u>Modified opinion(s) in Audit Report</u>: Company's financial statements have unmodified audit opinions.
- (ii) <u>Reporting of Internal Auditor</u>: Internal auditor of the Company directly reports to the Audit Committee.
- h. <u>Commodity price risk and commodity hedging activities</u>

Your Company does not engage in commodity hedging activities.

i. <u>Details of utilization of funds raised through preferential allotment or qualified institutions</u> placement as specified under Regulation 32 (7A)

Details of the same form part the Directors report and notes to the Financial Statements.

j. <u>Certificate from Practicing Company Secretary regarding Non-Debarment and Non Disqualification</u> <u>of Directors</u>

A certificate from M/s. Dilip Bharadiya and Associates, Company Secretaries, has been obtained, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of a Company by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any other statutory authority and accordingly the same forms part of this report as **Annexure C**.

k. Details of recommendation of any Committee of the Board not accepted by the Board and reasons thereof

During the year under review, the Board of your Company has accepted all the recommendations made by its Committee(s), from time to time.

I. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to S R B C & CO LLP (Statutory auditor of the Company) and other firms in the network entity of which the statutory auditor is a part, as included in the consolidated financial statements of the Company for the year ended March 31, 2021 is as follows

	(₹ in Crore)
Particulars	Amount
Fees for Audit and related services	1.67
Professional fees	0.61
Total	2.28

m. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has adopted 'Policy for Prevention of Sexual Harassment at Workplace' ("POSH") on a company-wide level to ensure the respect and dignity of all its employees. POSH is applicable not only to employees but also to third parties or clients and vendors of the company.

The details of complaints related to sexual harassment, during the financial year 2020-21:

Sr. no.	Particulars	Pending as on March 31, 2020	Received during the year	Disposed off during the year	Pending as on March 31, 2021
1	Employees (On roll)	-	8	8	-
2	Others (Off roll/ 3rd party)	1	7	8	-
	Total	-	15	16	-

#### **Disclosure of accounting treatment** n.

The Company has followed all applicable accounting standards while preparing the financial statements.

# **OTHER POLICIES AND CODES OF THE COMPANY**

Your Company has various policies and codes, duly adopted pursuant to the approval of the Board and the same are periodically reviewed by the Board, to incorporate any changes required either in terms of the business of the Company or pursuant to the amendment in the applicable Acts and Regulations including but not limited to the Act and the SEBI Listing Regulations. Click to view details of the policies and codes adopted by the Company:







**CSR** Policy

**RPT Policy** 

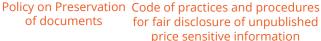
Policy for Determining of Material Subsidiary Companies of materiality of information



Anti-fraud Policy

Human Rights Policy

Policy for archival of documents









Safety Policy



for fair disclosure of unpublished

price sensitive information

**Environmental Policy** 



**Dividend Distribution Policy** 



Policy for determination or event



Code of Conduct for Board of Directors and Senior Management



Tax Policy



Vendor Code of **Conduct Policy** 

Your Company also has a 'Code of Conduct to regulate, monitor and report trading by Designated Persons in listed or proposed to be listed Securities of Aditya Birla Fashion and Retail Limited' which is followed by designated persons for dealing in securities of the Company.

# **SUBSIDIARY & ASSOCIATE COMPANIES**

The Audit Committee and Board of Directors review the financial statement and investments made, if any, on quarterly basis and also the annual financial statements of subsidiaries and associate which are duly consolidated with annual financial statements of the Company. The Board of Directors of the Company also reviews minutes of the Board Meetings of all subsidiaries and associate companies.

Regulation 16 of the Listing Regulations defines a 'material subsidiary' as a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. As per this definition, the Company does not have any unlisted material subsidiary company.

As on March 31, 2021, the Company has 5 (five) subsidiaries and 1 (one) associate company, namely:

	Subsidiary	% stake held
1.	Jaypore E-Commerce Private Limited	100
2.	TG Apparel and Décor Private Limited	100
3.	Indivinity Clothing Retail Private Limited	80
4.	Finesse International Design Private Limited	
5.	Sabyasachi Calcutta LLP	51
	Associate	
6.	Goodview Fashion Private Limited	33.5

Details of the Subsidiaries and Associate Companies forms part of the Directors Report.

# **CEO/ CFO CERTIFICATION**

As required under the provisions of Regulation 33 of the SEBI Listing Regulations, Mr. Ashish Dikshit, Managing Director and Mr. Jagdish Bajaj, Chief Financial Officer have reviewed the audited financial results and cash flow statements for the financial year ended March 31, 2021 and accordingly have provided a certificate, which is enclosed separately at the end of this Report as **Annexure A**.

# **REPORT ON CORPORATE GOVERNANCE**

As required under Regulation 27 of the SEBI Listing Regulations, your Company has been duly submitting the quarterly compliance report in the prescribed format and within the required timelines to the stock exchanges and the same are available on their websites. The said reports are also available on the website of the Company i.e. <u>www.abfrl.com</u>.

The compliance certificate received from M/s. Dilip Bharadiya and Associates, Company Secretaries regarding compliance of corporate governance requirements is annexed as **Annexure VI** to the Report of the Board of Directors.

## **ANNEXURE A**

# **CEO - CFO CERTIFICATION**

To the Board of Directors

### Aditya Birla Fashion and Retail Limited

Corporate Governance Report

- (1) We have reviewed the Audited Financial Statements and the cash flow statement of Aditya Birla Fashion and Retail Limited (*"Company"*) for the financial year ended on March 31, 2021 and to the best of our knowledge and belief:
  - I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on March 31, 2021 which are fraudulent, illegal or violative of the Code of Conduct of the Company.
- (3) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
- (4) We have indicated to the Auditors and the Audit Committee:
  - I. significant changes in the Company's internal control over financial reporting, during the financial year ended on March 31, 2021;
  - II. significant changes in accounting policies, if any, during the financial year ended on March 31, 2021 have been disclosed in the notes to the Financial Statements; and
  - III. instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place: Bengaluru	Ashish Dikshit	Jagdish Bajaj
Date: May 28, 2021	Managing Director	Chief Financial Officer

### **ANNEXURE B**

# **DECLARATION**

To the Members of Aditya Birla Fashion and Retail Limited

I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended March 31, 2021.

Place: Bengaluru Date: May 28, 2021 Ashish Dikshit Managing Director

### **ANNEXURE C**

# CERTIFICATE FROM PRACTICING COMPANY SECRETARY W.R.T. CONFIRMATION OF DIRECTORS' NON-DISQUALIFICATION

### Τo,

# The Members, ADITYA BIRLA FASHION AND RETAIL LIMITED

This Certificate is being issued to the Members of Aditya Birla Fashion and Retail Limited, bearing Corporate Identity Number *(CIN)* - L18101MH2007PLC233901, having its registered office address at Piramal Agastya Corporate Park, Building A, 4<sup>th</sup> and 5<sup>th</sup> Floor, Unit No.401, 403, 501, 502, L.B.S Road, Kurla, Mumbai - 400070 *("the Company")* in terms of Regulation 34(3) read with Schedule V para C Clause 10(i) of the Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 *("SEBI Listing Regulations")*.

We believe it is the responsibility of the Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Companies Act, 2013 ("Act") and SEBI Listing Regulations.

We have examined the documents and disclosures provided by the following Directors (as on March 31, 2021) in electronic mode, for the purpose of issuing this Certificate, in accordance with the requirements under the Act and the SEBI Listing Regulations:

Sr. No.	Name of the Director	DIN
1.	Mr. Ashish Dikshit	01842066
2.	Mr. Himanshu Kapania	03387441
3.	Mr. Vishak Kumar	09078653
4.	Mr. Kumar Mangalam Birla	00012813
5.	Ms. Sukanya Kripalu	06994202
6.	Mr. Sunirmal Talukdar	00920608
7.	Mr. Sushil Agarwal <sup>(1)</sup>	00060017
8.	Ms. Sangeeta Pendurkar	03321646
9.	Mr. Nish Bhutani	03035271
10.	Ms. Preeti Vyas	02352395
11.	Mr. Vikram Rao	00017423
12.	Mr. Yogesh Chaudhary	01040036

(1) Until March 31, 2021.

(2) The Company has appointed Mr. Arun Adhikari (DIN: 00591057) as an Independent Director with effect from May 19, 2021.

Based on our examination of relevant documents made available to us by the Company and such other verifications [including Directors Identification Number (DIN) status at the portal www.mca. gov.in] carried out by us as deemed necessary and adequate, in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we certify that as on date of this certificate, none of the directors on the Board of the Company, as listed hereinabove, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

# For **DILIP BHARADIYA & ASSOCIATES**

**DILIP BHARADIYA** F.C.S No. 7956 C.O.P No. 6740 UDIN: F007956C000383375

Place: Mumbai Date: May 28, 2021

### **SHAREHOLDERS' INFORMATION**

### HIGHLIGHTS: KEY CHANGES: FY 2020 – 21

### a) Rights Issue

Your Company approved raising funds to the extent of ₹ 995 Crore by way of Rights Issue at an issue price of ₹ 110 per Equity Share [including a premium of ₹ 100 per Equity Share] as per the payment schedule mentioned in the letter of offer dated June 28, 2020.

Considering the above, appropriate details w.r.t. Partly-paid up shares (in addition to fully paid-up shares) have been included in this Report.

### b) Preferential Issue

Your Company approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited ("Flipkart"), a foreign portfolio investor, duly registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, aggregating to ₹ 1500 Crore.

Consequently, as on March 31, 2021, Flipkart holds 7.8% of equity share capital. In accordance with the provisions of Regulation 167 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, this holding will remain locked-in until February 9, 2022.

### **GENERAL INFORMATION**

[IN TERMS OF PART C, SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

### (i) Meeting Calendar for Financial Year (April - March)

### a) Ended March 31, 2021

i. Annual General Meeting (14<sup>th</sup>)

Day and date: Thursday, September 9, 2021Time: 4:00 p.m.Venue /Mode: Video Conferencing/ Other Audio Visual Means<sup>1</sup>.

### ii. Board /Committee Meeting(s)

Dates of the meetings of the Board of Directors and Committees, held for consideration of quarterly/ half- yearly/ annual financial results for the financial year ended on March 31, 2021, have been disclosed as a part of the Corporate Governance Report forming part of this Annual Report.

### b) Ending March 31, 2022 [Tentative]

- i. Annual General Meeting (15<sup>th</sup>): August/ September, 2022.
- ii. Board Meetings

For considering Results for the	Month
Quarter ending June 30, 2021	July/ August, 2021
Quarter and six months ending September 30, 2021	October/ November, 2021
Quarter and nine months ending December 31, 2021	January/ February, 2022
Quarter and year ending March 31, 2022	April/ May, 2022

<sup>1</sup>MCA General Circular no. 02/2021 dated January 13, 2021 read with General Circular no. 20/2020 dated May 5, 2020, General Circular no. 14/2020 dated April 8, 2020 and General Circular no. 17/2020 dated April 13, 2020 and SEBI Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 read with Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020

#### Stock exchanges where securities of the Company are listed: (iii)

**Equity shares:** (a)

Stock exchange	Stock code
<b>BSE Limited</b> ( <i>"BSE"</i> ) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	535755 & 890148
National Stock Exchange of India Limited ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	ABFRL & ABFRLPP1

#### Non-convertible debentures: (b)

Unsecured, rated, redeemable, non-convertible debentures ("NCDs") of face value of ₹ 10,00,000/- each issued by the Company from time to time, are listed on BSE, details of which are as under:

Year of issue	Series	Scrip code	ISIN	Principal amount (₹ in Crore)	Date of maturity	Debenture Trustee
2016	3(1)	955053	INE647008057	400	20-Apr-20	Axis Trustee Services Limited
2018	5	958228	INE647008073	300	14-Aug-21	2 <sup>nd</sup> Floor 'E', Axis House,
2019	6(2)	959076	INE647008081	435	11-Nov-22	Bombay Dyeing Mills Compound, Pandurang Budhkar
2020	7 <sup>(3)</sup>	959492	INE647008099	325	22-May-23	Marg, Worli, Mumbai - 400 025 Phone: +91 22 2425 5215/5216 Fax: +91 22 2425 4200 Email id: <u>debenturetrustee@</u> <u>axistrustee.com</u>

### Notes:

(1) Redemption of Series 3 NCDs was due on April 20, 2020. Accordingly, the redemption amount has been duly paid. (2) Partially repurchased to an amount of ₹ 65 Crore on March 31, 2021. (3) Series 7 NCDs was issued on May 22, 2020.

#### (c) **Commercial Papers: BSE**

### (iv) Credit ratings:

There was no change in the credit ratings of the Company during the financial year.

As on March 31, 2021, the Company had the following credit ratings:

Instrument issued by/ on behalf	Amount	Credit Rating				
of the Company	(In ₹ Crore)	CRISIL Limited	ICRA Limited	India Ratings & Research		
Total Bank Loan Facilities	2,500		[ICRA] AA/	IND AA/Stable		
NCDs Series 5 - 2018	300	CRISIL AA/	Stable			
NCDs Series 6 - 2019	435	Stable	-	-		
NCDs Series 7 - 2020	325		-	IND AA/Stable		
Commercial Paper	2000	CRISIL A1+	[ICRA] A1+	IND A1+		
Overall Rating	-	CRISIL AA/ Stable	[ICRA] AA/ Stable	IND AA/Stable		

- (v) Designated depository for the purpose of monitoring of Foreign Investment limits on behalf of the Company: Central Depository Services (India) Limited ("CDSL")
- (vi) Annual listing fees for the financial year 2021-22: Has been paid to both the stock exchanges.

# (vii) Stock market price data:

# (a) Fully paid-up equity shares:

Month - Year			BSE		NSE				
	High (in ₹)	Low (in ₹)	<b>Close</b> (in ₹)	<b>Traded</b> <b>volume</b> (No. of shares in lakh)	High (in ₹)	Low (in ₹)	<b>Close</b> (in ₹)	Traded volume (No. of shares in lakh)	
April-2020	155.00	98.00	115.70	11.72	154.95	111.50	115.60	293.05	
May-2020	125.80	97.05	119.75	22.02	125.00	97.00	119.90	473.19	
June-2020	148.90	122.15	125.35	34.58	148.60	120.10	125.30	607.66	
July-2020	130.70	111.80	124.65	35.27	130.75	111.80	124.70	420.03	
August-2020	154.90	117.20	139.85	45.19	154.90	117.00	139.90	521.98	
September-2020	148.75	120.00	133.40	22.11	148.90	120.50	133.60	388.12	
October-2020	178.80	125.80	153.30	58.24	178.95	125.60	153.30	1232.08	
November-2020	164.90	147.25	162.50	19.39	165.00	147.05	162.65	387.10	
December-2020	170.20	144.10	165.75	23.01	170.35	144.00	165.60	411.71	
January-2021	199.95	149.10	150.10	36.88	194.80	149.00	150.10	547.80	
February-2021	185.20	148.60	183.75	57.34	185.00	148.50	183.60	751.41	
March-2021	223.55	182.60	201.25	53.22	223.70	182.45	201.25	683.14	

Source: BSE and NSE websites.

# (b) Partly paid-up equity shares\*:

Month - Year		BSE				NSE			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Total traded volume (No. of shares in lakh)	High (in ₹)	Low (in ₹)	Close (in ₹)	Total traded volume (No. of shares in lakh)	
August-2020	96.50	62.00	77.10	5.86	98.90	62.05	78.15	34.79	
September-2020	89.00	67.75	74.45	6.71	89.80	67.50	74.70	23.07	
October-2020	114.70	71.00	95.10	9.48	118.00	71.00	95.45	36.09	
November-2020	104.70	91.55	100.65	1.77	104.50	84.50	101.30	15.07	
December-2020	109.80	91.10	103.35	1.58	108.00	91.00	103.55	14.66	
January-2021	105.00	99.60	101.05	0.39	105.00	99.05	100.70	2.71	
February-2021	153.00	125.05	144.00	0.72	149.50	128.05	144.15	3.81	
March-2021	186.45	144.00	167.85	2.97	186.65	144.55	168.90	12.29	

\*Listed on August 3, 2020

Source: BSE and NSE websites.

Closing price of your Company's equity shares and the market capitalisation as on the last trading day of the financial year 2020-21 i.e. March 31, 2021, were as under:

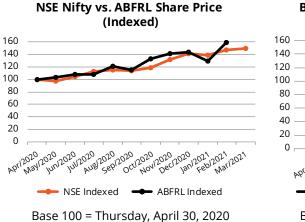
Particulars	B	SE	NSE		
	535755	890148	ABFRL	ABFRLPP1	
Closing price (in ₹)	201.25	167.85	201.25	168.90	
Market capitalisation (in ₹ Crore)	17,058.38	1,515.30	17,058.38	1,524.78	

### (viii) Stock performance:

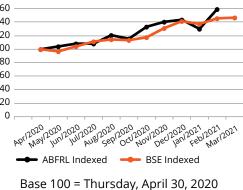
### (a) Fully paid-up equity shares:

Month - Year	ABFRL		BS	SE	NSE		
	NSE closing price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed	
April-2020	115.60	100.00	33,717.62	100.00	9,859.90	100.00	
May-2020	119.90	103.72	32,424.10	96.16	9,580.30	97.16	
June-2020	125.30	108.39	34,915.80	103.55	10,302.10	104.48	
July-2020	124.70	107.87	37,606.89	111.53	11,073.45	112.31	
August-2020	139.90	121.02	38,628.29	114.56	11,387.50	115.49	
September-2020	133.60	115.57	38,067.93	112.90	11,247.55	114.07	
October-2020	153.30	132.61	39,614.07	117.49	11,642.40	118.08	
November-2020	162.65	140.70	44,149.72	130.94	12,968.95	131.53	
December-2020	165.60	143.25	47,751.33	141.62	13,981.75	141.80	
January-2021	150.10	129.84	46,285.77	137.27	13,634.60	138.28	
February-2021	183.60	158.82	49,099.99	145.62	14,529.15	147.36	
March-2021	201.25	174.09	49,509.15	146.83	14,690.70	148.99	

Source: BSE and NSE websites.





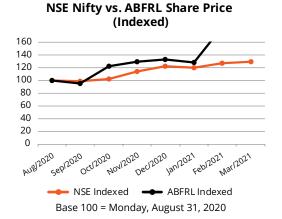


### (b) Partly paid-up equity shares\*:

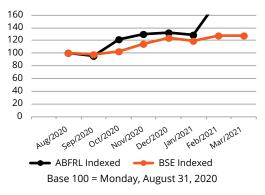
Month - Year	ABFRL		BSI	E	NSE		
	NSE closing price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed	
August-2020	78.15	100.00	38,628.29	100.00	11,387.50	100.00	
September-2020	74.70	95.59	38,067.93	98.55	11,247.55	98.77	
October-2020	95.45	122.14	39,614.07	102.55	11,642.40	102.24	
November-2020	101.30	129.62	44,149.72	114.29	12,968.95	113.89	
December-2020	103.55	132.50	47,751.33	123.62	13,981.75	122.78	
January-2021	100.70	128.85	46,285.77	119.82	13,634.60	119.73	
February-2021	144.15	184.45	49,099.99	127.11	14,529.15	127.59	
March-2021	168.90	216.12	49,509.15	128.17	14,690.70	129.01	

\*Listed on August 3, 2020

Source: BSE and NSE websites



BSE Sensex vs. ABFRL Share Price (Indexed)



### (ix) Distribution of shareholding as on March 31, 2021:

Range of no. of	Fully paid-up		Partly paid-up		Total		% of total
shares held	Folios	Shares	Folios	Shares	Folios <sup>(1)</sup>	Shares	shares
1 - 500	1,72,429	1,63,61,736	15,811	13,87,286	1,74,529	1,65,64,625	1.77
501 to 1000	14,728	1,05,70,352	700	5,51,263	15,471	1,10,79,607	1.18
1001 to 2000	7,586	1,07,77,642	365	5,52,079	7,907	1,12,20,927	1.20
2001 to 3000	2,417	60,08,933	100	2,59,646	2,583	64,25,064	0.69
3001 to 4000	1,098	38,61,343	61	2,15,963	1,146	40,16,064	0.43
4001 to 5000	704	32,20,345	43	2,05,103	763	34,99,793	0.37
5001 to 10000	1,207	84,59,148	74	5,88,505	1,290	90,52,762	0.97
10001 and above	931	78,83,61,660	152	8,65,17,197	1,049	87,60,39,359	93.40
Total	2,01,100	84,76,21,159	17,306	9,02,77,042	2,04,738	93,78,98,201	100.00

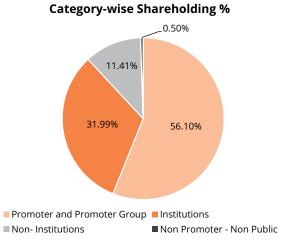
(1) Consolidated on basis of Folio/ DP ID and Client ID.

Category	No. of shareholders <sup>(1)</sup>	No. of shares (Fully paid-up)	No. of shares (Partly paid-up)	Total No. of shares (Fully & Partly paid-up)	%
Promoter and Promoter Group	15	46,60,25,067	6,01,24,449	52,61,49,516	56.10
Public	1,98,996	37,68,85,635	3,01,52,593	40,70,38,228	43.40
Institutions	216	27,86,32,805	2,14,25,529	30,00,58,334	31.99
Mutual Funds	40	11,71,80,159	1,34,38,588	13,06,18,747	13.93
Foreign Institutional Investors and Foreign Portfolio Investors	111	12,45,22,492	63,44,440	13,08,66,932	13.95
Insurance Companies	16	3,22,43,868	11,07,007	3,33,50,875	3.56
Financial Institutions/ Banks	44	1,03,768	-	1,03,768	0.01
Central/ State Government(s)	5	45,82,518	5,35,494	51,18,012	0.55
Non-Institutions	1,98,780	9,82,52,830	87,27,064	10,69,79,894	11.41
Individuals	1,89,158	7,25,22,041	61,51,965	7,86,74,006	8.39
Body Corporates	1,133	1,73,60,513	22,04,221	1,95,64,734	2.09
Others	8,489	83,70,276	3,70,878	87,41,154	0.93
Non Promoter - Non Public	1	47,10,457	-	47,10,457	0.50
Total	1,99,012	84,76,21,159	9,02,77,042	93,78,98,201	100.00

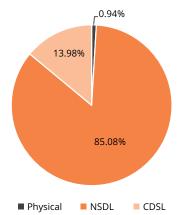
(1) Consolidated on basis of Permanent Account Number (PAN).

#### Dematerialisation of shares and liquidity: **(X)**

Particulars	Fully paid-up		Partly paid-up		Total	
	Shares	%	Shares	%	Shares	%
Physical	88,54,230	1.04	-	-	88,54,230	0.94
Dematerialised mode:	83,87,66,929	98.96	9,02,77,042	100.00	92,90,43,971	99.06
NSDL	72,20,74,590	85.19	7,58,45,466	84.01	79,79,20,056	85.08
CDSL	11,66,92,339	13.77	1,44,31,576	15.99	13,11,23,915	13.98
Total	84,76,21,159	100.00	9,02,77,042	100.00	93,78,98,201	100.00



### Dematerialisation of shares %



# (xi) Unclaimed shares:

During the year under review, no shares were credited to the Unclaimed Shares Suspense Account of the Company ("Suspense Account").

As on March 31, 2021, total number of 8,77,612 equity shares of ₹ 10/- each were lying in the said suspense account and details of which is as under:

Particulars	No. of shareholders	No. of shares
Outstanding at the beginning of the year	5,539	8,77,612
Shareholders who approached the Company and to whom shares were transferred during the year	NIL	NIL
Outstanding at the end of the year	5,539	8,77,612

Note: Voting rights on these shares shall remain frozen till the rightful owners of such shares claims the shares.

As the shares lying in the said suspense account are resulting out of allotments made pursuant to the merger activities of the Company, they shall be released as and when released by transferor companies i.e. Future Retail Limited and Aditya Birla Nuvo Limited (now Grasim Industries Limited). Such shareholders may also approach the Company/ Registrar and Transfer Agent of the Company (*"RTA"*), with their correct particulars and proof of their identity for crediting requisite shares from the said suspense account to their individual account.

# (xii) Transfer of sale proceeds of fractional shares arising out of amalgamation to Investor Education and Protection Fund

During the year under review, the sale proceeds of fractional shares arising out of amalgamation for the year 2013 were transferred to the Investor Education and Protection Fund.

# (xiii) Reconciliation of share capital audit:

As stipulated under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, as amended, M/s. Dilip Bharadiya & Associates, Company Secretaries, carried out quarterly audit for the purpose of reconciliation of the total issued capital, listed capital and the capital held by the depositories in dematerialised form, the details of changes in the share capital during each quarter and the in-principle approval pending from stock exchanges with respect to such further issued capital, if any.

Further, an audit report issued in that regard is submitted to the stock exchanges, NSDL and CDSL on quarterly basis and the same is also placed before the Board.

# (xiv) Outstanding Global Depository Receipts ("GDRs")/ American Depository Receipts ("ADRs")/ warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable

# (xv) Commodity price risk/ foreign exchange risk and hedging activities:

Your Company does not engage in commodity hedging activities. The foreign currency exposure of the Company, in respect of its imports, borrowings and export receivables, is hedged as per the Forex Policy of the Company. The Company uses a mix of various derivative instruments like forward covers.

# (xvi) Investor service and grievance handling mechanism:

A robust mechanism is established by your Company which ensures efficient service to the investors, pro-active handling of investor correspondences and redressal of grievances in an

expeditious manner. This mechanism is handled by the Compliance Officer of your Company and the RTA, through its investor service centres which are spread across the country.

### Quarterly review by the Board and Audit Committee

The Board of your Company and its Audit Committee review the status of investor complaints on a quarterly basis.

### Six-monthly/annual review by the Stakeholders Relationship Committee ("SRC")

SRC has been constituted specifically to look into various aspects of interest of Shareholders, Debenture Holders and other Security Holders. The SRC meets twice in a year to deliberate on various matters with respect to stakeholders of the Company.

During the year under review, the Company received a total of 66 complaints from the shareholders. Details of complaints received alongwith their status as on March 31, 2021, have been disclosed separately in the Corporate Governance Report forming part of this Annual Report.

### (xvii) Share transfer system:

The Board has entrusted SRC with the power & authority to deal with the matters pertaining to transfer, transmission, dematerialisation of shares etc.

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. However, investors are not barred from holding shares in physical form.

Transfers in electronic form are much simpler and quicker as the shareholders have to approach their respective depository participants and the transfers are processed by NSDL/ CDSL, as the case may be, with no requirement of any separate communication to be made to the Company.

During the year under review, the share transfers were processed within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. RTA of your Company ensured compliance with all the procedural requirements with respect to transfer, transmission and transposition of shares and formalities with respect to name deletion, sub-division, consolidation, renewal, exchange and endorsement of share certificates. Due to restrictions on account of the Covid-19 pandemic, though few requests relating to the issue of duplicate share certificates were processed within the regulatory timelines, the share certificates were dispatched and delivered beyond thirty days.

Also as stipulated under Regulation 40(9) of the SEBI Listing Regulations, the RTA also obtained half-yearly certificates in that regard from M/s. Dilip Bharadiya & Associates, Company Secretaries and the same were duly filed with the stock exchanges.

### (xviii) Company's recommendations to the shareholders:

### a. Dematerialisation of shares

Shareholders may consider converting their physical holdings into dematerialised form and avail the benefits of dealing in shares in demat form, such as immediate transfer of shares, no stamp duty payable on transfer of shares held in dematerialised form and avoidance of risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries. Accordingly, shareholders holding shares in physical can contact the RTA/ Company for assistance in converting their holdings to demat form.

# b. Intimate/ update contact details

Shareholders are requested to update/ intimate changes, if any, with necessary documentary evidence, to the Company/ RTA, if shares are held in physical mode or to their Depository Participant ("DP"), if the holding is in electronic mode.

# c. Furnish/ update bank account particulars with the Company/ DP

SEBI has, vide its circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, made it mandatory for all the companies to use the bank account details furnished by the depositories and the bank account maintained by the RTA for payment of dividend in electronic mode.

Shareholders holding shares in physical form may submit the particulars of their bank account alongwith the original cancelled cheque bearing their name, to RTA/ Company, to update their bank account details. Shareholders holding shares in demat form may update their bank account details with their respective DP.

This would facilitate in receiving direct credits of dividends, refunds etc., from companies and avoid events such as postal delays and loss in transit.

# d. Updation of KYC details

As per SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, efforts are underway to update the PAN and bank account details of the shareholders and communications in that regard have been sent by the Company to the eligible shareholders. Shareholders are requested to furnish their PAN, which will help the Company to strengthen compliance with KYC norms and provisions of the Prevention of Money Laundering Act, 2002.

Further, in terms of the provisions of SEBI Listing Regulations, it is mandatory to furnish a copy of PAN card to the RTA/ Company with respect to all requests pertaining to transfer of shares, deletion of name, transmission of shares and transposition of shares.

# e. Updation of details by non-resident shareholders

Non-resident Indian shareholders are requested to immediately inform the Company/ RTA, if shares are held in physical mode or to their DP, if the holding is in electronic mode, regarding change in the residential status on return to India for permanent settlement and/or the particulars of the NRE account with a bank in India, if not furnished earlier.

# f. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for providing services, shareholders who have more than one folio/ demat account in the same order of names, are requested to consolidate their holdings under one folio/ demat account. They may write to the RTA/ DP in that regard. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor and service multiple folios/ demat accounts.

# g. Submit Nomination Form

Section 72 of the Companies Act, 2013, extends nomination facility to individuals holding shares in physical form. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations

in the prescribed Nomination Form No. SH-13/ SH-14 which can be downloaded from the website of the Company i.e. <u>www.abfrl.com</u> duly filled-in to RTA at their address mentioned herein below. Shareholders holding shares in demat form may contact their respective DPs for availing this facility/ change an existing nomination.

### h. Service of documents through electronic means

Your Company holds its green initiative in high regard. Pursuant to section 101 and 136 of the Act, companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their e-mail address either with the Company or with the DPs. Accordingly, shareholders who have not registered their e-mail addresses so far, are requested to register the same, by submitting a duly filled 'E-communication Registration Form' available on the website of the Company i.e. <u>www.abfrl.com</u> to RTA/ Company on its designated e-mail Id i.e. <u>secretarial@abfrl.adityabirla.com</u>.

### i. Deal with registered intermediaries

Shareholders should transact through a SEBI registered intermediary, as it will be responsible for its activities and in case the intermediary does not act professionally, the matter can be taken up with SEBI/ stock exchanges.

### j. Monitor holdings regularly

Demat account should not be kept dormant for a long period of time. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified. Where the shareholder holding shares in demat form is likely to be away for a long period of time, such shareholder can make a request to the DP to keep the account frozen, so that there can be no debit to the account till the instruction for freezing the account is countermanded by the shareholder.

### k. Mergers and demergers

Details of mergers and demergers are available on the website of the Company i.e. <u>www.abfrl.com</u>. Shareholders may also send a request to the Company for availing the said details by sending an e-mail to <u>secretarial@abfrl.adityabirla.com</u> and/or a request letter to the RTA/ Company at their respective address provided herein below.

Sr. no.	Plants	Location
1. Madura Clothing (Crafted Clothing)		No. 527, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
2.	Madura Clothing (Fashion Craft)	No. 324, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
3.	Madura Clothing (Europa Garments)	Survey No. 62/2A, 62/2B, Parappana Agrahara, Off Hosur Road, Begur Hobli, Naganathapura, Bengaluru - 560100, Karnataka
4.	Madura Clothing (Classical Menswear)	No. 288/2, Dodda Begur, Bommanahalli, Bengaluru - 560068, Karnataka.

### (xix) Plants of the Company with their locations:

Sr. no.	Plants	Location
5.	Madura Clothing (English Apparels)	No. 52/2, Bilvaradahalli, Jigani Hobli, Anekal Taluk, Bengaluru - 560083, Karnataka
6.	6. Madura Clothing Survey No. 42/2, 43, Basavanapura, Mayaganaha (Haritha Apparels) Hobli, Ramanagara Taluk and District - 562159, Ka	
7.	Madura Clothing (Alpha Garments)	No. 10/1, Byatarayanapura Jakkur Layout, Bellary Main Road, Bengaluru - 560064, Karnataka
8.	Madura Clothing (Little England Apparels)	Survey No.#569/1,569/2B,570,606,853/1, Kurbarapalli village Doddaubanur Post, Denkanikotte Taluk, Thally - 635118, Tamil Nadu
9.	Bilteek Fashion	Plot No. A-4, A-5, A-6, Apparel Park Industrial Area, Sy.No. 29 and 31, Arehalliguddadahalli, Kasaba Hobli, Doddaballapur Taluk, Bengaluru - 561203
10.	Aditya Birla Fashion and Retail Limited -	IDCO Plot No. H2, H3, H4, H5, H5(P) and H6, Bomikhal, Mancheswar Industrial Estate, Bhubaneswar, Odisha - 751010

# (xx) Store Locations of the Company:

Odisha

Your Company also has multiple stores spread across India. You may please refer the back inner cover page of this Annual Report for the city-wise break-up of stores of the Company plotted on the map of India.

# (xxi) Address for correspondence:

- All shareholder's correspondence should be forwarded to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company or to the Company Secretary at the registered office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for shareholders complaints and other communications is <u>secretarial@abfrl.adityabirla.com.</u>
- As stated in the SEBI circular dated March 26, 2018, whereby SEBI has issued new policy measures with respect to SEBI Complaints Redress System (SCORES), shareholders are requested to approach the Company directly at the first instance for their grievances.

Registra	ar and Share Transfer Agent	Registered Office		
<u> </u>	ime India Private Limited	Aditya Birla Fashion and Retail Limited		
Unit: Ac	litya Birla Fashion and Retail Limited	Piramal Agastya Corporate Park, Building 'A',		
C-101, 2	47 Park, L.B.S. Marg,	4 <sup>th</sup> and 5 <sup>th</sup> Floor, Unit No. 401, 403, 501, 502,		
Vikhroli (West), Mumbai - 400083		L.B.S. Road, Kurla, Mumbai - 400 070.		
Phone	: +91 22 49186270	Phone : +91 86529 05000		
Fax	: +91 22 49186060	Fax : +91 86529 05400		
E-mail	: <u>rnt.helpdesk@linkintime.co.in</u>	E-mail : <u>secretarial@abfrl.adityabirla.com</u>		
Website : <u>www.linkintime.co.in</u>		Website : <u>www.abfrl.com</u>		

# (xxii) Feedback:

Your feedback is valuable to us to help us serve you better. Shareholders are requested to give us their valuable suggestions, if any, for enhancement of our investor services by writing to RTA/ Company at the address provided hereinabove.

# SUSTAINABILITY AND BUSINESS RESPONSIBILITY REPORT

# **BUILDING SUSTAINABLE BUSINESSES AT THE ADITYA BIRLA GROUP**

At the Aditya Birla Group, we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations. We define action "Sustainable Business" as one that can continue to survive and thrive within the growing needs and tightening legal and resource constraints of a "Sustainable World". We believe that this means that as we go forward towards the constrained operating environments of 2030 and 2050, that for a continued "Sustainable World", it can increasingly only contain "Sustainable Businesse".

To achieve our Group vision, we are innovating away from the traditional sustainability models to one consistent with our vision to build sustainable businesses capable of operating in the next three decades. The current decade is being talked about as decade of action on global commitments on climate change, Sustainable Development Goals ("SDGs") and others. It is expected to be extremely challenging for organizations since growth is shifting, innovation is relentless, disruption is accelerating, expectations are high, and social tensions are rising. Organizations are faced with an increasing number and mix of megatrends, such as climate change, rapid technological progress, demographic changes, rise of the platform economy. Combined with disruptors such as the recent Coronavirus epidemic, are triggering potentially exponential changes in the way organizations are going to function.

One such significant momentum has been building over the past year towards the shift to stakeholder capitalism. The pandemic has demonstrated the importance of delivering financial results that align to performance on ESG (Environmental, Social and Corporate Governance) aspects. We are already witnessing diverse stakeholders such as regulators, oversight authorities, policy makers, investors, lenders becoming more vocal about the need for greater adoption of ESG. ESG is the new lens through which Companies will be increasingly evaluated – both for their commitment and action on them.

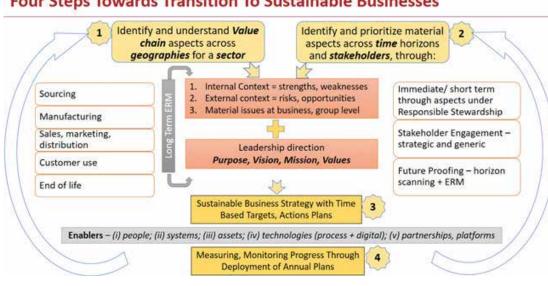
At this juncture, Aditya Birla Group of businesses are seven years into the journey to become the leading Indian conglomerate for sustainable business practices across all our operations, as envisioned by our Chairman Mr. Kumar Mangalam Birla. Since then, as a Group we have made strides to equip our businesses with the right tools, provide access to the right information and to put the right systems and processes in place with comprehensive guidance on how to achieve the vision:

- We started with defining the sustainable business model for ABG businesses through a funnelbased approach sitting on 3 pillars of responsible stewardship, stakeholder engagement and future proofing. This model is supported by the ABG Sustainable Business Framework ("SBF").
- The ABG SBF has now gained full maturity through peer reviewing and third-party certification to 17 different international standards. Today, it comprises of 18 single pages of public Policies and their associated 46 Technical and 18 Management Standards, which are setting expectations and guiding management system improvements across our Group companies. Furthermore, 70 Guidance Notes and over 850 e-learning Training Courses have been made available to support the practical implementation of requirements across the Group.
- Implementation assurance is powered by an IT enabled evidence-based approach ensuring rigour and consistency to our business management systems. All businesses are now selfassessing and reporting their progress. Colleagues worldwide provide on-line, details of the systems that they have in place and the resulting performance through photographs, documents and registers uploaded as part of Self-Assessment Questionnaires auditable in ENABLON.
- Governing this process is our Assurance Principles that guide the self-assessment and verification process.

Having covered this ground and in the evolving business landscape, we have now embarked on ABG Sustain-ability Journey 2.0 to focus on what the megatrends 2020-2030 demand from the private sector for the current 'decade of action' in mainstreaming of ESG in executive and operational decision-making.

Our "Ability to Sustain" approach has also undergone fine tuning for better navigation in this evershrinking operating funnel via a 4-D (dimensional) approach. ABG businesses are building higher resilience in their business strategies and operations to ensure that their aggregate impact remains within the planet's safe operating limits, taking into account

- business sectoral uniqueness;
- their geographies of operation;
- stakeholder expectations across of their value chains in keeping with short- and long-term 3) time horizons.



# Four Steps Towards Transition To Sustainable Businesses

The model 2.0 thus lays out four steps to be followed by ABG businesses. The steps begin with identifying and understanding value chain aspects across geographies for a sector, followed by identifying and prioritizing material aspects across time horizons and stakeholder expectations and, finally, developing sustainable business strategies with time-based targets and annual action plans which are measurable and can be monitored to future proof our business strategies, products, operations and supply chains to remain sustainable.

The onus is on every one of us starting from our leadership to take on the understanding of what it means to be a sustainable business leader in their own sectors, in their industries and to plan out a roadmap for how it can be achieved now. The planet will demand that it is so, and the markets will have no choice but to comply. At ABG, we have a legacy of success. It is our leadership's imagination that will realise our vision of becoming a sustainable business conglomerate, and it will be their legacy that they shape. Progress is being made but much remains to be done.

# **Business Sustainability Initiatives**

We, at Aditya Birla Fashion and Retail Limited ("ABFRL") have together seen a year that has taught us numerous unforgettable lessons that will stay with us for a lifetime. Keeping this in mind, we made a new resolution towards our planet and its resources. We are transitioning our sustainability journey from process-led to product-led, which we call Sustainability 2.0. on the path of holistic sustainability transformation through expanding our scope, enhancing maturity & augmenting disclosures. Our initial success in our first sustainability journey has not only instilled a robust sustainability culture and embedded sustainable practices across processes but also empowered us to amplify product-led sustainability. Going forward, we will use sustainable practices from the beginning to the end of the product life cycle including:

- Embedding sustainability right from product design to development. This means developing a closed-loop design framework that is built on sustainable practices.
- Focusing on raw material sourcing, which includes Sustainable materials, clean energy management, human rights and compliance, water and chemical management, and zero defects.
- Investing in sustainable supply chain management by implementing Sustainable packaging, GHG emission management, and plastic waste management.
- Endorsing circularity, recycling, and upcycling in the apparel industry.

We believe that a successful sustainability strategy requires participation of all key stakeholders such as suppliers, employees, customers, external sector experts, etc., and their active involvements to bring sustainability in their respective areas of business operations. Hence, we adopted a value chain approach to engage with all the stakeholders, and streamline our efforts to create positive impact on social and environmental footprints.

While, we continue to make progress and measure our energy, carbon, water, waste, safety, CSR, sustainable product, and packaging; we will create a synergy for upstream and downstream stakeholders to be integrated into our strategy. Currently we are transitioning to a product-centric life-cycle approach, where product will be the fulcrum of our sustainability strategy. This approach will facilitate in identifying key focus areas for improvement, developing interventions for each life cycle stage of the product and incorporating overall product sustainability; including upstream and downstream operations.

Summary of the missions, respective targets and status for the financial year 2020-21 is provided below. Detailed disclosures on the activities under these missions are covered in the Annual Sustainability Report of the financial year 2020-21.

# Energy

At ABFRL, in our pursuit is to enhance energy productivity and inject more green energy in our energy utilisation, we have devised strategy covering two focus areas, i.e., Energy Efficiency and Renewable Energy. Our focus is now on looking at the Energy as a whole and not just reducing the purchase of grid electricity. Energy as a whole means including all sources of fuels that we use directly or indirectly. Our strategy remains the same which is first to reduce energy demand through energy efficiency initiatives and then to increase the share of renewable energy in our energy mix. This will help us drive down our overall carbon footprint at a facility and product level.

# **34% of our total Energy Requirement is met through Renewable Energy Sources** and **24 lakh units (**KWh) **Solar Power generated leading to a reduction of more than 2000 tonnes of CO**<sub>2</sub>.

In addition to the ongoing initiatives, in line with our vision to become an environmentally responsible Company, we are planning to expand & extend the solar rooftop projects to the other facilities of ABFRL as well explore solar group captive model under renewable energy programmes and remote energy management systems under energy efficiency programme to increase share of renewable energy and enhance energy efficiency, respectively.

### Water

At ABFRL, water is a crucial resource we focus on and also one of the important material issues in our value chain, in line with our mission to ReEarth. Firstly, we are working on reducing the water consumption in our own operations by adopting water efficient technologies. Next, we are replenishing water by recycling and reusing water and also by rainwater harvesting systems along with artificial recharge systems.

We are also working on increasing the use of Rainwater and cutting down the freshwater withdrawal by installing Rainwater storage tanks, Digital Rain gauge, modification of pipelines and installation of digital meters to record the water use across the facilities.

With ever increasing stress on water reserves, we have identified responsible water management as a critical area with focus on reducing fresh water withdrawal by establishing recycling & reusing facilities and also capturing rainwater. This year moving one step further, we have also added 'Water' as one of our CSR focus areas to bring safe water to our host communities. We have taken up projects such as rainwater harvesting, bore well recharge pits and pond renovation programs.

We are "Water Positive" across our operations and further trying various steps such as reducing the water demand, treating the wastewater and then recycling / reusing the same into the process or landscaping. Some of the other initiatives use of rain water facilitated by installation of roof and non-roof rain water harvesting systems and artificial recharge systems to offset the community level watershed programs.

Aligned to our target for FY 2020-21 we have achieved 75% of **Recycle & Reuse water (MFL Facilities)** and achieved 45% **Renewable water i.e. 54,020 m<sup>3</sup>** through installation of rainwater harvesting with artificial recharge systems, across our own facilities.

### We are 1.48 times water positive across our facilities.

### Waste

At ABFRL, waste management is an integral part of our sustainability strategy the 'ReEarth' program. We focus on two aspects - firstly, to reduce overall waste and encourage circularity; and secondly, to encourage the safe disposal of waste. We perceive waste management as an opportunity of value creation, not only for the business but also for the stakeholders associated with.

ABFRL believes in creating a closed loop system where waste generated is recycled or reused and converted to useful resources. Circular economy is based on the principles of designing out waste and pollution, keeping materials in use and regenerating natural systems. The entire Non-hazardous waste in ABFRL facilities are either recycled or reused and a small quantity of undergoes composting. Hazardous Waste is disposed following guidelines and regulations to ensure zero waste to landfill.

To our commitment for management of waste in sustainable manner, 'Waste Traceability Assessment' is done to validate and certify the disposal mechanism of waste till its last mile for best practices and adherence to compliance. The aim is to audit and monitor the waste disposal to authorized recyclers, to ensure reliability and to substantiate our sustainability goals. All Facilities dispose waste in compliance with operating permits and legal authorizations, and also engage with waste disposal facilities/waste recyclers after due validation. We are working towards establishing an ecosystem for extended producer responsibility in waste management and enhance the scope of circularity across our operations. Through our streamlined waste management approach, we continue to ensure 'Zero Waste to Landfill across all our own facilities'.

# Our goal is to achieve 'Zero Waste to landfill across all our operations' and ensure 100% traceability of waste disposed.

# WASH

Our commitment in creating and promoting safe, sustainable drinking water and sanitation, and hygiene at work and beyond has been reaffirmed by signing WBSCD WASH Pledge. **ABFRL aims to enhance employee morale and productivity by providing safe and hygienic workplaces and maintaining 100 per cent compliance to WASH pledge**. We are compliant to the WASH standards and have monitoring and reviewing mechanisms in place to ensure compliance. Annually, we conduct a deep dive exercise assessing current compliance to WASH pledge and addressing gaps, if any.

We have made WASH pledge compliance mandatory, by making it part of the new facility opening. This ensures that WASH is rolled out at the design stage itself, in some cases along with the Green Building new factory/facility checklist, ensuring the best practices of WASH pledge be implemented at the site during the phase of design, planning and construction.

### **Green building**

ABFRL's focus on green buildings is in synergy with its energy, carbon, waste and water missions. Green buildings are those that have been built and operated in an environmentally conscious manner throughout its life by reducing or eliminating negative impacts and amplifying its positive impacts on the climate and natural environment.

We have about 5 facilities that have been certified under the green building rating system at various levels of certification. We are currently working on another 4 projects, out of which 2 are new projects i.e. Odisha Factory, Innerwear Warehouse and the other 2 are existing buildings.

At ABFRL, we look forward to developing retail stores that will have minimum environmental footprints. A pilot will be conducted with select stores developed as model stores, and the learnings will be implemented across all our stores. **ABFRL aims to achieve Green Building Certification for more than 15 Lakh square feet area of its built footprint.** 

ABFRL has adopted the concepts of Net-Zero Energy Building and working closely with national and international body like IGBC & USGBC to achieve the goal of Net-Zero Energy. To begin with, this year, we are conducting a feasibility study and pilot of the concept at the 2 select projects of different categories, one is the Warehouse facility and the other is a Manufacturing facility

# Sustainable products and packaging

ABFRL's vision is to **"passionately satisfy Indian consumers' needs in fashion, style & value".** Over the years, our discerning customers have increasingly become aware and conscious, and prefer sustainably manufactured garments that also stand true to their quality and value expectations.

Each of our brands uses its unique voice to communicate with customers on the importance and impact of sustainable products. We take a life cycle approach for product responsibility which has a clear focus at each stage of the product life cycle – from the raw materials used to production processes to their end-of-life. We aim to design great products keeping sustainability in mind while collaborating across the industry to create a collective movement towards doing more good. Product centric approach focusses on product life cycle management and covers the other aspects of traceability & circularity.

Our brands strive to source all products responsibly and sustainably. Our high-quality products are designed to conserve the natural resources without impacting the customers' health and society throughout their entire lifecycle. To do this, we focus on a variety of sustainable material, production processes and ensure that the workers in our supply chain are treated with dignity and respect.

At ABFRL, we have developed a comprehensive guideline to create awareness and measure the product sustainability performance throughout the value chain. This guideline is known as "Product Sustainability Attribute".

Product packaging is a necessary evil and as important as the product itself. Apparel packaging consists variety of materials like Paper, Carton, Textile, Metal & Plastics etc. While some of the packaging materials are non-pollutant in nature and biodegradable, few materials like plastic does not disintegrate easily in landfill & creating pollution. Across globe, countries are taking significant steps to reduce the impact of pollutant Material.

# ABFRL has taken a commitment to use 100% sustainable packaging material by 2025.

We have implemented a dedicated program "Vendor Code of Conduct" to monitor the garment manufacturing unit's compliance level, working conditions and develop a resilient supply chain which is responsive and respectful to the workers who make our products.

Our Vendor Code of Conduct is very comprehensive and structured document aligned with globally established legal and statutory requirements based on 11 principles. Aim of Vendor Code of Conduct policy & program is to mitigate supply chain associated risks with regard to legal & Statutory compliance, health & safety, environment, minimum wages and social aspects as outlined by the Indian Factories Act 1948, International Labour Organization, SA 8000 and WRAP standards. While the sustainability agenda is developed, product responsibility is being implemented using a mission approach with **prime focus on Product Stewardship and all sustainability initiatives revolving around it.** 

# Safety

Safety has always been one of our key focus areas, and our goal is to achieve 'zero severity level 5 incidents at workplace'. In our effort towards instituting organisation-wide culture of safety in our business operations, this financial year i.e. 2020-21, our safety policy will assist our organisation in taking collaborative efforts towards achieving our safety goals and targets.

Our safety journey at ABFRL has shifted from Band-Aid solutions to a more robust and proactive stance. In this light, and with guidance from our top leadership, a comprehensive Safety policy was implemented across all operations. This was followed by establishment of central and regional Safety committees, along with committees at our factories, warehouses, and regional and corporate offices to monitor our safety performance. To keep us on our toes at all times, we hold monthly meetings and reviews to track the safety performance and fix any gaps.

We have also implemented a Risk Assessment and Management Process as an integral component of our safety management system ("SMS"). We believe that Hazard Identification and Risk Assessment are strategic tools, that gives us necessary information about workplace hazards and the risks related to the health and safety of employees, enabling us to take corrective actions to mitigate or eliminate expected impacts.

To achieve the safety target of 'Zero Harm,' ABFRL established the Safety Observation Programme to instil a sense of ownership and proactive safety approach in employees. The management is committed to ensure that the safety observation process is practiced at all sites that involves dialogue with employees on human behavior at the workplace in order to reinforce positive behavior. These safety observations (Unsafe Condition, Unsafe Act & Near Miss) are used for identifying gaps and for developing a strategic improvement plan.

Additionally, we carry out regular audits and third-party assessments to identify any possible gaps and take corrective actions. These constant assessments, as well as monitoring and upgrading our safety interventions, help us build a safe working environment for our employees.

We have established safety Checklist through our internal reporting interface Digital dashboard to ensure all the facilities are following ABFRL safety standards. All facility in ABFRL business have celebrated the Road safety week & National Safety week to bring Safety awareness & positive safety culture among employees. Various engagement activities like safety games, puzzles, Safety Quiz were organized at retail stores and Facilities.

Safety is something that is not inculcated overnight – training and awareness building are the first steps in helping establish safety as a mindset among employees. Through regular trainings we are able to ensure employees follow the statutory safety requirements and stay on top of the safety practices.

To aid us in our efforts in capacity building, we have put together animated safety-training videos to train all retail store employees. We have also launched these training videos on an online platform so that they can be accessed by employees from anywhere, at any time.

Additionally, to encourage employees and increase engagement, we are also awarding e-certificates to them once they complete the training videos that cover topics like: Fire Safety, Electrical Safety, Ergonomics, Slip, Trip & Fall and Road Safety.

Safe model store concept initiated last financial year to improve the safety system at retails stores where the stores are assessed on all mandatory safety requirements as per the statutory requirement, identify and eliminate the hazard and reduce the risk level. The concept ensures to create safe working environment as well as ensure safety of our employees, customers, visitors and all stakeholders and achieve our safety Goal of "Zero Harm".

# COVID- 19 Impact

There has been daily tracking of those who were unwell and of COVID-19 cases across all units of ABFRL, with regular contact with the HR for every employee. Robust SOP formulation and adherence mechanism has been in place for stores, factories and offices covering enhanced safety and hygiene protocols for operations.

# **COVID- 19 Post Resumption Guidelines**

We developed a list of parameters after close scrutiny and studying of various government guidelines and research on different WHO guidelines, to prepare SOPs for our different businesses.

# **COVID- 19 Post Resumption Checklist**

This was released as a method to ensure strict adherence to Post COVID-19 guidelines as well as Fire and Electrical Safety.

We have completed our 'Safe Model Stores' concept where the stores are assessed on all mandatory safety requirements as per the statutory requirements.

In FY 2020-21, there were '10' lost time injuries with 0.11 LTIFR and no fatalities in operations under our control.

### **Corporate Social Responsibility**

ABFRL follows the Aditya Birla Group's CSR Policy which aims at reaching out to underserved communities and a firm conviction in the Trusteeship concept, which entails transcending business interests and working towards making a meaningful difference to those communities. Our Vision is to actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. ABFRL has put in robust systems to ensure effective

and ethical implementation. Additional detailed information outlined in 'Principle 8' as part of the ABFRL's CSR initiatives.

### **Business Responsibility Report**

ABFRL is committed to becoming a leading sustainable apparel Company in Asia. At ABFRL, sustainability is integrated across the entire value chain, from our own operations to our vendors, and final retailers and customers.

The ABG Sustainability framework built on three broad pillars i.e. Responsible Stewardship, Stakeholder Engagement and Future Proofing, guiding us to plan and act on ever shifting and resource constraint value chain.

Under the aegis of the Aditya Birla Group's sustainability vision, we have developed our 'Re-Earth' programme, to design a roadmap that will align with the Group level sustainability policies and international frameworks. The Re-Earth movement focuses on creating a future-ready organisation, which can pre-empt imminent challenges and address the needs of all stakeholders.

# Re-Earth Vision Statement: 'We are committed to give back more than what we take from our ecosystem'

We present our Sixth Business Responsibility Report ("BRR") in line with the National Voluntary Guidelines ("NVGs") on Social, Environmental and Economic Responsibilities of Business as released by the Ministry of Corporate Affairs in July 2011. This Report is prepared as per regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the circular bearing ref. no. CIR/CFD/ CMD/10/2015 dated November 4, 2015 issued by the Securities and Exchange Board of India ("SEBI") and showcases the sustainability efforts taken by the Company during the financial year 2020-21.

Corporate Identity Number ("CIN")	:	L18101MH2007PLC233901
Name of the Company	:	Aditya Birla Fashion and Retail Limited
Registered address	:	Piramal Agastya Corporate Park, Building 'A', 4 <sup>th</sup> and 5 <sup>th</sup> Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070
Website	:	www.abfrl.com
E-mail ID	:	secretarial@abfrl.adityabirla.com
Financial Year reported	:	2020-2021
Sector(s) that the Company is engaged in ( <i>industrial activity code-wise</i> )	:	Apparel and retail
List three key products that the Company manufactures/provides (as in the Balance Sheet)	:	Apparel and accessories - Menswear, womenswear and Kidswear
Total number of locations where business activity is undertaken by the Company	:	More than 850 cities/ towns across 28 states and 4 union territories
Markets served by the Company: State, National, International	:	28 states and 4 union territories across India and the Middle East

### Section A: General information about the Company

### Section B: Financial details of the Company

- 1. Paid-up capital: ₹ 9,15,05,32,840/-
- 2. Total turnover: ₹ 5,181.14 Crore
- 3. Total profit after taxes: Loss after tax ₹ 649.64 Crore
- 4. Total spending on Corporate Social Responsibility ("CSR") as percentage of profit after tax:
   ₹ 1,91,01,000. (Percentage not applicable as we incurred loss after tax)
- 5. Total spending on CSR in FY '20-21 is ₹ 1,91,01,000.
- 6. List of activities in which expenditure (in point 5 above) has been incurred:
  - Education: 15,653 beneficiaries through various initiatives that includes School Transformation Project (Panvel), Academic Support Centers (Model Villages), spoken English, notebooks support and other education aids support, special coaching classes for rural girls, and support to continuing education for rural dropout girls.
  - Health and Sanitation: 1,44,477 beneficiaries through pulse polio immunization, eye camps, school health camps, specialised health camps such as cancer awareness and screening camps, WASH programs, awareness on disease prevention like Malaria, Dengue, Typhoid etc.
  - Sustainable Livelihood: 2357 youths were supported through skill training as part of the Kaushalya, Career Readiness Program, Empowerment of Women Self Help Groups ("SHGs") and Farmer's Groups with focus on Atma Nirbhar Bharat.
  - Water & Watershed: 36,850 beneficiaries through Watershed Projects, water purifier plant, rainwater harvesting at government schools, construction/renovation of community ponds, bore well recharge pits and water campaign.
  - Digitization: 23,043 beneficiaries through Village Information Centers, computer literacy training centers & smart classrooms at government schools.
  - Other: 7620 beneficiaries through various village development initiatives that includes plantation (green walkways), solar street lights, Women's Day celebration etc.
  - COVID-19 Intervention: 1,47,743 beneficiaries through various preventive & curative health measures.

## Section C: Other details

1. Does the Company have any subsidiary Company/Companies?

Yes. The Company has the following subsidiaries as on March 31, 2021:

- a) Jaypore E-Commerce Private Limited
- b) TG Apparel & Décor Private Limited
- c) Finesse International Design Private Limited
- d) Indivinity Clothing Retail Private Limited
- e) Sabyasachi Calcutta LLP

- 2. Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? No
- 3. Do any other entity/entities that the Company does business with participate in the BR initiatives of the Company?

No

#### **Section D: BR information**

- 1. Details of director/directors responsible for BR
  - a) Details of the director/directors responsible for implementation of the BR policy/policies:

DIN Number:01842066Name:Mr. Ashish DikshitDesignation:Managing Director

b) Details of the BR head:

Sr. no.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Dr. Naresh Tyagi
3	Designation	Chief Sustainability Officer
4	Telephone number	080-67271000
5	E-mail ID	naresh.tyagi@abfrl.adityabirla.com
		· · · ·

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

a) Details of compliance (Reply in Y/N)

Sr. no.	Questions	<b>Business ethics</b>	Product life responsibility	Employee well-being	Stakeholder engagement	Human rights	Environment	Policy advocacy	Inclusive growth	Customer value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N	Y	Ν
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Ŷ	Y	Ŷ	γ	N	<u>ү</u>	Ν
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Ŷ	Y	Ŷ	γ	N	Υ	N
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	Y	Ŷ	Y	Ŷ	Y	N	Y	N
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online?	www. abfrl. com	NA	www. abfrl. com	www. abfrl. com	www.abfrl.com	www.abfrl.com	NA	www.abfrl. com	NA

Sr. no.	Questions	<b>Business ethics</b>	Product life responsibility	Employee well-being	Stakeholder engagement	Human rights	Environment	Policy advocacy	Inclusive growth	Customer value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Communicated on a need basis.	Ŷ	Y	Communicated on a need basis.	The ABG Policies on Environment, Health and Water Stewardship have been communicated on a need basis. Also, in FY 2020-21 Environmental Policy have been released, and communicated to all relevant stakeholders.	NA	Y	Communicated on a need basis.
8.	Does the Company have in- house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Ŷ	Y	Y	Ŷ	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	NA	N	N

## b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (*Tick upto 2 options*)

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next six months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the nextone year	-	-	-	-	-	-	-	-	-
6.	Any other reasons (please specify)	-	-	-	-	-	-	While ABFRL does not have a stated policy on Policy Advocacy; as part of the Aditya Birla Group, we actively undertake need- based advocacy on issues pertaining to the industry through our membership of relevant industry bodies, such as Retail Association of India and Clothing Manufacturers Association of India.	-	While ABFRL does not have a stated policy on Customer Value, aspects such as overall well-being of the customers and the society at large, product labelling, safe use of product, impact of use of product on the environment and grievance resolution are captured in our other policies, such as Product Stewardship Policy, Safety Policy, Health Policy, Environment Policy and Human Rights Policy.

#### 3. Governance related to BR

i. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company - within 3 months, 3-6 months, annually or more than 1 year:

Annually

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

Yes, since 2016 ABFRL publishes BRR report.

We are publishing the Annual Sustainability Report since last 4 years and currently working on Annual Sustainability Report for FY 2020-21.

Link to FY 2019-20 BRR: www.abfrl.com

Link to FY 2019-20 Annual Sustainability Report: www.abfrl.com

#### Section E: Principle-wise performance

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

Good governance is the common underlying principle for all successful organizations. To ensure transparent communication and ethical conduct at all levels of the value chain, we adhere to three policies which form the cornerstone of our operations and ensure business continuity in a responsible manner. All policies are communicated to ABFRL's employees upon joining and are displayed on the Company website as well. There are regular policy refreshers being conducted for employees around the year.

- **Anti-Fraud Policy**: Frauds can be detected, prevented and deterred in the day-to-day business of the Company.
- Whistle Blowers Policy: Adopted at the ABG level, this policy is a provision for disclosures or demonstration of evidence of an unethical activity or any conduct that may constitute breach of the Group's/Group Company's Code of Conduct or Group Values.
- **Company Code of Conduct:** Signed by the board members and senior management of the Company, it requires every employee to observe the highest standards of ethical conduct and integrity, and work to the best of their ability and judgement.

Our Anti-Fraud Policy and Whistle Blowers Policy also extend to the Shareholders, Consultants, Vendors, Suppliers, Service Providers, Contractors, Lenders, Borrowers, Outside Agencies and other parties having a business relationship with the Company.

The Whistle Blowers Policy ensures adherence to ABFRL's Value Framework and Code of Conduct. This covers value violations, violation of the Code of Conduct and fraud. Some typical categories of cases that get reported include - Pilferage, Manipulation in Gift Voucher Redemption, Misuse of Employee Discount Card/Payback Card, Inappropriate Behavior, Misrepresentation of Information, Conflict of Interest and other types of fraud. The designated Value Committee Members conduct the investigation as defined in the Whistle Blowers Policy.

We have a separate Code of Conduct for our employees as well as for our Vendors. We instil our values of Integrity, Commitment, Passion, Speed and Seamlessness in our people. All employees are expected to adhere to the Organisation's Values Framework and Code of Conduct to ensure prevalence of a common minimum standard of professional behavior in the workplace.

Integrity is one of the five values followed by Aditya Birla Group and we ensure Integrity in our entire value chain. Total 463 vendors audited till March 31, 2021 which covers more than 95 of total tier-1 category vendors.

We also have a Sustainability Digital Dashboard to provide a digital platform for data collection and data management, across business operations, enabling real time dashboard/report to the management for all sustainability missions with a holistic view.

A total 74 stakeholder complaints and whistle blower cases were reported in FY 2020-21 (8 were whistle blower cases and 66 were from equity shareholders of the Company) and one stakeholder complaint raised in opening of the FY 2020-21 of which 73 the Company addressed all the investor complaints and whistleblower complaints received, except for two, which were received towards the financial year-end and resolved/ replied to on April 1, 2021.

## Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

At ABFRL, we are in the process of mainstreaming sustainable fashion. **Product is our prime focus and all sustainability initiatives revolve around it.** Our brands strive to source all products responsibly and sustainably. Our high-quality products are designed to conserve the natural resources without impacting the customers' health and society throughout their entire lifecycle. To do this, we focus on a variety of sustainable material, production processes and ensure that the workers in our supply chain are treated with dignity and respect.

As indicated earlier in this Report, going forward, we have transited to a product-centric approach for sustainability in its entirety. This transition will help us achieve our intent of creating sustainable fashion in its truest sense. We aim to design great products keeping sustainability in mind while collaborating across the industry to create a collective movement towards doing more good. Product centric approach focusses on product life cycle management and covers the other aspects of traceability & circularity.

Resource efficiency at each stage of product lifecycle, durability & longevity are some of the key concepts kept in mind while designing and developing new products. Continual focus on sustainable design has encouraged us to shift towards a closed loop or 'circular' economy.

The fashion industry is transforming alongside advancements in technology – be it design, marketing, production or sales. At ABFRL, we embrace technology as it is pervasive in our business, helping us effectively use it to understand customers better so that we can design and develop products as per their requirements.

Technology enables us to get real time fashion industry trends and reduce production costs, shorten the supply chain, and bring more transparency & traceability.

With focus on waste reduction in our entire value chain and use of recycled products. ABFRL has joined 'Circular Apparel Innovation Factory,' an industry-led platform that focusses on building a circular apparel and textile industry in India. Through this initiative, ABFRL will demonstrate its commitment to shift the industry from its current 'take-make-dispose' approach, to one that encourages the use of sustainable material, maximises utilisation of clothing and textile, thereby promoting recycling.

Listed below are some of our key sustainability initiatives as part of product sustainability.

## <u>Higg Index</u>

At ABFRL, we have adopted Higgs Index to access our Brands, Retails and Facilities environment and social impacts which inturn leads us to understand our Company or product's sustainability performance. As a responsible business adoption of higg index as enabled us understand, reduce

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the identified impacts and enhance our operations and product performances. We are the founding circle members of the Sustainable Apparel Coalition ("SAC"). The Higg Index assessments for Brand and Facility Modules are a key part of our sustainability initiatives for the eighth year now.

The Higg Brand & Retail Module ("Higg BRM") developed by SAC guides brands on their sustainability journeys and identifies hotspots and opportunities for improvement. From materials sourcing to a product's end of use, the Higg BRM assesses the life cycle stages of a product as it goes through organisation's operations, identifying sustainability risks and impacts.

At ABFRL, we have adopted BRM module of Higg Index as a key part of our sustainability initiatives to assess the sustainability impact of brands - products and processes. Higg self-assessment is carried out on an annual basis. It has helped us to redefine, outline and manage sustainability priorities, eventually comparing environmental and social performance at brand level. In reporting year, we have done assessment of ABFRL for Higg BRM.

## Sustainable Product

Our brands strive to source all products responsibly and sustainably. Our high-quality products are designed to conserve the natural resources without impacting the customers' health and society throughout their entire lifecycle. To do this, we focus on a variety of sustainable material, production processes and ensure that the workers in our supply chain are treated with dignity and respect.

At ABFRL, our **Product Sustainability Attribute** guideline to create awareness and measure the product sustainability performance throughout the value chain. It is defined as a feature of the product or a characteristic of its design, sourcing, manufacturing or disposal process that leads to improved environmental and social sustainability



performance and addresses the risks and opportunities across value chain. These attributes are recognised based on their environmental and social impact on the product journey from sourcing to disposal.

The five sustainability Attributes of a product are: **Raw Material, Production Process, Farm & Factories, Sustainable Packaging & People**. Along with these five attributes, we have also established a 'Minimum Criteria' covering regulatory and mandatory requirements to qualify the product as sustainable. The product sustainability attributes are measured by volume & individual brands performance is shared every quarter.

In 2020, all of our brands expanded their efforts to embed sustainability into product design and raw-materials selection, and they increased customer communication to emphasize the importance of environmental and social awareness.

In reporting year, **40%** garments of ABFRL have at least one sustainability attribute out of all five attributes.

#### Sustainable Cotton

Being leader and largest consumer of cotton in the country, we address the challenges associated with conventional cotton cultivation and shift our focus to sourcing more sustainable cotton and create positive impact. To do that, we have aligned our approaches as per emerging trends and working with partners across the apparel industry.

ABFRL has partnered with Better Cotton Initiative for sourcing Sustainable cotton as an integral part of our commitment to establish sustainable ecosystem.

This initiative is helpful in minimising, and wherever possible eliminating consumption of fertilizers and pesticides to mitigate the adverse impacts caused to water bodies, soil and natural habitats.

## Recycled Polyester

ABFRL has taken initiatives to increase the use of recycled Polyester in our product portfolios. Recently recycled polyester has become very popular and preferred fibre.

Using recycled polyester reduces our dependence on petroleum as the raw material for our fabric needs. It reduces PET bottles landfill, reduces soil contamination, water pollution and requires less energy than virgin polyester. Garments created from recycled polyester aim to be continuously recycled with no degradation of quality, allowing us to minimise wastage. This means polyester garment manufacture could potentially become a closed loop system.

#### Liva Eco Fiber

We are conscious of the impacts our products have across the value chain – be it the way it is sourced, produced, transported, used and disposed. Constant efforts are made to increase the portfolio of garments made from sustainable fabrics so we help our nature by preserving natural resources for future generation.

In collaboration with vendor partners, we have upgraded the normal LIVA to LIVA ECO which is more sustainable as compare to LIVA, thus increasing the benefit to our eco system.

LIVA Eco fibres are made from FSC certified wood source and it has a low environmental footprint, biodegrades easily and has the lowest GHG emissions when compared to other natural fabrics.

The journey of every LIVA ECO tagged garment can be traced to its origin as it has a unique molecular tracer inside the fibre for source verification at all stages. It also has supply chain traceability through Block chain, which means we can track this fibre from forest to garment's last stage.

#### Sustainable Products

As part of our wellness fashion initiative, Peter England, launched an innovative range of apparel named "Neem Tulsi Collection". Under this collection, Peter England launched Shirts, Masks, Jeans, Bermudas, Kurtas and Pyjamas infused with the legacy of ancient Indian herbs. The goodness of the wonder herbs, Neem and Tulsi, were powered with a patented technology called "Enliven". Treatment of this product was tested to provide resistance from common bacteria and fungus as per AATCC 100 testing standards up to 20 gentle washes. It was also tested to provide defense to the product from ultraviolet rays for minimum UPF20 as per AATCC 183 testing standards up to 20 gentle washes.

Produced in a factory located in a small village in Himachal Pradesh, the making of these apparels involves ancient ways of extracting benefits from herbs, combined with new-age Nano-biotechnology, to provide nature's best in a sustainable way.

The Shirt fabric particularly is developed under the Home-Made-Cotton Initiative through energy efficient small scale units where the cotton is directly procured from our farmers avoiding middlemen. Hence, it is not only an ode to our farmers but also a tribute to our rich Vedic heritage.

#### Enabling Artisans | JAYPORE

Jaypore, our ethnic brand, has collaborated with Creative Dignity, a zero-margin voluntary platform, to provide relief to artisan's community severely hit due to COVID-19 pandemic. With this collaboration, Jaypore has ensured that artisan community reaches to customers digitally using brand's wide reach and a Pan-India customer base through its ecommerce platform.

This gives artisans access to new markets and sustained livelihood opportunities. Under the 'Artisan Direct' campaign of Creative Dignity, the collaboration features work of over 250 artisans on their website over a period of time giving these artisans a platform to sell their products to customers from across the country.

Creative Dignity and Jaypore will help the artisans to boost their business by providing them with training in the field of ecommerce including templates for catalogue making, photography, pricing, and logistics management.

These training programs are backed by the volunteers from premier Design Institutes in India as well as designers and NGOs. Continuous training is planned for the artisans by expert volunteers in their villages. The sales campaign is being promoted by FICCI FLO at the national level.

## Made with Hands, Made with Love | Allen Solly

Allen Solly gave a tribute to the inherent creativity and relentless passion of garment workers at the factory who work for Aditya Birla Fashion and Retail Ltd through The Handmade Collection. Named 'Made with hands, Made with love', the collection gave consumers a unique take on shirts as each piece was embroidered differently. Each of the shirt carried a signature of the garment worker who hand embroidered the piece with love and care.

## Antiviral Mask with inStem's 'G-Fab' Innovative Technology | Van Heusen

Van Heusen, India's leading power dressing brand from ABFRL entered into a collaborative agreement with Color Threads Inc. to launch inStem's 'G-Fab' Technology in India. Through this collaboration Van Heusen launched a premium quality Made-in-India mask & athleisure clothing powered by G99+ antiviral<sup>™</sup> to meet the current demands of the new-age consumer.

The mask & athleisure products are manufactured using the 'G-Fab Technology' licensed from inStem; an autonomous institute of the Department of Biotechnology and further developed by Color Threads Inc. Made-in-India face mask & athleisure clothing is the first offering to be launched under this collaboration.

Peter England announced Ayushmann Khurrana as brand ambassador to augment the brand's continuous growth in the menswear sector. Widely known for his extraordinary performances in the Indian film industry, Ayushmann Khurrana, posted a short video emphasising the importance of wearing face masks while stepping out during this pandemic.

## <u>Packaging</u>

## ABFRL being a leader in the Apparel retail sector, has taken a commitment **to use 100% sustainable packaging material by 2022.**

Our sustainable packaging strategy takes into consideration packaging components design optimisation, reduction and recycling of packaging material for products as well as transport packaging.

Since the year 2013, we have been actively measuring packaging consumption and taking necessary steps to reduce the pollutant content inside our packaging materials. By the end of FY'21, we were able to achieve **88% sustainable packaging**.

To achieve our target of 100% sustainable packaging, we continuously explore the new opportunities. Last year we started a pilot project in "Simon Carter" brand where except polybag, all other plastic packaging components like Collar Traveller, Butterfly, M clip, U clip etc. are converted from Plastic to non-pollutant & bio degradable materials.

In similar way, ABFRL and Circular Apparel Innovation factory jointly launched the #Better Than Plastic industry challenge with an objective to find new sustainable packaging materials or business models that can demonstrate its ability to curb the negative environmental impact and can be integrated in businesses in coming years. With this challenge, we were able to identify some innovative packaging solutions for which cost feasibility study & pilot trial is under process.

We have also taken initiative to increase the recycled content in packaging & our most of the paper packaging material are made from recycled material only. Our most of plastic packaging material are recyclable in nature. To ensure the 100% recyclability, in reporting year, we have started working towards Extended Producer Responsibility commitment to ensure that nothing goes to landfill.

## Supply chain sustainability

We, at ABFRL, strive to operate in a more sustainable manner throughout the supply chain & believe that by working closely with our suppliers, we can collectively, create positive impact. We always look for ways to collaborate and improve standards further.

Our key focus in supply chain is to build on two important issues;

- Ensuring that the people who make our clothes are fairly treated & works in safe & healthy working conditions.
- Make a product in a way that has minimum impact on environment.

We have moved beyond an audit-based approach, and our supplier development activities involve sustainable collaboration, cooperation and engagement between ABFRL and our suppliers to ascertain responsible sourcing. The ABFRL Vendor Code of Conduct, Sourcing from Sustainable Supplier Base, Supplier Sustainability Assessment, Quality Management, Chemical Management, vendor collaboration initiatives.

## Vendor Code of Conduct (CoC)

We recognise the importance of human rights and our consistent endeavour is to treat the people with dignity and respect across our value chain and develop a resilient supply chain which is responsive and respectful to the workers who make our products.

To do this, we have implemented a supply chain due diligence program "Vendor Code of Conduct" aligned with globally established legal and statutory requirements based on 11 principles.

Aim of Vendor Code of Conduct policy & program is to mitigate supply chain associated risks with regard to legal & Statutory compliance, worker's health & safety, environment, minimum wages and social aspects as outlined by the Indian Factories Act 1948, International Labour Organization, SA 8000 and WRAP standards.

ABFRL mandates all its vendors & sub- contractors to display the Vendor CoC policy in a conspicuous place at factories to create awareness in employees and understand the importance of adherence to Ethical, Social, Environmental and Health & safety standards. Since inception of this program, we have covered more than 95% vendor. With regular training & monitoring mechanism, significant no. of vendors was transited from non-complied (Red) to compliance level (Green Category).

## Sourcing from Sustainable Supplier Base

ABFRL prefers suppliers with sustainable practices in their manufacturing process. Last year, we identified all our critical tier-1 & tier-2 Suppliers & strategic partners keeping in mind long-term relationship. As an initial step, we have started collecting information on critical & high impact supplier's sustainability initiatives. Going forward, few of the sustainability initiatives on which ABFRL

intends to gradually focus at supplier level include 'Water Conservation initiatives' like Zero Liquid Discharge, Rain Water Harvesting & Chemical Management.

## Supplier Sustainability Assessment

Apart from gathering information on supplier sustainability initiatives, we aim to conduct a thorough and periodic assessments of our critical suppliers in phased manner and engage them on sustainability issues to improve their performance on an ongoing basis.

## Supplier Sustainability Index ("ssi")

In reporting year, we have developed our own methodology SSI to evaluate the supplier sustainability performance and arrive at single score, so that it is comparable across suppliers. A higher score of SSI implies that, suppliers have improved Environmental and Social performance and are formalised in operations. It also indicates that they have lower exposure to work disruptions due to environmental and social causes which in-turn leads to higher responsiveness and better supply chain efficiency.

This year, we have started using self-assessment questionnaire on Environmental and Social parameters developed in line with international standards. These questionnaires are used by those suppliers who are not part of Higg index assessment, thus covering all critical suppliers of supply chain.

## <u>Higg Index</u>

Most used tool to evaluate the environmental and social sustainability impacts at apparel manufacturing facilities around the world is Higg Index FEM module, which is designed and run by SAC. ABFRL has more than 8 years' active engagement with SAC and adoption of their suite of tools has enabled us in improving environmental and social performance of our in-house manufacturing facilities and Brands.

ABFRL's Re-earth programs and initiatives for product, packaging, environment, social and safety have led significant improvement in our sustainability performance. Raising the bars year on year and achieving desired outcome, eventually sustained the top quartile scoring in Facility Environment Module.

This year Higg verification was carried out at three of our factories (Alpha Garments, Crafted Clothing and Classical Menswear) through SAC nominated verifying body & we achieved an outstanding Higg score 80 in our one of the manufacturing unit Crafted Clothing.

## Lifecycle Assessment ("LCA")

With a transition from a process-led to a product-led sustainability strategy, we are keeping our products as the core of our sustainability focus. This provides a framework for active engagement across the Company to ensure that our products have no risk to health and the environment. It encourages innovation in our products and processes to meet increasing social and business expectations regarding sustainability and transparency.

We identify risks and opportunities to reduce resource and material consumption through LCA of products from Cradle to grave. ABFRL has implemented numerous process efficiencies that have resulted in reduced environmental impacts and we further seek resource efficiency; eco-design and decision-making as part of our LCA approach. Outcomes of an LCA also act as a quantifiable measure of our efforts towards embedding sustainability within our products. This will be enabled through a continuous monitoring of year-on -year progress on our initiatives by conducting LCAs periodically.

In the current year, we have initiated a LCA study for two of our garment products (a casual shirt and a formal shirt) to map their environmental footprint across their entire value chains. This

assessment shall help in understanding the hotspots in the value chain. It will also help identify sustainable options in various phases which can be further explored to be incorporated in improving the product's environmental footprint.

#### **Chemical Management**

Our chemical management journey began in FY 2015-16 through the initiative of Laundry Audits with the objective to identify the gaps and evaluate basic hygiene in chemical management. This resulted in the realisation that there was an urgent need for a holistic chemical management system.

In collaboration with an industry expert, ABFRL has developed a chemical management manual which includes policy, RSL and waste water discharge guidelines to measure, manage and control chemical consumption and ensure a safe working environment.

In reporting year, ABFRL has driven Chemical Safety program in Kids product category by disseminating the information on use of Restricted Substance Material on final products & randomly check the compliance by testing at third party.

#### **Quality Management**

ABFRL is recognized in the fashion industry for best quality products and it perceives quality as a point of differentiation and a source of competitive advantage. We have a well-managed quality management system in place that have been designed keeping in mind the organization's vision and commitment to customers and the overall strategy.

At ABFRL, we have a robust quality appraisal system, which is designed through the lens of customer centricity to ensure that the customer receives the highest quality product. Our quality management system enables us to consistently maintain quality according to predefined standards. Various quality appraisals are carried out in ensuring best quality products like raw material testing, process quality Audit, supplier performance evaluation and finished goods inspection.

#### Vendor Development and Management

Supply chain of the apparel sector is very complex in nature & operates in highly competitive business environment. Therefore, not only the performance of organization is critical but also the performance of the suppliers. Even though we place utmost importance on regular audits, our approach towards our suppliers is collaborative which involves regular engagement.

#### Some of the key initiatives taken for vendor development in reporting year are as follows:

a) Green Channel Partnership ("GCP"):

GCP is a unique initiative that offers a supplier quality system certification for accepting merchandise quality, based on the supplier quality report and self-certification. This results in consistent availability of quality raw materials, on-time delivery and minimum inventory by operating within limited resources.

## GCP has shown good progress over the year. In reporting year, 24% of MFL fabrics has come through GCP.

b) Vendor Skill Development and Upgradation

We conduct regular vendor training and workshop at various geographical regions to identify and work on manufacturing issues and ensure improved productivity, quality and reduced defects.

## Principle 3: Business should promote the well-being of all employees

Employees are the key asset of any Company. It is our constant endeavour to provide a **safe**, **productive and positive environment** for our employees, thus supporting them, so that they are able to maintain a healthy work-life balance, and develop their professional as well as personal skills.

## Professional work environment

Our 'Policy on Prevention of Sexual Harassment' ("POSH") has been adopted across the organisation to ensure a work environment that is professional and mature, free from animosity, and one that reinforces the Company's value of integrity, that includes respect for the individuals.

POSH is applicable to all employees of ABFRL, as well as third parties or clients and vendors of the Company.

The key features are:

- The policy adheres to the **'Vishakha' guidelines**, which entails the chairperson to be a woman, and the complaints committee to include majority women members.
- Guidelines for communication and redressal are clearly outlined.
- The policy is visible through the Company intranet, communicated via e-mail and posters, that have been placed across all offices and stores.
- Human Resources ("HR") Department of the Company carries out awareness sessions, and ensures each new employee undergoes a training module on the same.
- All the POSH Committee Members undergo refresher training by external facilitator, once in a year.
- Cases reported under this policy include any form of unwelcome, sexually motivated behavior (whether directly or by implication).
- Investigations are conducted by the designated POSH Committee Members as per the prescribed timelines.

## All 15 POSH cases reported in FY 20-21 have been investigated and resolved.

Ever since the coronavirus outbreak in India, ABFRL has taken several steps across its facilities to curb the spread of COVID-19 and ensure the safety & well-being of its employees. As a responsible Company, we have amplified our efforts to ensure that we overcome this global crisis together. As part of these efforts, education and awareness campaigns regarding COVID-19 causes, symptoms and cure were run throughout the year. Revised management advisories and awareness communications were released on safety guidelines regarding Social Distancing and Personal Hygiene.

On the subject of COVID Vaccinations, 25,400 plus employees have been vaccinated with first dose and 1800 employees vaccinated with both the doses. We are well on course to have 100% of the staff vaccinated with first dose by end July. This has been achieved through organising camps in multiple locations in partnership with Group companies, Private Hospital Partners and Public Health Centers / Local Governmental support. At ABFRL, we have launched COVID Care policy to assist employees and their families to cope with COVID and provide enabling support systems to deal with the unfortunate impact of the COVID on the family.

## ABFRL CAER Program

ABFRL's CAER (COVID Assistance & Emergency Response) Program, is an Industry first program done

by a corporate. Subsequently many organizations have followed suit and adapted similar programs. The program is applicable to all employees across HO/ZO, Stores and Manufacturing Units covering employees & their families. The program offers below facilities to employees:

- **Prevention & Awareness:** Awareness, Stress Management and Counselling Sessions for self and family in the form of resource guides and live / recorded sessions.
- **Online Doctor Consultation:** Access to good quality 24x7 multi-lingual medical practitioners for GP and pediatric consultations.
- **COVID Testing & related Consultation:** Lab Tie-up for Testing to help facilitate COVID Testing through their Partner Network Labs in various parts of the Country.
- **Ambulance Support:** Access to basic life support ambulance service in all major cities across India.
- **Hospitalization / Quarantine information & coordination:** Organizational support in providing information and coordination through our Emergency Assistance Partner ABG Code Red for hospitals, quarantine facilities in the near vicinity.
- **Home Isolation Support Program:** Tie up with health care partner to provide virtual consultation and support package for the period of COVID- 19 Care (14-17 days).
- Voluntary Additional Insurance Cover: An additional medical insurance cover of ₹1 Lakh over the current insurance cover/facility with a monthly subscription-based cover and flexibility to opt out.
- **Temporary financial assistance:** Salary advance of up to 3 months' salary has been made available to deal with COVID- 19 specific situations for employees in lower levels of the hierarchy.
- **Oxygen Support:** Through institutional partners, procured and distributed Oxygen concentrators across cities to attend to emergency needs of employees and their families.
- **COVID Vaccination:** We have forged proactive partnerships across with more than 200 partner hospitals to facilitate vaccination process for our employees.

## ABFRL Employee COVID Care Policy

In order to further build psychological safety and comfort for employees and their families, COVID Care benefits have been reviewed and strengthened. This program is designed for and shall apply to COVID impacted employees and their families. Three new and key benefits in addition to prevailing benefits are:

- 1. COVID Related Medical Expenses (in excess of Medical Insurance): In case the Medical Insurance covers are exhausted and there are additional COVID Related Medical Hospitalization Expenses, the Company shall reimburse 75% of the additional expenses beyond the Insurance cover.
- 2. COVID Care Giver Leave: Employees will be entitled to COVID Care Giver Leave of 12 days to support their families during COVID recovery. Alternatively, employee can also choose to work part time to support their family.
- **3.** Family Assistance on Employee Demise Due to COVID: In case of an unfortunate situation of an employee succumbing to the COVID and/or COVID related complications, additional Family assistance elements have been introduced over and above the existing policies in place, namely:
  - Financial Assistance: Ex-Gratia pay-out @ 12 Months Target CTC. For psychological safety of monthly income, different alternatives for payouts have been provided.

- Family Medical Insurance Assistance: Existing Medical Insurance Cover will continue till the end of the policy period.
- Children's Education Assistance: Education assistance to be provided for up to 2 children for 5 years or class 12<sup>th</sup> whichever is earlier.
- Deceased Employee Medical Expenses: Company shall bear any additional medical expenses incurred in case of death of an employee due to COVID, over and above the Medical Insurance.
- Relocation Assistance: One-time Relocation assistance will be provided to family, within 12 months.
- Emergency Advance: In the event that there is a need for emergency advance on death of the employee, an advance of up to 2 months' pay, will be extended as financial assistance.
- Psychological & Financial Wellbeing: Our existing Life Unlimited Program, will be available and extended to family members. The family will also be provided with any tax planning as may be required.

ABFRL had introduced Flexible Work Arrangement Guidelines in 2018. In light of Global Pandemic, Work from Home which was offered as flexible work arrangement under the 2018 guidelines has now become "ways of working" for a sustained period of time. The Company recognized the need to reset ways of working in this "New Normal" and therefore set of guidelines incorporating reality of diminishing boundaries between 'Work-Life' and 'Personal & Family Time' have been put in place. The guidelines are designed to enable Holistic wellbeing for employees. Employees have been aided with adequate infrastructure support and toolkit to aid the news ways of remote working. A new and revised work from home policy was communicated to employees during FY21 focusing on the following principles:

- 1. Flexible Time: Employees can opt for flexible work schedule and choose a more convenient work time to suit personal requirements. Silent hours were introduced with no calls / meetings to be scheduled during specific hours and during lunch hours on working days and unless urgent, no calls / meetings to be scheduled on weekends / holidays.
- 2. **Proper Work-breaks:** Enabling employees to take proper work-breaks in the form of lunch breaks and micro-breaks in a workday, to de-stress, re-charge and re-focus. In addition to lunch break, employees are advised to take 2 micro breaks of 15 minutes each throughout the day and indulge in some 'me' time or time with family and friends to recharge the mind and body.
- **3. Effective Meetings:** Effective meetings leave teams energized and feeling that they've really accomplished a common goal. By ensuring meetings are planned at least 48 hours in advance, meetings to be utilized to boost productivity, efficiency and to get something done. By making meetings shorter using the philosophy of 45 is the new 60, employees are advised to achieve equivalent productivity through a 45 min meeting which would usually be accomplished in 60 minutes. It is also recommended that Teams identify and dedicate one day in a week as no meetings day in order to provide for focused solo working time.
- 4. Holistic Wellness @ Work: To increase cognitive effectiveness, productivity, energy and engagement, building a routine is recommended. By communicating transparently when / how you will be working and how you can be reached out for different needs by your team members helps in maintaining work-life balance. Employees are also recommended to dress appropriately to leverage on the philosophy of Enclothed Cognition which affects a person's mental process and the way they think, feel, and function, in areas like attention, confidence, or abstract thinking.

It is very likely to be overwhelmed in certain scenarios, which pose a threat of fatigue and burnout. Hence, Employees' are encouraged to opt for at least 1 day off in the month, as Wellness Leave to recuperate with mental exhaustion or fatigue.

Role Model: Team leaders perform a key role as they are the drivers and guardians of positive culture and also in the current context, champions of change management. Leaders are encouraged to genuinely display care about employee wellness and thank employees for their contribution and feedback and reinforce individual and team contributions in public platforms. Cultivating informal interactions and creating a positive environment which is comfortable, open and relaxed, leading to creation of social cohesion in the organization can help in achieving a positive culture.

## Workforce snapshot

Total number of employees (as of March 31, 2021)	:	22,351
Total number of employees hired on temporary/ contractual/ casual basis	:	14,336
Temporary/contractual	:	14,336
Casual basis	:	0
Number of permanent women employees	:	12,066
Number of permanent employees with disabilities	:	75

Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, etc.:

Sr. no.	Category	No. of complaints filed during the FY 2020-21	No. of complaints pending as on March 31, 2021
1	Child labour, forced labour, involuntary labour	-	-
2	Sexual harassment	15	0
3	Discriminatory employment	-	-

Percentage of employees given skill upgradation training during the year:

Sr. no.	Category	Skill Upgradation
1	Permanent employees	75%
2	Permanent woman employees	83%
3	Casual/temporary/contractual employees	75%
4	Employees with disabilities	-

On an average, **292 trainings** have been conducted on monthly basis safety to create safety awareness. We conduct safety training every month, covering all our employees in factories, warehouses and retail stores.

In FY 2020-21, we have conducted **12153- man days** of safety training and topics covered in the trainings are listed below:

- Basic first aid
- Fire fighting
- Electrical safety Training
- Incident reporting
- Emergency Preparedness
- Session with Doctors on COVID Safety Awareness

Sr. no.	Category	Safety
1	Total employees trained	4274 no. / month

In view of enhancing our emergency preparedness, we have initiated training on basic first aid and firefighting. We have identified personnel for ERT team across all facilities and retail stores, and provided them a professional "Basic First Aid" and "Fire Fighting" training. At ABFRL, ensuring the health and safety of our people is embedded into our functioning, and is evident in every stage of operations. Strict adherence to safety standards, rigorous on-ground implementation and effective safety communication are the key enablers of a safe working environment at ABFRL.

To aid us in our efforts in safety training and capacity building, we have put together various extensive safety-trainings across the hierarchy, permanent as well as contractual employees. We have also launched these training videos on an online platform so that they can be accessed by employees from anywhere, at any time. Additionally, to encourage employees and increase engagement, we are also awarding e-certificates to them once they complete the training videos that cover topics like: Fire Safety, Electrical Safety, Ergonomics, Slip, Trip & Fall and Road Safety.

Principle 4: Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

A continuous and engaging dialogue leads to long-term, mutually enriching relationships. ABFRL invests in **engaging and cultivating these relationships** with its various stakeholders. We have also identified and mapped our internal and external stakeholders, which include:

- Shareholders
- Investors
- Employees
- Consumers
- Vendors
- Community
- Government and Regulators

As part of ABG as well as ABFRL community initiatives, the Company has also identified its **disadvantaged and vulnerable stakeholders**. Special initiatives taken by the Company to engage with these marginalised stakeholders are outlined in 'Principle 8' as part of the ABFRL's CSR initiatives.

## Principle 5: Business should respect and promote human rights

ABFRL upholds the belief that all humans must be treated with dignity and respect. In order to ensure this, we protect human rights, not only within our premises but across our supply chains. Our policy on human rights is thus extended to vendors, suppliers and NGOs. Some of the steps that we have taken to safeguard human rights are:

- We prohibit child labour across all vendor sites. This is enforced and ensured through stringent and regular audit checks of vendors.
- Our '**Prevention of Sexual Harassment' Policy** has been adopted on the Company-wide level to ensure the respect and dignity of all its employees. POSH is applicable not only to employees but also to third parties or clients and vendors of the Company.
- Our Human Rights Policy link: <u>www.abfrl.com</u>

# The Company has not received any human rights related stakeholder's complaints during the financial year ended on March 31, 2021.

## Principle 6: Business should respect, protect and make effort to restore the environment

At ABFRL, we are striving to provide every customer a sense of meaningful contribution in building a sustainable ecosystem, through resource neutral operations of closed-loop models, sustainable raw materials and enhanced transparency.

In line with this vision, we are consistently enhancing our environmental initiatives, some of which are:

- We closely monitor our operations to ensure adherence to environmental compliances and permissible limits and valid licenses.
- We undertook benchmark assessment exercise against global players in apparel, leading companies in sustainability space and also government regulations to determine the need for strengthening current missions and thereby ensure complete adherence to the policy. Insights from the analysis helped us in strategising in line with global trends.
- Our risk management framework covers both business/financial risks (managed by the management committee) and Operational Risks (managed by the risk steering committee). This framework also captures environmental, social and human risks. Risks are classified based on severity as well as probability of occurrence. They are reviewed on a quarterly basis, and an action and mitigation plan is developed accordingly.
- We have strengthened waste water recycling systems, installed rain water harvesting systems and water efficient fixtures across our own facilities.
- The Stack Emissions/Wastes Generated *(used oil, oil-soaked cotton waste)* and STP water generated by the Company are within the permissible limits stated by KSPCB and TNPCB.
- Along with our continuous efforts in energy conservations with initiatives like LED installations and enhancing operational efficiency, we have also made significant strides in the renewable energy space. Currently, we have around 2 MW installed and operational across the 5 facilities for more than a year now and we have seen the success in the realization of becoming more renewable and more profitable.
- Other initiatives regarding the Company's efforts to lower environmental impacts in the value chain are mentioned in 'Principle 2' and details of some are provided in the summary of 'Business Sustainability Initiatives' section of this report.
- Our sustainability webpage link: <u>www.abfrl.com/sustainability/</u>
- Our Environmental Policy link: <u>www.abfrl.com</u>

## No show cause/ legal notices have been received from Central Pollution Control Board/ State Pollution Control Board during the previous financial year.

## Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

In a continuously evolving world, it is imperative that we have a consistent dialogue with myriad stakeholders, who can have an impact on policy making. As we focus on excellence in clothing, we continue to **share our invaluable experience** to provide incisive insights and detailed inputs to key decision makers in planning better policies. We also learn from the **best practices of others**. Along with collaborations with various trade and industry associations, we are also members of Retail Association of India and Clothing Manufacturers Association of India.

While ABFRL does not have a stated policy on Policy Advocacy, as part of the ABG, we actively undertake need-based advocacy on issues pertaining to the industry through our membership of relevant industry bodies.

Principle 8: Business should support inclusive growth and equitable development

## Our CSR spend was ₹1.91 Crore.

The CSR Committee of the Board sets the direction and focus areas for CSR Policies, Strategies, Programmes and initiatives. It also outlines the detail CSR budget and the CSR plan. This is presented and approved by the Board of Directors. The CSR Committee monitors the implementation of the initiatives that are approved by the Board.

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ABFRL focuses its CSR initiatives under 5 pillars, i.e., Education, Health & Sanitation, Sustainable Livelihood, Water and Digitization. ABFRL also strongly encourages voluntary employee participation in the CSR activities, and has a policy in place to facilitate this. Through employee volunteering, the expertise of individuals in the organisation helps enhance the scale, reach and effectiveness of our CSR initiatives. ABFRL undertakes CSR interventions in Karnataka, Tamil Nadu, Maharashtra and Odisha through its independent entity called Aditya Birla Fashion and Retail Jan Kalyan Trust (ABFR Jan Kalyan Trust).

Our community engagement in our five focus areas viz. Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalization, have been linked with 16 SDGs.

**SDG-1**, which is to **end poverty**, is an overarching goal that connects to all the other goals.

We are spread across four States, spanning 67 villages, reaching out to three lakh people. We have provided employability and entrepreneurship opportunities to rural youths through courses like, Customer Resource Management ("CRM"), Warehouse Pickers & Digital Marketing, Self-employed tailors and Career Readiness Trainings. We have trained 564 youths and linked 270 youths with livelihood opportunities.

In addition, we have provided financial assistance to 20 SHGs. These groups are doing trades like Mushroom Cultivation, Badi-Papad making, Cattle rearing etc.

Our Sustainable Livelihood initiatives have been able to lift the burden of poverty from the shoulders of the most marginalised community members and supported the families in availing better nutrition and education services.

## SDG-2 Zero Hunger

The **SDG-2**, is to **end hunger**, **achieve food security**, **and improved nutrition and promote sustainable agriculture**. Hunger issues are inextricably linked with poverty alleviation where water and agriculture play a major part.

In the villages through our projects, we are taking Government Schemes forward as catalysts. We have ensured Mothers' meetings in the villages. In these meetings women get free ration and nutrition counselling under Integrated Child Development Scheme. This prevents malnutrition among children below five and anemia among children, women and adolescents.

Our integrated watershed program aims to manage and utilize runoff water for useful purpose, enhance the ground water storage, increase crop intensity in watershed areas and improve the socio economic status of farmers. In 2020-21, the watershed program has helped to save/recharge approx. 31,910 kl of water benefitting 36,850 community members. Other than awareness sessions on water conservation, the following programs were undertaken to conserve water and improve the agricultural produce.

Water Structures - Water absorption trenches, Farm ponds, Gully plugs, Masonry check dams, sunken ponds, Bore well recharge pits and Renovation of traditional ponds

Agricultural Activities- Green manure cultivation, Mulching, Weed management, Micronutrient mixture application etc.

Farmers in Sollpeura village, Tamil Nadu, and Madiwala and Basavanapura villages, Karnataka are yielding more than the past by using better irrigation facilities and agricultural practices.

#### SDG-3 Good health and well-being

The **SDG-3** pertains to **ensuring healthy lives and promoting well-being for all, at all ages**. Here what we do is indeed noteworthy to cater to the basic healthcare needs of people. More than one lakh people across 67 villages have been the beneficiaries of our projects.

This year, we held eight cancer awareness and screening camps that helped 636 women and around 289 of them underwent PAP tests. In the last three years, no Cancer case has been reported in our intervention villages. We organised, ten community eye camps, benefitting 2,205 people. 1,140 patients were given support in the form of spectacles, while 238 underwent cataract operations. The number of cataract cases reported in the villages have reduced year on year and we aim to create cataract free villages.

Eye, Dental and health check-up camps are a regular feature in the schools in our intervention villages. Eight health camps were held in Government schools in Karnataka and Tamil Nadu. 408 students benefitted from the camps.

Hand wash awareness programs were organised in villages, reaching out to 3,039 community members.

We have initiated a new project viz "e-Healthcare". E-Health IT platform has enabled the delivery of a digital healthcare solution and services for health care facilities at Sollepura village and other spoke villages, Tamil Nadu. The Health Care Smart Diagnostic System can be carried to multiple locations. This system can perform rapid basic healthcare check, including, Electro Cardio Gram, ante natal and post-natal care, with multiple other diagnostics enabled. It allows Patient registration, diagnostics, tests for 30+ parameters, storage of patient record in an open EMR, an instant-on cloud enabled platform, tele and video conference service with the Doctor on call. 845 people have undergone general check-up and got unique medical ID.

One of the major concern is that in some villages where we are working, there is no solid waste management system. The community members throw Garbage in open, which leads to Malaria because of mosquito breeding. We provided two E-Rickshaws to the Janla Panchayat, Odisha to facilitate garbage disposal in the dumping yard, which is 8 KM far from the intervention villages. This initiative is benefitting 6,731 community members from the three intervention villages and it has prevented open disposal and burning of garbage.

We have also supported the Shanthipura Panchayat, Karnataka with two E-Rickshaws to ensure garbage disposal in Rayasandra village.

We reached out to 15,919 community members through awareness programs. The awareness

programs are effective tools to educate community members about preventive and resilience building techniques. The awareness programs focused on the following themes-

- Parents' awareness meeting on Early Childhood Care and nutrition by involving staff of Public Health Centre and Anganwadi Centre.
- Mother's meet- Session on learning environment and nutrition, health and sanitation.
- Awareness on disease prevention and Pulse Polio campaign.
- Awareness on personal hygiene with special focus on Menstrual Hygiene Management.

We have ensured 100% institutional delivery and 100% immunization in our intervention villages in Karnataka, Tamil Nadu and Odisha.

## **SDG-4 Quality Education**

Inclusive and equitable quality education, and in the larger context, promoting lifelong learning opportunities, for all, is the pivot of the fourth SDG. Our proactive initiatives to foster education in the Villages, Schools and Colleges in Maharashtra, Karnataka, Tamil Nadu and Odisha have yielded encouraging results.

Our focused programmes to promote Girl Child Education through School Transformation Project, Gyanarjan and Kasturba Gandhi Balika Vidyalaya ("KGBV") programme ensured continuity of studies.

School Transformation Project: The project started in June 2017 with a MoU signed with Panvel Municipal Corporation ("PMC"), to transform 11 Panvel Municipal Corporation Schools by improving the quality of Education (access, retention and promotion rates) and health. The programme ensures a quality-learning environment for the students in the primary school to facilitate them to be at par with their age appropriate academic skills and mobilise greater community participation to build strong linkages between community and the schools. Overall in 2020-2021, Project Panvel reached out to 5233 beneficiaries.

As a part of this project, 11 support teachers were appointed in PMC schools. These support teachers, along with government teachers from the PMC schools, are provided with continuous trainings on activity-based teaching techniques. During COVID-19 period, the team along with Panvel Municipal Education Dept. jointly executed online classes for children and facilitated the continuity of education. Mohalla Art classes were organised in which over 745 children participated and 1968 students were engaged in online classes and they were also given workbooks/worksheets to evaluate learning achievements time to time.

Gyanarjan accords special coaching classes to the students of 10th to 12th Std., and prepares them for competitive exams such as CET/ NEET. During the year, we engaged with two centers (Channapattana Govt. Girls PU College, Maharani Govt. Girls Jr. College, Mysore and R V Institute of Management, Jayanagar, Bangalore) covering 1094 students across southern states. Up until now, this initiative has supported 5,754 rural girl students. Furthermore, personality development and career counselling programs are also conducted for these students.

Through the "Kasturba Gandhi Balika Vidyalaya" programme, under the "Sarva Shiksha Abhiyan", we motivate underprivileged girls in continuing their education. We support seven KGBV schools in Karnataka and Tamil Nadu. Here again, we organise Special Coaching classes for the core subjects (Maths, Science and English), benefiting 755 rural girl students. This was begun in 2011-12. As a result, the KGBV School, Byrapattana, is continuously achieving over 95% score in their 10th exams.

Academic Support Centers are run in 11 villages by trained community tutors for the underprivileged and mostly first generation learners of 1<sup>st</sup> to 7<sup>th</sup> standard. Classes are conducted every day to help

the children reach the grade-specific competencies. 346 children have benefited from the program and have improved their academic performance. As an outcome in Karnataka and Tamil Nadu, out of 253 students, 95.26% have achieved grade specific learning and in Odisha 85% of students have achieved grade specific competency. Home-based learning program in villages and online classes helped to mitigate the immediate impact of school closures on the students and facilitated the continuity of education.

In all the academic support centre, we have initiated Library programmes.1768 children in Karnataka and Tamil Nadu and 600 children in Odisha are reading the books regularly and this has improved their reading habits.

Our initiative, "Help Vidya Write", has been ongoing since last 8 years. It is a notebook collection drive conducted by employee volunteers across ABFRL offices. In FY 2020-21, we supported 830 underprivileged students across 8 government schools.

To capacitate students and improve their verbal communication skills, we have started spoken English classes in three government schools and Community, benefitting 230 students. 80 underprivileged students were provided with scholarships to continue higher education.

With digitalization and technological development, the rural and urban communities face numerous social and economic changes and challenges. To address these concerns and equip rural communities with knowledge and skills required to be digitally perceptive, we have established Village Information Centers in four model villages and Computer Centre in one village. These centers are equipped with Computers, Printers and WIFI, etc. The digital champion runs the centre. 23,043 community members have benefitted from these services. Computer literacy classes were organised and 943 students have benefitted from this initiative.

Sollepura and Madiwala villages are 100% digitally literate villages. A household survey was done in Sollepura village (Tamil Nadu) and it was identified that there are 240 households and a population of 761 in the village. Out of these 240 households, 149 households had one person with basic or more than basic Computer Knowledge. In rest of the household's children were provided Computer literacy, how to browse internet and utilise mobile application on Smart phones. The children attend classes at Village Information Centre and learn about how to adopt the digital tools and understand the usage of computer. Similarly, we have done the same intervention in Madiwala (Karnataka) and it is a 100% digitally literate village.

#### **SDG-5 Gender Equality**

Women empowerment and gender equality is the focus of the fifth SDG. Women empowerment is an embedded outcome from each key focus area. We already have 20 self-help groups. The Government of India has launched Atma Nirbhar Bharat Abhiyaan to revive every sphere of the economy from demand, supply to manufacturing, and make India self-reliant. With the same spirit, we have supported eight groups for cage fishing, inland fishing, Tailoring, Cattle Rearing, Mushroom cultivation, Badi-Papad making and tailoring etc.

The sixth, seventh and eighth SDGs, can be bunched together, as they are interlinked. These SDGs call for, water and sanitation, reliable, sustainable, and modern energy and decent work and economic growth.

#### SDG-6 Clean Water and Sanitation

Our focused interventions on Water has ensured safe drinking water in the rural and semi urban slums in Karnataka and Tamil Nadu. We have set up Water ATMs in three villages. In five villages, we have advocated with Panchayat and ensured establishment of Water ATMs in our intervention

villages in Karnataka. It has prevented diseases, which are caused by consumption of contaminated water. 23,300 people are using Water ATMs and consuming good quality potable water every day.

Individual toilets and sanitation facilities were set-up at schools at various locations.

## SDG-7 Affordable and Clean Energy

Stepped up efforts in renewable energy are needed. In this concern, we have installed 25 Solar Street Lights in Sollepura village (Tamil Nadu). This initiative will save 30544-kilogram  $CO_2$  emission for 15 years.

## SDG-8 Decent work and economic growth

Imparting skills training, coupled with and SHGs, meet with these goals. We are implementing the Career Readiness Training Program for Senior Secondary students and youths in three Model villages and 21 Spoke villages in Karnataka and Tamil Nadu. The program aims to develop employable skills including problem solving, empathy, collaboration and communication, technical competency and English proficiency. Through this program, 246 youths were trained.

Kaushalya project aims to create and ensure sustainable livelihood opportunities to the rural youths by providing them appropriate skills.

During the year, due to the restrictions on conducting physical classes, we modified our skill training strategy by introducing a combined model of "online & offline" teaching. Also based on market demand, we have introduced new programs such as "Customer Resource Management, Warehouse Pickers & Digital Marketing apart from retaining Self-employed tailors course". In the reporting year, 339 rural youth were enrolled for training in 14 batches, out of which 318 youth have completed their training and received certifies. 230 trained and certified youths were linked to sustainable livelihood opportunities. Till now, 2161 rural students have been trained and certified in last 6 years and 1686 trained students are linked to sustainable livelihood opportunities (thus achieving 78.02% placement rate).

## Watershed management project

In 2020-21, the watershed program has helped to save/recharge approx. 31,910 kl of water benefitting 36,850 community members. We have done the following programs to conserve water and improve the agricultural produce.

Water Structures - Water absorption trenches, Farm ponds, Gully plugs, Masonry check dams, Sunken ponds, Bore well recharge pits and Renovation of traditional ponds

Agricultural Activities- Green manure cultivation, Mulching, Weed management, Micronutrient mixture application etc.

Farmers in Sollpeura village (Tamil Nadu) and Madiwala and Basavanapura villages (Karnataka) and are yielding more than the past by using better irrigation facilities and agricultural practices.

## SDG-9 Build resilient infrastructure

Towards better infrastructure, we are engaged in installation of solar lights and construction of parks for recreational purpose. These initiatives have aided 2,084 people.

We are also contributing to some targets of SDG-10,11,12,13,15,16 and 17 through our interventions.

## **SDG-10 Reduced Inequalities**

Employability and entrepreneurship opportunities to rural youths through the Career Readiness Training Program and financial assistance to Self Help Groups.

## SDG- 11 Sustainable Cities and Communities

Ensured basic services like safe drinking water through Water ATMs in semi urban slums. Waste management education for children and ensuring waste disposal mechanism in villages and semi urban slums.

Making human settlements more inclusive- The Village Information Centers have made internet, computer, printer available community members. People can make transactions; apply for jobs, and government schemes.

## SDG-12 Responsible Consumption and Production

Promoting efficient use of natural resources like Water, Tree Plantations in the villages.

## SDG-13 Climate Action

Ensuring climate change resilience among communities through water conservation.

## SDG-15 Life on Land

Ensuring sustainable use of inland freshwater ecosystem and healthy soil.

## SDG -16 Peace, Justice and Strong Institutions

We have ensured responsive, inclusive, participatory and representative decision-making at village level.

## SDG-17 Partnerships for the Goals

Village Information Centers have enhanced the use of enabling technology, in particular information and communications technology. Four Model Villages have free internet facilities at the center.

## <u>Model Village</u>

Of the 67 villages that we work in, the project implementation framework is built upon the Sansad Adarsh Gram Yojna ("SAGY") guidelines. This scheme aims to keep the soul of rural India alive while providing its people with quality access to basic amenities and opportunities to enable them to shape their own destiny. The project interventions are categorized as per SAGY attributes of Personal Development, Human Development, Social Development, Economic Development, Environment Development, Basic Amenities & Services, Social Security and Good Governance.

In the journey to become a model village, one village has attained 100% of the relevant attributes and two villages have attained 90% of the relevant attributes as per the SAGY guidelines.

## COVID-19 Relief Response

Amid the growing concerns for the COVID-19 crisis in India, we proactively reached out to the underprivileged and vulnerable groups. As a part of our CSR programme, we undertook prevention and relief activities in four districts across Karnataka, Tamil Nadu and Odisha. ABFRL initiated awareness programs in March as a quick response to prepare community members to deal with this crisis and reached out to 147,743 community members through following activities:

## COVID-19 Prevention: Knowledge and Awareness

- Awareness through announcements and pamphlets distribution about practices that prevent the spread of COVID-19.
- 24x7 counselling and referrals through Village Health Helpline.

- Continuous entry-level checking through ray/infra-red thermometers and linking abnormal reading to Public Health Centres.
- Sanitization of villages

## Behaviour Change: Health & Hygiene

- Ensured practice of social distancing norms.
- Awareness on mask usage and hand wash training.

## Food Security and distribution of health essentials

- Distributed dry ration to migrant workers and community members
- Livelihood support to Self Help Groups to tailor masks
- Distribution of masks and sanitizers.

## Volunteering

Our volunteering initiatives have not only benefited the communities in which they live and work, but also helped them build strong relationships. Employee volunteers have contributed 15,706 hours in FY '20-21 in various activities like Virtual Volunteering sessions, Health camps support, English teaching, Blood donation, Road safety awareness, Tree plantation, Ama Library, COVID-19 intervention, Guest lectures etc.

## Impact Assessment

Bluesky Sustainable Business LLP conducted the CSR Social Impact Assessment. Aditya Birla Fashion & Retail Jan Kalyan Trust CSR Programme 2021 has been awarded a Platinum Rating and Highest score in India.

An internal impact assessment study was conducted in three Model villages- Sollepura, Madiwala and Basavanapura. A dipstick survey was done to collect household data and to take opinion of beneficiaries from the five thematic areas- Education, Health & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalization.

- The household survey revealed that in Model villages, 100% of the households have access to LPG connection, Electricity and Tap Water connection.
- In the journey to become a model village, Sollepura village has attained 100% of the relevant attributes as per Sansad Adarsh Gram Yojna and Madiwala and Basavanapura have attained 95% of the relevant attributes.

Stakeholders are fully satisfied with the CSR initiatives and they have rated most of the programs as "Excellent".

Our Partners/ Collaborators include:

Gram Panchayats • Panvel Municipal Corporation • Sarva Shiksha Abhiyan • Government Schools & Anganwadis • Cancer Care India • Narayan Netralaya • Edunet • MYRADA

## Our Investments:

Our spending in CSR for the year 2020-21 was ₹ 1.91 Crore, reaching out to 377,743 beneficiaries through various initiatives including COVID-19 prevention and support measures.

#### Principle 9: Customer value

At ABFRL, we believe that customer-centricity is key to long-term business sustainability. Continuously innovating designs, concepts, and products by infusing consumer feedback and the latest trends in fashion and clothing styles, we have a repertoire of lifestyle brands that cater to every consumer's needs across multiple occasions. Our customer-centricity approach evolves around;

- We recognise our position as an influencer of public choice and values and therefore, ensure **'responsible advertising**', by eliminating bias, being political neutral and minimising ambiguity.
- We have created **strong competencies around brand building**, **product positioning and communicating** the brand USP to the potential customer segments.
- Beyond the label requirements mandated by local laws, all apparel product labels also **include information on raw materials utilised.** Further, instructions for wash and care are included to maintain durability of the products.
- 'Mission Happiness' initiative Launched in 2014, with the objective of ensuring positive and consistent consumer experience and enforcing common SOPs for complaint resolution, Mission Happiness continues to be a huge success. Before COVID, our customers could provide detailed feedback and rate their shopping experience in-store through electronic devices at store, as well as their post-purchase experiences through SMS. After COVID, we launched a device agnostic system where each customer receives in-store experience feedback link on SMS. We also launched listening mechanism on our e-Commerce portals capturing feedback about shopping experience of our online customers. This feedback is meticulously monitored, and training is imparted to the employees to decode and respond to it, helping us better understand consumer demands and enhance our ability to dynamically cater to the growing, as well as changing demand landscape. This initiative is supported by CRM initiatives such as Loyalty Cards and complaint resolution mechanism.
- For our Pantaloons business, we have done a consumer survey in FY21 in the form of e-bill enabled Mission Happiness Feedback. Due to the pandemic, our stores were shut in between and even when they opened, we switched to a new methodology of feedback capture, which was embedded in a bit.ly enabled SMS, sent out to customers for them to see their bill. While we initiated this, it was launched toward the later part of the year and is yet to gather a robust level of sample size of responses.
- In FY21, we currently have 1,800+ stores collecting feedback from In-store and 8 e-Commerce websites collecting feedback on online shopping experience. Post-purchase feedback is being collected across all EBOs (active franchisee or consignment) as well as against e-Commerce orders.
- Customer Voice Response System ("CVRS") Our customers deserve the best not only the best apparels and accessories, but also the best service and experience. In line with this philosophy, we seek their feedback on a consistent basis. CVRS is a platform which handles customer complaints and ascertains process transparency through the deployment of an online Complaint Management System. This encourages customers to share their experiences, feedback and complaints along with helping us identify opportunities of interventions in order to enhance customer satisfaction. Through this platform, we are able to ensure on-time closure of all product and service related complaints within 24 hours TAT Turnaround Time)
- Providing best consumer experience though customer delight through finest product quality deliverance highly customer centric approach and being sensitive to take quick actions to improve the consumer experience. In this product quality experience improvement journey two working on two aspects were important

- 1. Assuring Quality at Source of Manufacturing
- 2. Improving Product Quality basis all channel feedbacks
- 3. Resolving customer issues at highest priority
- In regards to the continuous improvements, our Quality Assurance team initiated & accomplished numerous projects. There improvement projects Quality Improvement Project
   / Joint Improvement Project were in multi-product category and involved raw material as well as manufacturing.
- Improvement projects were taken basis the last year quality performance of vendor, customer complaints & desired area of quality upgradation. Some of the initiatives include the below following:
  - (i) Raw material quality improvement in trouser for colour fading properties.
  - (ii) Shrinkage & elongation in T-Shirt category was improved with the change in fabric construction.
  - (iii) Denim was taken up for improvements in manufacturing & reduce damages.
  - (iv) Packaging standardisation for men's shirt category. This projects also which also fetched us with a national level award in National Convention on Quality Concepts
- In another new initiative towards digital transformation, a live dashboard with real time information was launched in first quarter of financial year. This has helped the manufacturer access real time analysed data in eleven pre-fixed cuts with instant view of quality dashboard. This not only helped in understand the quality level but also prompted manufactures & stakeholders to take quack action on the problem areas.

There have been no complaints received/ pending against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years as of March 31, 2021.

We received 84 consumer cases in the last financial year, out of which 56 cases have been disposed off/ settled. The nature of the cases filed against ABFRL were charging of carry bags, charging of GST during EOSS and message sent to DND consumer.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Fashion and Retail Limited

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

**Directors Report** 

We have audited the accompanying Standalone Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Standalone 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 Standalone Ind AS Financial Statements.

#### **Emphasis of Matter**

We draw attention to Note 40(j) of the Standalone Ind AS Financial Statements which describes management's assessment of the impact of COVID 19 pandemic on the Company's operations and carrying value of assets as at March 31, 2021. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS Financial Statements.

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Goodwill: Impairment Evaluation (as described in Note 5 of the Standalone Ind AS Financial
Statements)

to ₹ 682.87 Crore as at March 31, 2021, which includes investment in Finesse International Design Private Limited ('Finesse'). Jaypore E-commerce Private	Standalone Ind AS Financial Statements)	)
Limited ('lavpore') and T G Apparel & Décor	subsidiaries and joint venture amounts to ₹ 682.87 Crore as at March 31, 2021, which includes investment in Finesse International Design Private Limited ('Finesse'), Jaypore E-commerce Private	• Obtained an understanding of the process followed by the management to determine the recoverable amounts of investment in Finesse,

Key audit matters

How our audit addressed the key audit matter

Corporate Governance Report

Business Responsibility Report

Key audit matters	How our audit addressed the key audit matter
Private Limited ('T G Apparel') amounting to ₹ 162.85 Crore (acquired during the year ended March 31, 2020). Investment in subsidiaries is tested for impairment annually, or more frequently when there is an indication that the investment may be impaired. As disclosed in Note 40(a), impairment of investment in subsidiaries is determined by comparing the carrying value of the investments with their recoverable amount. As at March 31, 2021, the recoverable amount of the investments in these subsidiaries has been determined by the management based on a value in use calculation using cash flow projections from financial budgets approved by senior management. Impairment assessment of investment in aforesaid subsidiaries is a key audit matter considering future estimates and judgment involved in such assessment.	<ul> <li>Company and reviewed the valuation reports issued by such specialist.</li> <li>Evaluated the model used in determining the value in use of investment in aforesaid subsidiaries.</li> <li>Assessed the consistency of data used in the recoverable amount calculation with the financial budgets approved by senior management.</li> <li>Analysed the performance of the subsidiaries and assessed the assumptions used in computation of value in use as at March 31, 2021, including understanding of management's estimate of business impact based on current market and economic conditions arising from the COVID 19 pandemic.</li> <li>Involved valuation expert to assist in evaluating management's determination of value in use.</li> <li>Obtained and read the audited financial statements of the subsidiaries to determine the net worth, historical cash flows and other financial indicators.</li> <li>Tested the arithmetical accuracy of the computation of recoverable amounts of investment in aforesaid subsidiaries.</li> </ul>

## Provision for discount and sales returns (as described in Note 40(g) of the Standalone Ind AS Financial Statements)

Revenue from contracts with customers is recognised upon transfer of control of promised goods and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, sales promotion schemes and rebates, based on contractually defined terms.

In some cases, discounts estimated and accrued are offered on further sale of goods by the customers. Also, in certain cases the Company has contracts with customers which entitles them to right of return.

At year end, amount of expected returns, and discounts that have not yet been settled with the customers are estimated and accrued. Our audit procedures included the following:

- Assessed the Company's accounting policy for recognition and measurement of net sales revenue, including the policy for recording returns, and discounts in accordance with Ind AS 115 'Revenue from Contracts with Customers'.
- Tested design and operating effectiveness of key controls for calculating, reviewing and approving returns and discounts.
- Tested the estimate of returns and discounts related accruals with underlying documentation such as management approved norms, customer agreements, sales data and customer reconciliations, as applicable.
- Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on estimates of sales returns and sales discounts.

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Key audit matters	How our audit addressed the key audit matter
Estimating the amount of accrual at year end is considered a key audit matter due to assumptions and judgments required to be made by management.	<ul> <li>Tested, on sample basis, credit notes issued to customers for returns and discounts as per approved norms.</li> </ul>
	<ul> <li>Performed analytical procedures on returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.</li> </ul>
	<ul> <li>Assessed the Company's disclosures in Note 40(g) on significant accounting judgments, estimates and assumptions.</li> </ul>

## Ind-AS 116 –Leases and Accounting for rent concession arrangements (as described in Note 4 and 40(k) of the Standalone Ind AS Financial Statements)

As at March 31, 2021, the Company has ₹ 2,066.89 Crore of Right of use (RoU) assets and ₹ 2,385.57 Crore of Lease liabilities recognised under Ind AS 116 pertaining to the premises leased by the Company.

During the year, considering the impact of COVID 19 pandemic on its business, the Company negotiated rent concessions with its lessors.

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

Pursuant to the above amendment, the Company applied the practical expedient with effect from April 01, 2020. Accordingly, the Company accounted unconditional rent concessions of ₹ 340.43 Crore during the year as a reduction of rent expense in the Standalone Statement of Profit and Loss.

Accounting under Ind AS 116, requires significant judgement and estimate in identification of lease arrangement, determining the RoU assets and lease liabilities and related rent concessions based on terms of the underlying agreements. Hence, we considered this as a key audit matter. Our audit procedures included the following:

- Assessed the Company's accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116, including accounting for rent concession arrangements.
- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of leases and rent concession arrangements under Ind AS 116.
- Tested the accuracy and completeness of the underlying lease master by agreeing the underlying data pertaining to lease rentals, term, escalation and other relevant terms and conditions to lease agreements and performed recomputation on a sample basis.
- Tested on a sample basis, the rent concessions accounted by the Company, to agreed rent concession arrangements / underlying documents, calculations and assessed the terms of the same against the requirements of the practical expedient under Ind AS 116.
- Assessed the underlying assumptions and estimates including the applicable discount rates.
- Assessed the Company's disclosures made in accordance with the requirements of Ind AS 116.

AGM Notice

## Recognition of Deferred tax assets (as described in Note 10 and 38 of the Standalone Ind AS Financial Statements)

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

The Company's ability to recognise previously un-recognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the applicable tax laws.

As at March 31, 2021 the Company has recognised net deferred tax assets of ₹ 321.23 Crore. The recognition and measurement of deferred tax assets is a key audit matter as its recoverability within the allowed time frame involves estimate of financial projections, availability of sufficient taxable income in the future and judgments in the interpretation of tax regulations and tax positions adopted by the Company. Our audit procedures included the following:

- Assessed the Company's accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".
- Involved tax specialists who evaluated the Company's tax positions by assessing the prevalent tax laws.
- Assessed the consistency of financial projections used by management in assessing recoverability of deferred tax assets with the financial budgets approved by senior management of the Company.
- Analysed the performance of the Company and assessed the assumptions used in forecast of future profits and expected utilisation of the unabsorbed business losses and unabsorbed depreciation, including understanding of management's estimate of business impact based on current market and economic conditions arising from the COVID 19 pandemic.
- Assessed the disclosures in Note 10 and 38 of the Standalone Ind AS financial statements in accordance with the requirements of Ind AS 12 "Income Taxes".

## Provision on inventories (as described in Note 12 and 40(f) of the Standalone Ind AS Financial Statements)

As at March 31, 2021, the Company held inventories of ₹1,742.93 Crore. Inventories are carried at lower of cost and net realisable value in accordance with the accounting policy of the Company.

The Company makes provision for inventory based on policy, past experience, current trend and future expectations of these materials depending upon the category of goods.

Significant judgment is required in assessing the appropriate level of the provision for slow moving and/or obsolete inventory. Accordingly, we have considered provision on inventories to be a key audit matter. Our audit procedures included the following:

- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to inventory provision.
- Compared the methodology used to calculate the inventory provision and its consistency with prior periods and obtained an understanding of management basis for changes.
- Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on provision on inventories.
- Tested on a sample basis, the calculation of the provision as per Company policy.

Key audit matters	How our audit addressed the key audit matter
	<ul> <li>For specific provisions made, on a sample basis, assessed the basis and tested with management approvals.</li> </ul>
	<ul> <li>Tested on a sample basis, whether inventories are carried at the lower of cost and net realisable value.</li> </ul>
	<ul> <li>Assessed the Company's disclosures in Note 40(f) on significant accounting judgments, estimates and assumptions and Note 12 on Inventories.</li> </ul>

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report with respect to following sections, but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

- Report of the Board of Directors (includes Management Discussion and Analysis) only with respect to the following sections
  - Business Overview
  - Business Strategy
  - Financial Performance and Analysis
  - Risk Management
  - Internal Control Systems and their Adequacy
  - Share Capital
  - Disclosure in terms of the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - Corporate Governance Report

Our opinion on the Standalone 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 Standalone 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 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.

## Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in

accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AGM Notice

 Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The remuneration paid to Managing Director and Whole time Directors for the year ended March 31, 2021, being in excess of the limits prescribed under the provisions of section 197 read with Schedule V to the Act, by ₹ 0.56 Crore, is subject to the approval of the shareholders;

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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 45 to the Standalone Ind AS Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala** Partner Membership Number: 208382 UDIN: 21208382AAAABT7915

Bengaluru May 28, 2021

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## Annexure 1 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (i) (b) All Property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) According to information and explanations given by the management, the title deeds of immovable properties, included in Property, plant and equipment are held in the name of the Company except for the following immovable properties other than self-constructed buildings aggregating to ₹ 6.02 Crore which are held in the name of the demerged companies and are in the process of being transferred to the Company:

Total number of cases	Asset category	Amount as at March 31, 2021 (₹ in Crore)	Remarks
12	Freehold Land	5.92	Title deeds are in names of the companies whose divisions got merged with the Company and are pending to be transferred in the name of the Company.
1	Building (Flat)	0.10	

- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made and loans granted to which section 186 of the Act is applicable. According to the information and explanations given to us, there are no guarantees or securities given in respect of which section 186 of the Act is applicable and there are no loans, guarantees, and securities given in respect of which provisions of section 185 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, customs duty, goods and service tax, cess and other statutory dues applicable to it.

- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, goods and service tax, cess and other statutory dues were outstanding as applicable, at the year end, for a period of more than six months from the date they became payable.
- (vii) (c) According to the records of the Company, the dues of income tax, service tax, sales tax, custom duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Statute	Nature of dues	Unpaid Amount involved (₹ Crore) *	Period to which the amount relates	Forum Where disputeis pending
Customs Act	Custom duty	2.04	1998-99	High Court, Karnataka
Customs Act	Custom duty	0.50	2010	Commissioner -Appeal, Chennai
Excise Act	Excise duty	0.50	2011-12 & 2012-13	Commissioner of Central Tax, Bengaluru
Central Sales Tax Act	Central sales tax	0.01	2006-07	Deputy Commissioner of Commercial Taxes, Secunderabad
Gujarat Commercial Tax Act	Sales tax	2.26	2011-12	Joint Commissioner – Ahmedabad
Karnataka Sales Tax Act	Sales tax	3.71	2014-15	Karnataka Appellate Tribunal
Karnataka Sales Tax Act	Sales tax	0.10	2014-15	Joint Commissioner of Commercial Taxes - Appeals, Bengaluru
Karnataka Sales Tax Act	Sales tax	0.01	2005-07	High Court – Karnataka
Karnataka Tax on Entry of Goods Act	Entry tax	0.02	2002-03 to 2004-05	Joint Commissioner of Commercial Taxes - Appeals, Bengaluru
Kerala General Sales Tax Act	Sales tax	0.01	2004-05	Kerala Sales Tax Appellate Tribunal, Ernakulam
Kerala Commercial Tax Act	Sales tax	2.44	2008-09 to 2016-17	Supreme Court
Kerala Commercial Tax Act	Goods and service tax	0.59	2017-18	Assistant Commissioner (Appeals) of State Goods and Services Tax Department, Kozhikode.
Odisha Sales Tax Act	Sales tax	0.01	2002-03	Additional Commissioner – Appeals, Bhubaneswar
Odisha Sales Tax Act	Sales tax	0.73	2014-15	Joint Commissioner of Commercial Taxes, Bhubaneswar
Uttar Pradesh Commercial Tax Act	Value added Tax	0.97	2010-11	Additional Commissioner – Appeals, Lucknow
Uttar Pradesh Commercial Tax Act	Value added Tax	3.25	2012-13	Additional Commissioner – Appeals, Lucknow
Uttarakhand Commercial Tax Act	Value added Tax	4.99	2012-13 to 2015-16	Joint Commissioner Appeals, Dehradun
West Bengal Commercial Tax	Sales tax	0.04	2013-14	Joint Commissioner Appeals, Kolkata

Statute	Nature of dues	Unpaid Amount involved (₹ Crore) *	Period to which the amount relates	Forum Where disputeis pending
Central Sales Tax Act	Central sales Tax	0.17	2016-17	Appellate Deputy Commissioner, Telangana
Madhya Pradesh Commercial Tax	Sales tax	0.10	2013-14	Commercial Tax officer, Indore
Delhi Commercial Tax	Sales tax	5.64	2015-16	Additional Deputy Commissioner of Commercial Taxes, Delhi
Textile Committee Act	Textile cess	0.59	1999-2005	Textile Cess Appellate Tribunal, Mumbai
Income Tax Act, 1961	Withholding Tax	0.24	FY 2010-11	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act, 1961	Income tax	83.04	FY 2017-18	Commissioner of Income Tax (Appeals), NFAC

\* The unpaid amount mentioned above is net of ₹ 37.82 Crore paid under protest.

- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or dues to debenture holders. The Company does not have any borrowing from the government during the year.
- (ix) In our opinion and according to the information and explanations given by the management, monies raised by way of further public offer, term loans and debt instruments were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management, we report that remuneration of the Managing Director and Whole-time Directors for the year ended March 31, 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 0.56 Crore. We are informed by the management that it proposes to obtain approval of the shareholders in a general meeting by way of a special resolution.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. The Company has not made any allotment of fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala** Partner Membership Number: 208382 UDIN: 21208382AAAABT7915

Bengaluru May 28, 2021

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited

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

We have audited the internal financial controls with reference to the Standalone Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

# Management's Responsibility for Internal Financial Controls

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

# Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Standalone Ind AS 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Standalone Ind AS 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 with reference to these Standalone Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to these Standalone Ind AS 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 Company's internal financial controls with reference to these Standalone Ind AS Financial Statements.

### Meaning of Internal Financial Controls with reference to these Standalone Ind AS Financial **Statements**

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

# Inherent Limitations of Internal Financial Controls with reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Standalone Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Standalone Ind AS 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 Company has, in all material respects, adequate internal financial controls with reference to the Standalone Ind AS Financial Statements and such internal financial controls with reference to the Standalone Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala** Partner Membership Number: 208382 UDIN: 21208382AAAABT7915

Bengaluru May 28, 2021

### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

					₹ in Crore
		Notes	Page No.	As at March 31, 2021	As at March 31, 2020
A	SSETS				
Ι	Non-current assets				
	(a) Property, plant and equipment	3	168	534.50	638.10
	(b) Capital work-in-progress			34.64	40.06
	(c) Right-of-use assets	4a	169	2,066.89	2,174.43
	(d) Goodwill	5	170	1,859.60	1,859.60
	(e) Other intangible assets	5	170	45.33	56.22
	(f) Intangible assets under development			-	3.54
	(g) Financial assets				
	(i) Investment in subsidiaries and joint venture	6a	172	682.87	162.85
	(ii) Other investments	6b	172	6.66	7.16
	(iii) Loans	7	174	2.59	3.43
	(iv) Security deposits	8	174	303.74	298.99
	(v) Other financial assets	9	174	145.84	0.34
	(h) Deferred tax assets (net)	10	175	321.23	194.96
	(i) Non-current tax assets (net)			21.55	22.25
	(j) Other non-current assets	11	176	64.97	76.14
	Total - Non-current assets			6,090.41	5,538.07
П	Current assets				
	(a) Inventories	12	176	1,742.93	2,349.40
	(b) Financial assets				
	(i) Current investments	6c	173	299.53	-
	(ii) Loans	13	177	6.49	7.12
	(iii) Security deposits	14	177	99.79	107.69
	(iv) Trade receivables	15	177	722.40	840.19
	(v) Cash and cash equivalents	16	179	164.26	264.91
	(vi) Bank balance other than Cash and cash equivalents	17	180	0.28	0.14
	(vii) Other financial assets	18	181	253.82	190.31
	(c) Other current assets	19	181	382.75	391.10
	Total - Current assets			3,672.25	4,150.86
	TOTAL - ASSETS			9,762.66	9,688.93

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### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

				₹ in Crore
	Notes	Page No.	As at March 31, 2021	As at March 31, 2020
EQUITY AND LIABILITIES				
l Equity				
(a) Equity share capital	20	182	915.05	773.95
(b) Other equity	21	184	1,769.53	311.92
Total - Equity			2,684.58	1,085.87
II Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	187	802.09	855.02
(ii) Lease liabilities	4b	169	1,695.10	1,791.67
(iii) Deposits			167.28	109.78
(iv) Other financial liabilities	23	189	198.85	60.13
(b) Provisions	24	190	89.44	97.04
(c) Other non-current liabilities	25	190	11.44	12.29
Total - Non-current liabilities			2,964.20	2,925.93
III Current liabilities				
(a) Financial liabilities				
(i) Borrowings	26	190	0.06	1,507.78
(ii) Lease liabilities	4b	169	690.47	675.68
(iii) Trade payables				
Total outstanding dues of micro enterprises and small enterprises	27	191	26.74	97.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	191	2,306.95	2,175.61
(iv) Deposits			130.63	153.40
(v) Other financial liabilities	28	192	794.04	877.11
(b) Provisions	29	192	84.91	87.91
(c) Other current liabilities	30	192	80.08	101.91
Total - Current liabilities			4,113.88	5,677.13
TOTAL - EQUITY AND LIABILITIES			9,762.66	9,688.93
Summary of significant accounting policies	2.3			

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

As per our report of even date **For S R B C & CO LLP** Chartered Accountants ICAI Firm Registration No. 324982E/E300003

**per ADITYA VIKRAM BHAUWALA** Partner Membership No.: 208382

Place: Bengaluru Date : May 28, 2021 For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

GEETIKA ANAND (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

					₹ in Crore
			Page	Year ended	Year ended
		Notes	No.	March 31, 2021	March 31, 2020
1	Revenue from operations	31	193	5,181.14	8,742.53
	Other income	32	194	72.64	65.09
- III	Total income (I + II)			5,253.78	8,807.62
IV	Expenses				
	(a) Cost of materials consumed	33a	194	419.23	783.03
	(b) Purchase of stock-in-trade	33b	194	1,508.83	3,781.52
	(c) Changes in inventories of finished goods, work-	33c	195	609.56	(358.79)
	in-progress and stock-in-trade				()
	(d) Employee benefits expense	34	195	823.91	1,045.95
	(e) Finance costs	35	195	498.39	422.73
	(f) Depreciation and amortisation expense	36	195	945.00	876.82
	(g) Rent expense	44a &	220 &	10.67	486.92
		4a	169		
	(h) Other expenses	37	196	1,214.63	1,778.53
	Total expenses			6,030.22	8,816.71
V	Loss before tax (III - IV)			(776.44)	(9.09)
VI	Income tax expense				
	(a) Current tax	38	197	-	-
	(b) Deferred tax	38	197	(126.80)	136.10
				(126.80)	136.10
VII	Loss for the year (V - VI)			(649.64)	(145.19)
	l Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	(a) Re-measurement gains/ (losses) on defined benefit plans			2.63	4.55
	Income tax effect on above			(0.66)	(1.31)
	(b) Fair value gains/ (losses) on equity instruments			(0.50)	2.95
	Income tax effect on above			0.13	(0.74)
	Total other comprehensive income for the year			1.60	5.45
IX	Total comprehensive income for the year (VII + VIII)			(648.04)	(139.74)
Х	Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2020 : ₹ 10 )]	39	198		
	Basic (₹ )			(7.95)	(1.87)
	Diluted (₹ )			(7.95)	(1.87)
Su	mmary of significant accounting policies	2.3	·		,

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

As per our report of even date For S R B C & CO LLP **Chartered Accountants** ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

Place: Bengaluru Date : May 28, 2021

₹ in Crore

### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital

**Directors Report** 

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
Equity shares of ₹ 10 each issued				
As at the beginning of the year	77,39,64,840	773.96	77,34,98,313	773.49
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(ii) & (iii)]	16,32,68,882	163.27	-	-
Exercise of Options (Refer Note - 43)	5,02,441	0.50	4,66,527	0.47
As at the end of the year	93,77,36,163	937.73	77,39,64,840	773.96
	As at March	n 31, 2021	As at March	31, 2020
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
Equity shares of ₹ 10 each subscribed and fully paid				
As at the beginning of the year	77,39,47,987	773.95	77,34,81,460	773.48
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(ii) & (iii)]	16,30,80,231	140.60	-	-
Exercise of Options (Refer Note - 43)	5,02,441	0.50	4,66,527	0.47
			77,39,47,987	773.95

### b. Other equity

Share Share Reserves and surplus Other comprehensive income Total other application suspense equity Securities Retained Share Remeasurement Fair value Treasury Capital money account pending (Refer gains/ (losses) on premium earnings options shares reserve gains/ (losses) allotment Note - 21) (Refer (Refer outstanding (Refer (Refer defined benefit on equity (Refer Note - 21) Note - 21) account Note - 21) Note - 21) plans (Refer instruments Note - 21) (Refer Note - 21) (Refer Note - 21) Note - 21) As at April 01, 2019 0.08 763.52 (152.09) 21.69 655.40 0.02 27.62 (5.44)Adjustments pursuant to adoption of Ind AS 116 (net of (129.82) (129.82) tax) (Refer Note - 4) Loss for the year (145.19) (145.19) Premium on exercise of Options 6.84 6.84 Other comprehensive income for the year 3.24 5.45 2.21 Recognition of Share based payment 19.81 19.81 3.28 Transfer to Securities Premium on exercise of Options (3.28) Treasury shares held by ESOP trust (100.49) (100.49) Share application money received/ (allotted) towards (0.08) (0.08) exercise of Options (2.20) 0.02 311.92 As at March 31, 2020 773.64 (427.10) 44.15 (100.49) 21.69 2.21 (649.64) Loss for the year (649.64) Share forfeiture during the year 0.19 0.19 2,097.49 Equity shares under Rights Issue and Preferential Issue 2,097.49 --. [Refer Note - 20(ii) & (iii)] Premium on exercise of Options -0.06 . --0.06 Other comprehensive income for the year 1.97 (0.37) 1.60 11.88 11.88 Recognition of Share based payment 8.39 Transfer to Securities Premium on exercise of Options (8.39) (3.97) (3.97) Treasury shares held by ESOP trust As at March 31, 2021 0.02 2,879.58 (1,076.74) 47.64 (104.46) 21.88 (0.23) 1.84 1,769.53

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

As per our report of even date **For S R B C & CO LLP** Chartered Accountants ICAI Firm Registration No. 324982E/E300003

**per ADITYA VIKRAM BHAUWALA** Partner Membership No.: 208382

Place: Bengaluru Date : May 28, 2021 For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

GEETIKA ANAND (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021 **Directors Report** 

Financial Statements

### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	Notos	Year ended	₹ in Crore Year ended
	Notes	March 31, 2021	March 31, 2020
Cash flows from operating activities			· · ·
Loss before tax		(776.44)	(9.09)
Adjustments for:			
Depreciation and amortisation expense	36	945.00	876.82
Finance costs	35	496.17	419.98
Gain on retirement of right-of-use assets	32	(20.54)	(12.93)
Rent concession on lease rentals	4b, 40k & 44a	(340.43)	-
Loss on sale/ discard of property, plant and equipment	37	0.67	2.92
Fair value changes in derivative financial instrument (net)		0.39	-
Share-based payment to employees	34	11.88	19.86
Interest income	32	(3.40)	(0.77)
Liabilities no longer required written back		(3.83)	-
Net gain on sale of current investments	32	(3.20)	(4.71)
Net Unrealised exchange (gain)/ loss		1.46	(2.64)
Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss		(26.84)	(24.28)
Provision for doubtful debts, deposits and advances	37	14.17	10.81
Operating profit before working capital changes		295.06	1,275.97
Changes in working capital:			
(Increase)/ decrease in trade receivables		110.32	(67.12)
(Increase)/ decrease in inventories		606.47	(428.12)
(Increase)/ decrease in other assets		(151.17)	(112.62)
Increase/ (decrease) in trade payables		68.19	(132.59)
Increase/ (decrease) in provisions		(8.00)	(12.99)
Increase/ (decrease) in other liabilities		228.53	145.28
Cash generated from operations		1,149.40	667.81
Income taxes paid (net of refund)		0.87	(6.13)
Net cash flows from operating activities		1,150.27	661.68
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and capital advance		(147.53)	(313.46)
Consideration paid for acquisition of/ investment in subsidiaries and joint venture	6a	(523.07)	(159.30)
Purchase of current investments		(12,359.02)	(6,811.30)
Inter-corporate deposits to subsidiaries		(26.86)	(14.99)
Investment in treasury shares held by ESOP trust		(3.97)	(100.49)
Proceeds from sale of property, plant and equipment and intangible assets		2.71	6.00
Proceeds from sale/ maturity of current investments		12,069.35	6,816.01
Repayment of Inter-corporate deposits by subsidiaries		0.60	2.83
Interest received		3.17	0.57
Net cash flows used in investing activities	-	(984.62)	(574.13)

### ADITYA BIRLA FASHION AND RETAIL LIMITED STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

			₹ in Crore
	Notes	Year ended	Year ended
		March 31, 2021	March 31, 2020
Cash flows from financing activities			
Proceeds from issue of equity shares		0.50	7.23
Proceeds from Rights Issue (net off share issue expenses)	20(ii)	738.66	-
Proceeds from Preferential Issue (net off share issue expenses)	20(iii)	1,499.63	-
Proceeds from non-current borrowings (net off charges)		683.36	1,044.77
Proceeds from sale of property, plant and equipment under sale and leaseback arrangement		28.65	47.93
Proceeds/ (repayments) of current borrowings (net)		(1,507.72)	1,032.34
Repayment of non-current borrowings		(834.04)	(1,004.64)
Repayment of lease liabilities		(402.87)	(584.90)
Interest paid		(472.47)	(422.56)
Net cash flows from/ (used) in financing activities		(266.30)	120.17
Net increase/ (decrease) in cash and cash equivalents		(100.65)	207.72
Cash and cash equivalents at the beginning of the year		264.91	57.19
Cash and cash equivalents at the end of the year	16	164.26	264.91
Components of Cash and cash equivalents			
Balances with banks - on current account		85.05	157.76
Balances with banks - on deposit accounts (original maturity less than 3 months)		50.00	100.00
Balances with credit card companies		4.12	0.05
Balances with e-wallet companies		0.96	0.05
Cash on hand		14.29	7.05
Cheques/ drafts on hand		9.84	-
Total Cash and cash equivalents		164.26	264.91

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

As per our report of even date For S R B C & CO LLP **Chartered Accountants** ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382

Place: Bengaluru Date : May 28, 2021

**Directors Report** 

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

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# ADITYA BIRLA FASHION AND RETAIL LIMITED

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 1. CORPORATE INFORMATION

Aditya Birla Fashion and Retail Limited (the "Company"), a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.

The Company is engaged in the business of manufacturing and retailing of branded apparels and runs a chain of apparels and accessories retail stores in India.

The standalone financial statements, as reviewed and recommended by the Audit Committee, have been approved by the Board of Directors in their meeting held on May 28, 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

# 2.1 Basis of preparation

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

• Certain financial assets and liabilities (refer accounting policy regarding financial instruments);

- Defined employee benefit plans;
- Share-based payment; and
- Derivative financial instruments.

# 2.2 Functional and Presentation Currency:

The financial statements are presented in Indian Rupee (₹) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest Crore, unless otherwise stated. (₹ 1 Crore is equal to ₹ 10 Million)

# 2.3 Summary of significant accounting policies

# (I) Current versus non-current classification

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

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

# (II) Segment information

**Directors Report** 

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents assets, liabilities, income and expenses which relate to the Company as a whole and are not allocated to the segments.

# Inter-segment transfers

The Company generally accounts for inter-segment sales at arm's length basis in a manner similar to transactions with third parties.

# Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

# Unallocated items

Unallocated items include general corporate income, expense and other common assets and liabilities which are not allocated to any business segment.

# Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

# (III) Fair value measurements and hierarchy

The Company measures financial instruments, such as investments (other than equity investments in subsidiaries and joint ventures) and derivatives at fair value at each Standalone 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:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

### (IV) Foreign currencies

### Transactions and balances:

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Standalone Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Standalone Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or the Standalone Statement of Profit and Loss are also reclassified in OCI or the Standalone Statement of Profit and Loss, respectively).

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### (V) Revenue from contracts with customers

Revenue from contracts with customers is recognised upon transfer of control of promised goods/ services to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/ services.

To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

# Revenue from sale of products

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Goods and Service Tax (GST) is not received by the Company in its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

# Assets and liabilities arising from right to return

The Company has contracts with customers which entitles them the unconditional right to return.

# Right to return assets

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

# Refund liabilities

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Company has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Company has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

# Income from gift voucher

Gift voucher sales are recognised when the vouchers are redeemed, and the goods are sold to the customer.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### Loyalty points programme

**Directors Report** 

The Company operates a loyalty programme which allows customers to accumulate points on purchases made in retail stores. The points give rise to a separate performance obligation as it entitles them for redemption as settlement of future purchase transaction price. Consideration received is allocated between the sale of products and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of points is determined by applying statistical techniques based on the historical trends.

Consideration allocated to reward points is deferred and recognised when points are redeemed or when the points expire. The amount of revenue is based on the value of points redeemed/ expired.

### Income from services

Income from services is recognised as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes.

### Interest income

Interest income on all debt instruments is measured at amortised cost. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in other income in the Standalone Statement of Profit and Loss.

### Export incentives income

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### Commission income

In case of sales of goods, where the Company is an agent in the transaction, the difference between the revenue and the cost of the goods sold is disclosed as commission income in other operating income.

### (VI) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with:

- When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

When loans or similar assistance are provided by governments or related institutions, at a below-market rate of interest, the effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised and measured at fair value, and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

### (VII) 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 are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Standalone Statement of Profit and Loss.

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

### (VIII) Taxes

### Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

Deferred tax 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.

Tax benefits acquired as a part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information is received or circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition, if they result from new information obtained about facts and circumstances existing at the acquisition date.

Minimum Alternate Tax (MAT) paid in a year is charged to the Standalone Statement of Profit and Loss as current tax for the year. Since the Company had adopted the new tax regime in the Financial Year 2019-20 under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, MAT is not applicable to the Company.

Current tax and deferred tax relating to items recognised outside the Standalone Statement of Profit and Loss are recognised outside the Standalone Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### (IX) Property, plant and equipment

**Directors Report** 

Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes borrowing costs for long-term construction projects, if the recognition criteria is met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Standalone Statement of Profit and Loss, during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any.

### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

provided on a pro rata basis from the month of installation or acquisition. Depreciation on deletions/ disposals is provided on a pro rata basis upto the month preceding the month of deletions/ disposals. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The Company has used the following rates to provide depreciation on its tangible fixed assets:

### (a) Assets where useful life is same as Schedule II

Directors Report

Assets	Useful life as prescribed by Schedule Il of the Companies Act, 2013		
Factory buildings	30 years		
Fences, wells, tube wells	5 years		
Borewells (pipes, tubes and other fittings)	5 years		
Other office equipment	5 years		
Electrical installations and equipment (at factory)	10 years		

### (b) Assets where useful life differ from Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Other than continuous process plant (single shift)	15 years	20 years
Plant and machinery – retail stores	15 years	5 – 6 years
Furniture and fittings – retail stores	10 years	5 – 6 years
Furniture and fittings – shop in shop stores	10 years	3 years
Motorcycles, scooters and other mopeds	10 years	5 years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	6 years for motor cars and 8 years for motor buses and motor lorries	4 – 5 years
Servers, end user devices, such as desktops, laptops, etc.	3 years for end user devices and 6 years for servers	4 years
Furniture and fittings (other than retail stores)	10 years	7 years
Office electrical equipment	5 years	4 years
Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 years	5 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

### Leasehold assets

Assets	Estimated useful life		
Leasehold improvements at stores	5 to 6 years or period of lease, whichever is shorter		
Leasehold improvements other than stores	Period of lease		

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Based on managements' assessment, items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use or useful life of class of asset to which these assets belong.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

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.

#### (X) Intangible assets

**Directors Report** 

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Standalone Statement of Profit and Loss, in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life 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 with a finite useful life are reviewed at least at the end of each reporting period and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Standalone Statement of Profit and Loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Standalone Statement of Profit and Loss when the asset is derecognised.

### Amortisation methods and periods

A summary of amortisation policies applied to the Company's intangible assets is as below:

Intangible assets Useful life		Amortisation method used
Computer software	3 years	Amortised on straight-line basis
Brands/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	20 years	Amortised on straight-line basis over the period of franchise agreement (For the year ended March 31, 2020 useful life was considered as 12 years)*

\*Consequent to change in the tenure of the Franchisee rights, the useful life has been re-estimated. The impact of such re-estimation is not material to the standalone financial statements for the year ended March 31, 2021.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# (XI) Business combination and goodwill

**Directors Report** 

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised in Standalone Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, goodwill on business combination is initially measured at cost, being the excess of the sum of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually as at reporting date. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

# (XII) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Standalone Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Standalone Statement of Profit and Loss.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually as at reporting date. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Standalone Statement of Profit and Loss.

Reversal of impairment losses except on goodwill is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. An impairment loss recognised for goodwill is not reversed in subsequent periods.

### (XIII) Leases

**Directors Report** 

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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 Company assess whether:

- The contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset either the Company has the right to operate the asset; or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

### Where the Company is the lessee

### Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for short-term leases which are less than 12 months and leases of low value assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain remeasurements of the lease liability.

### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments. The lease liabilities are measured at amortised cost using the effective interest method.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification arising due to change in the lease term, change in the lease payments or a change in the assessment of an option to purchase the underlying asset. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property, and lease liabilities, separately in the Standalone Balance Sheet.

### Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset is classified as an operating lease. Assets subject to operating leases are included in the property, plant and equipment. Rental income on an operating lease is recognised in the Standalone Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Standalone Statement of Profit and Loss.

### Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

**Directors Report** 

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is (i) substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
- (iii) There is no substantive change to other terms and conditions of the lease.

Pursuant to the above amendment, the Company has applied the practical expedient with effect from April 01, 2020. The Company has accounted the unconditional rent concessions in "Rent expense" in the Standalone Statement of Profit and Loss.

### (XIV) Financial instruments

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

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Standalone Statement of Profit and Loss are recognised immediately in the Standalone Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:

(a) <u>Non-derivative financial assets</u>

**Directors Report** 

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

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

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in the Standalone Statement of Profit and Loss and is included in the 'Other income' line item.

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Standalone Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Standalone Statement of Profit and Loss.

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

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

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (refer above) are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Standalone Statement of Profit and Loss. The net gain or loss recognised in the Standalone Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Call options over shares in the acquired subsidiary is initially recognised as a financial asset at fair value, with subsequent changes in fair value recognised in the Standalone Statement of Profit and Loss.

(iv) Equity investments

Corporate Governance Report

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in Subsidiaries and Joint Venture are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries and Joint Venture at cost. All other equity investments are measured at fair value as per Ind

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Impairment of financial assets:

The Company applies simplified approach of expected credit loss model for recognising impairment loss on lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward looking information.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Standalone Balance Sheet.

The Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries and joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries and joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and joint venture and its carrying value, and then recognises the impairment loss in the Standalone Statement of Profit and Loss.

(b) Non derivative financial liabilities

**Directors Report** 

(i) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(1) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Standalone Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(2) Compound financial instruments:

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(3) Financial liabilities:

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

**Directors Report** 

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated • and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may, be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Standalone Statement of Profit and Loss.

The Put Option on the Non-Controlling Interest ("NCI") of subsidiary is initially measured at the present value of the amount payable on exercise of the option, as per the terms of the agreement. The subsequent changes in carrying amount is recognised in the Standalone Statement of Profit and Loss.

However, financial liabilities that are not held-for-trading and are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Standalone Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Standalone Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Standalone Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

reflected immediately in other comprehensive income under other equity and are not subsequently reclassified to the Standalone Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

(ii) Loans and borrowings

**Directors Report** 

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Standalone Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all of the facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the Standalone Statement of Profit and Loss as 'Finance costs'.

(iii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Standalone Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Thus, the exchange differences on the amortised cost are recognised in the Standalone Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

### De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Standalone Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Standalone Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (for example: when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Standalone Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Standalone Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Company de-recognises financial liabilities only when the Company's obligations are discharged, cancelled or have expired. An exchange with a lender

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Standalone Statement of Profit and Loss.

### Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

### (XV) Derivative financial instruments

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Standalone Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the Standalone Statement of Profit and Loss when the hedge item affects the Standalone Statement of 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.

### (XVI) Inventories

Raw materials, components, stores and spares, and packing materials are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Traded goods, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. Work-in-progress and finished goods include costs of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing cost. Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Proceeds in respect of sale of raw materials/ stores are credited to the respective heads. Obsolete and defective inventory are duly provided for, basis the management estimates (Refer Note - 40).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# (XVII) Provisions and contingent liabilities

**Directors Report** 

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Standalone Statement of Profit and Loss, net of any reimbursements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Refer Note - 40).

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company (Refer Note – 45).

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

# (XVIII) Employee benefits

(a) <u>Short-term employee benefits</u>

Short-term employee benefits are recognised as an expense on accrual basis.

(b) Defined contribution plan

The Company makes defined contribution to the Government Employee Provident Fund and Superannuation Fund, which are recognised in the Standalone Statement of Profit and Loss, on accrual basis. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

(c) <u>Defined benefit plan</u>

The Company operates a defined benefit gratuity plan in India. The Company contributes to a gratuity fund maintained by an independent insurance company. The Company's liabilities under The Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

at the Standalone Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Standalone Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net Interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. These are presented as re-measurement gains or losses on defined benefit plans under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Standalone Statement of Profit and Loss.

### (d) <u>Compensated absences</u>

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation in the Standalone Statement of Profit and Loss.

The Company presents the entire leave as a current liability in the Standalone Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

### (XIX) Share-based payment

Employees of the Company receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. Equitysettled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Standalone Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share options outstanding account.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met.

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

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability using a binomial method. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Standalone Statement of Profit and Loss for the year.

The Company has created an "ABFRL Employee Welfare Trust" (ESOP Trust) and uses it as a vehicle for distributing shares to employees under the Employee Stock Option Scheme 2019 or any subsequent Stock Option Scheme. The trust purchase shares of the Company from the market, for giving shares to employees. The Company treats trust as its extension and shares held by trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Standalone Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

### (XX) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends. The weighted average number of equity shares outstanding during the period is adjusted for treasury shares and events such as bonus issue, bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (XXI) Cash and cash equivalents

Cash and cash equivalents in the Standalone Balance Sheet and for the purpose of the Standalone Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### NOTE - 3 PROPERTY, PLANT AND EQUIPMENT

Directors Report

						Furniture and fixtures	Office equipment	₹ in Crore	
	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improvements	Computers			Vehicles	Total
Cost									
As at April 01, 2019	5.92	39.11	184.48	267.39	102.30	509.87	130.10	13.13	1,252.30
Additions	-	3.63	67.17	55.36	27.26	120.53	8.90	4.93	287.78
Disposals	-	-	35.14	24.72	16.97	121.14	5.58	2.16	205.71
As at March 31, 2020	5.92	42.74	216.51	298.03	112.59	509.26	133.42	15.90	1,334.37
Additions	-	0.62	24.75	35.35	8.24	59.45	5.02	0.41	133.84
Disposals	-	-	22.68	20.91	4.73	70.24	3.78	3.44	125.78
As at March 31, 2021	5.92	43.36	218.58	312.47	116.10	498.47	134.66	12.87	1,342.43
Depreciation									
As at April 01, 2019	-	2.66	64.75	124.34	66.72	291.94	62.78	2.74	615.93
Depreciation for the year (Refer Note - 36)	-	1.45	39.52	51.74	22.17	102.44	7.66	3.97	228.95
Disposals	-	-	24.62	23.68	12.77	82.57	3.81	1.16	148.61
As at March 31, 2020	-	4.11	79.65	152.40	76.12	311.81	66.63	5.55	696.27
Depreciation for the year (Refer Note - 36)	-	1.56	39.70	48.33	17.26	88.05	7.02	3.73	205.65
Disposals	-	-	17.11	20.51	4.70	45.82	3.05	2.80	93.99
As at March 31, 2021	-	5.67	102.24	180.22	88.68	354.04	70.60	6.48	807.93
Net carrying value as at:									
March 31, 2021	5.92	37.69	116.34	132.25	27.42	144.43	64.06	6.39	534.50
March 31, 2020	5.92	38.63	136.86	145.63	36.47	197.45	66.79	10.35	638.10

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	534.50	638.10
Total	534.50	638.10

\*The title deeds of immovable properties, included in Property, plant and equipment above are held in the name of the Company except for Freehold land (12 cases) and Freehold building (1 case) amounting to ₹ 5.92 Crore and ₹ 0.13 Crore respectively (Gross Block), which are held in the name of the demerged companies and is in the process of being transferred to the Company.

₹ in Crore

Financial Statements

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## NOTE - 4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

## (a) Right-of-use assets

(a) Right-of-use assets							< in Crore
	Land	Building	Plant and equipment	Computers	Furniture and fixtures	Office equipment	Total
Cost							
As at April 01, 2019	-	-	-	-	-	-	-
Asset Recognised as on April 01, 2019	-	1,815.77	-	-	-	-	1,815.77
Reclassification from prepayments pursuant to adoption of Ind AS 116	10.42	70.90	-	-	-	-	81.32
Additions	-	952.42	9.56	3.70	38.77	1.62	1,006.07
Disposals	-	119.43	-	-	-	-	119.43
As at March 31, 2020	10.42	2,719.66	9.56	3.70	38.77	1.62	2,783.73
Additions	-	715.27	6.96	0.20	51.41	2.32	776.16
Disposals	-	243.23					243.23
As at March 31, 2021	10.42	3,191.70	16.52	3.90	90.18	3.94	3,316.66
Depreciation							
As at April 01, 2019	-	-	-				-
Depreciation for the year (Refer Note - 36)	0.39	627.41	0.04	0.02	0.18	0.01	628.05
Disposals	-	18.75					18.75
As at March 31, 2020	0.39	608.66	0.04	0.02	0.18	0.01	609.30
Depreciation for the year (Refer Note - 36)	0.13	714.88	1.74		7.33	0.04	724.12
Disposals	-	83.65					83.65
As at March 31, 2021	0.52	1,239.89	1.78	0.02	7.51	0.05	1,249.77
Net carrying value as at:							
As at March 31, 2021	9.90	1,951.81	14.74	3.88	82.67	3.89	2,066.89
As at March 31, 2020	10.03	2,111.00	9.52	3.68	38.59	1.61	2,174.43
Net carrying value							₹ in Crore
					As at	Manak	As at
Dight of use accets				Mar	ch 31, 2021		31, 2020
Right-of-use assets Total					2,066.89		2,174.43 2,174.43
							2,17 -113
(b) Lease liabilities							₹ in Crore
					As at		As at
				Mar	rch 31, 2021	March	31, 2020
Opening balance					2,467.35		-
Liabilities recognised as on April 01, 2019					-		2,109.42
Additions					732.80		984.20
Retirements					(166.01)		(113.61)
Interest expense on lease liabilities					221.89		210.42
Rent concession (Refer Note - 40k)					(340.43)		-
Payments					(530.03)		(723.08)
Closing balance					2,385.57		2,467.35
Current					690.47		675.68
Non-current					1,695.10		1,791.67

The Company adopted Ind AS 116 "leases" effective April 01, 2019 using modified retrospective method. The Company has recognised on April 01, 2019, right-of-use assets of ₹ 1,815.77 Crore and lease liabilities of ₹ 2,109.42 Crore, and the adjustment (i.e. charge) to the retained earnings as at April 01, 2019 is ₹ 129.82 Crore (net of straight lining of lease rentals of ₹ 94.10 Crore and deferred tax of ₹ 69.73 Crore).

For maturity analysis of lease liabilities, refer Note - 44a.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 5 **GOODWILL AND OTHER INTANGIBLE ASSETS**

	Goodwill	Brands/ Trademarks	Computer software	Technical know - how	Franchisee rights	Total
Cost						
As at April 01, 2019	1,859.60	27.89	65.56	1.84	33.81	1,988.70
Additions	-	-	16.54	-	-	16.54
Disposals	-	-	1.29	-	-	1.29
As at March 31, 2020	1,859.60	27.89	80.81	1.84	33.81	2,003.95
Additions	-	-	4.34	-	-	4.34
Disposals	-	-	0.26	-	-	0.26
As at March 31, 2021	1,859.60	27.89	84.89	1.84	33.81	2,008.03
Amortisation						
As at April 01, 2019	-	9.83	51.07	0.96	7.73	69.59
Amortisation for the year (Refer Note - 36)	-	2.91	13.77	0.32	2.82	19.82
Disposals	-	-	1.28	-	-	1.28
As at March 31, 2020	-	12.74	63.56	1.28	10.55	88.13
Amortisation for the year (Refer Note - 36)	-	2.91	10.94	0.20	1.18	15.23
Disposals	-	-	0.26	-	-	0.26
As at March 31, 2021	-	15.65	74.24	1.48	11.73	103.10
Net carrying value as at:						
March 31, 2021	1,859.60	12.24	10.65	0.36	22.08	1,904.93
March 31, 2020	1,859.60	15.15	17.25	0.56	23.26	1,915.82

#### ₹ in Crore As at As at March 31, 2021 March 31, 2020 Goodwill 1,859.60 1,859.60 Other intangible assets 45.33 56.22 Total 1,904.93 1,915.82

## NOTE - 5A **IMPAIRMENT TESTING OF GOODWILL**

Goodwill acquired through various business combinations has been allocated to the three Cash-Generating Units (CGUs) as below:

- 1. Pantaloons CGU
- 2. Madura Fashion & Lifestyle CGU
- 3. Forever 21 CGU

## Pantaloons CGU

During the year ended March 31, 2013, the Company acquired the Pantaloons format business ('Pantaloons business') from Future Retail Limited ("FRL"), which consisted of fashion retail business operating under the brand name "Pantaloons". Pantaloons is a leading large format fashion retailer engaged in retailing of apparel and accessories. The business thus acquired is Pantaloons CGU.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Madura Fashion & Lifestyle CGU

Pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") were transferred to the Company on a going concern basis, w.e.f. April 01, 2015.

Madura Undertaking is a leading premium branded apparel player in India with brands like Louis Philippe, Van Heusen, Allen Solly and Peter England, and MGL Retail Undertaking is primarily engaged in promoting lifestyle brands and having licences to retail various international brands like Armani Collezioni, Hugo Boss, Versace Collection and many more under one roof, 'The Collective'. Both these divisions jointly comprise the Madura Fashion & Lifestyle CGU.

# Forever 21 CGU

**Directors Report** 

Effective July 01, 2016, the Company acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of operating retail stores in India for the sale of clothing, artificial jewellery, accessories and related merchandise under the brand name "Forever 21" ("F21"), and is considered as a separate CGU.

For the purpose of Segment reporting, Madura Fashion & Lifestyle and Forever 21 CGUs have been aggregated to form one segment in accordance with Ind AS 108.

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Pantaloons CGU	1,167.55	1,167.55
Madura Fashion & Lifestyle CGU	627.67	627.67
Forever 21 CGU	64.38	64.38
Total	1,859.60	1,859.60

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

# Disclosures with respect to Goodwill allocated to the CGUs

# Value in use calculation of CGUs

The recoverable amount of the CGUs as at March 31, 2021, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three years period ended March 31, 2024 and financial year 2025 and 2026 has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2026 using the terminal growth rate of 6.00%. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management did not identify impairment for these CGUs.

# Key assumptions used for value in use calculations

# Discount rates:

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings of the Company. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

	As a	As at March 31, 2021			As at March 31, 2020		
	Pantaloons CGU	Madura Fashion & Lifestyle CGU	Forever 21CGU	Pantaloons CGU	Madura Fashion & Lifestyle CGU	Forever 21CGU	
Discount rate	13.64%	14.41%	15.41%	17.20%	18.79%	19.26%	

#### Growth rate estimates:

Directors Report

Rates are based on published industry research. Growth rate is based on the Company's projection of business and growth of the industry in which the Company is operating. The growth rate is in line with the long - term growth rate of the industry except for Forever 21 CGU. The growth rate of Forever 21 CGU considers the Company's plan to launch new stores/ expected same store growth and change in merchandise.

## NOTE - 6 NON-CURRENT FINANCIAL ASSETS – INVESTMENTS

			₹ in Crore
		As at March 31, 2021	As at March 31, 2020
(a)	Investments in subsidiaries and joint venture		
	Investments in subsidiaries: (Carried at cost)		
	Unquoted equity instruments		
	61,37,055 (March 31, 2020: 61,37,055) fully paid equity shares of ₹ 10/- each of Jaypore E-Commerce Private Limited (Refer Note - 1 below)	104.75	104.75
	10,000 (March 31, 2020: 10,000) fully paid equity shares of ₹ 10/- each of TG Apparel & Decor Private Limited (Refer Note - 1 below)	0.25	0.25
	6,31,670 (March 31, 2020: 6,31,670) fully paid equity shares of ₹10/- each of Finesse International Design Private Limited (Refer Note - 2 below)	57.85	57.85
	Sabyasachi Calcutta LLP (Refer Note - 3 below)	389.84	-
	<b>Share of Profit Ratio:</b> Aditya Birla Fashion and Retail Limited - 51% Mr. Sabyasachi Mukherjee - 49%		
	2,80,00,000 (March 31, 2020: Nil) fully paid equity shares of ₹ 10/- each of Indivinity Clothing Retail Private Limited (Refer Note - 4 below)	63.00	-
	Investments in joint venture: (Carried at cost)		
	3,579 (March 31, 2020: Nil) fully paid equity shares of ₹10/- each of Goodview Fashion Private Limited (Refer Note - 5 below)	67.18	-
	Total	682.87	162.85
(b)	Other Investments: (Carried at fair value through other comprehensive income)		
	Unquoted equity instruments		
	7,000 (March 31, 2020: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	6.66	7.16
	Total	6.66	7.16
* D	ecrease is on account of fair valuation.		

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			₹ in Crore
		As at March 31, 2021	As at March 31, 2020
(c)	Current Investments (Carried at fair value through profit and loss (FVTPL))		
	Quoted investments		
	Aditya Birla Sun Life Liquid Fund - Growth-Direct Plan (formerly known as Aditya Birla Sun Life Cash Plus)	170.61	-
	(March 31, 2021: 51,46,153.781 units, March 31, 2020: Nil)		
	Aditya Birla Sun Life Overnight Fund - Growth- Direct Plan	128.92	-
	(March 31, 2021: 11,58,380.796 units, March 31, 2020: Nil)		
	Total	299.53	-
	Aggregate book value of unquoted investments	689.53	170.01
	Aggregate book value of quoted investments	299.53	-
	Aggregate market value of quoted investments	299.53	-
	Aggregate amount of impairment in value of investments		-

#### Notes:

**Directors Report** 

- 1. During the year ended March 31, 2020, the Board of Directors of the Company approved acquisition of 100% stake in Jaypore E-Commerce Private Limited ("Jaypore") and TG Apparel & Decor Private Limited ("TG Apparel"). Post completion of the conditions precedent under the aforesaid Share Purchase Agreement(s), Jaypore and TG Apparel became the wholly-owned subsidiaries of the Company w.e.f. July 02, 2019. Consequent to the above, Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore had also become a wholly-owned subsidiary of the Company. As at March 31, 2021, Jaypore and TG Apparel have negative net worth of ₹26.14 Crore and ₹0.25 Crore, respectively, due to losses incurred. These two subsidiaries are of strategic importance to the Company and have a long-term potential. Accordingly, management is of the view that there is no diminution in the value of these investments. The Company has committed to provide support to fund the operations of these subsidiaries. Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore was dissolved on September 21, 2020.
- 2. The Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"). The said acquisition was done through a combination of primary equity infusion and secondary share purchase by way of signing of Share Subscription and Purchase Agreement ("SSPA") and Shareholders' Agreement with Finesse and its shareholders. Consequent to aforesaid, Finesse became the subsidiary of the Company w.e.f. July 26, 2019.
- 3. On January 27, 2021, the Board of Directors approved the acquisition of 51% stake in Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm ("Sabyasachi")] by entering into a Framework Agreement. On February 24, 2021, post completion of the customary closing conditions under the Agreement, the Company concluded the acquisition. Considering the terms of the Agreement, investment in Sabyasachi is considered as a subsidiary of the Company. Also refer Note 9 and Note 23.
- 4. On February 24, 2021, the Board of Directors approved the acquisition of 80% stake in Indivinity Clothing Retail Private Limited ["ICRPL"] by way of entering into 'Share Subscription and Shareholders Agreement' ["SSSA"]. On March 26, 2021, post completion of the customary closing conditions under the said SSSA, ICRPL became a subsidiary of the Company.

5. On February 24, 2021, the Board of Directors approved the acquisition of 33.50% stake in Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited] ["GFPL"], by way of entering into a 'Share Purchase and Subscription agreement' ["SPSA"] along with a 'Shareholders Agreement'. On March 19, 2021, post completion of the customary closing conditions under the said SPSA, the Company concluded the acquisition. Considering the terms of the SPSA and Shareholders' Agreement, the investment in GFPL is considered as a Joint Venture.

On or after the expiry of 3 years from the Closing Date and till the expiry of 5 years from the Closing Date, the Company has right but not an obligation, to acquire all or such number of Promoter securities from the Key Promoter so as to increase the shareholding to 51%. This is referred to as the Tranche 2 call option. Tranche 2 call option will be exercised by acquiring the said equity shares at a value based on specific formula.

Also, the agreement stipulates a simultaneous call and put option (the Company holds the call options and has written the put options), whereby, after the expiry of 10 years, in certain specified time periods, the Company can acquire, if it exercises the call option it holds, and will also be required to acquire, if Key Promoter exercises the put options the Company has written, all or such number of equity shares so as to increase its shareholding to 100%. These call and put options are to be exercised by acquiring/selling the said equity shares at fair value. Accordingly, the fair value of the option is Nil.

## NOTE - 7 NON-CURRENT FINANCIAL ASSETS - LOANS

A = = +
As at
larch 31, 2020
-
3.43
-
-
3.43

#### NOTE - 8 NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Security deposits		
Deposits to related party - unsecured, considered good	5.64	7.70
(Refer Note - 46)		
Unsecured, considered good	298.10	291.29
Unsecured, considered doubtful	0.14	0.01
Provision for doubtful deposits	(0.14)	(0.01)
Total	303.74	298.99

#### NOTE - 9 NON-CURRENT FINANCIAL ASSETS - OTHERS

As at March 31, 2021	As at March 31, 2020
0.28	0.34
145.56	-
145.84	0.34
	March 31, 2021 0.28 145.56

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

\* During the year, the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the agreement, the Company has a Call option to purchase the entire holding of Mr. Sabyasachi Mukherjee in case the Put Option (as specified in Note - 23) is not exercised by Mr. Sabyasachi Mukherjee at the end of fourteen years. Accordingly, the Company has accounted the call option of ₹ 145.56 Crore as non-current financial asset based on independent valuation performed by the Company's appointed independent valuer.

## NOTE - 10 DEFERRED TAX ASSETS (NET)

Deferred tax relates to the following:

			0			₹ in Crore
			Standalone B	alance Sheet	Standalone S Profit a	
			As at March 31, 2021	As at March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
	ciation and isation expense		(262.20)	41.01	303.21	0.06
43B a	owance under Section nd 40(a)(ia) of the ne Tax Act, 1961	1	22.70	44.98	22.28	8.34
Provis paym	sion for share-based ent		0.73	2.49	1.76	7.13
comp offset	as per income tax utations available for ting against future le income		461.41	15.41	(446.00)	77.56
MAT c write-	redit (entitlement)/ off		-	-	-	21.84
<u>Impac</u>	<u>t of Ind AS 116</u>					
	ease equalisation harges		-	-	-	35.18
,	OU assets and lease abilities		104.27	90.45	(13.82)	(20.72)
Other	S		(3.70)	2.07	5.77	6.71
		(A)	323.21	196.41	(126.80)	136.10
Other incom	comprehensive le	(B)	(1.98)	(1.45)	0.53	2.05
Defer exper	red tax (income)/ ise	(A+B)			(126.27)	138.15
Net d (liabil	eferred tax assets/ ities)	(A+B)	321.23	194.96		

#### Reflected in the Standalone Balance Sheet as follows:

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Deferred tax assets	321.23	194.96
Deferred tax liabilities	-	-
Deferred tax assets/ (liabilities) (net)	321.23	194.96

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Corporate Governance Report

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
As at the beginning of the year	194.96	263.38
Adjustments pursuant to adoption of Ind AS 116 (Refer Note - 4)	-	69.73
Deferred tax income/ (expense) recognised in profit and loss during the year (Refer Note - 38)	126.80	(136.10)
Deferred Tax income/ (expense) recognised in OCI during the year (Refer Note - 38)	(0.53)	(2.05)
As at the end of the year	321.23	194.96

#### **NOTE - 11 OTHER NON-CURRENT ASSETS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Capital advances	1.12	8.09
Prepayments	11.30	14.39
Advances to suppliers	3.00	-
Balances with government authorities (other than income tax)	47.00	51.82
Other receivables	2.55	1.84
Total	64.97	76.14
	04.57	/0

#### **NOTE - 12 INVENTORIES**

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
At lower of cost and net realisable value		
Raw materials Includes Goods-in-transit ₹ 71.57 Crore (March 31, 2020: ₹ 33.52 Crore)	188.82	187.05
Work-in-progress	20.61	22.05
Finished goods	136.66	178.81
Stock-in-trade Includes Goods-in-transit ₹ 18.03 Crore (March 31, 2020: ₹ 4.21 Crore)	1,378.22	1,944.19
Stores and spares	1.99	2.49
Packing materials	16.63	14.81
Total	1,742.93	2,349.40

During the year ended March 31, 2021 ₹ 15.32 Crore (March 31, 2020: ₹ 78.91 Crore) is recognised as an expense for inventories carried at net realisable value.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### **NOTE - 13 CURRENT FINANCIAL ASSETS - LOANS**

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	6.49	7.12
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired		-
Total	6.49	7.12

## **NOTE - 14 CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Security deposits		
Unsecured, considered good	99.79	107.69
Unsecured, considered doubtful	7.97	3.74
Provision for doubtful deposits	(7.97)	(3.74)
Total	99.79	107.69

#### **NOTE - 15 TRADE RECEIVABLES**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Trade receivables from others	719.82	839.97
Trade receivables from related parties (Refer Note - 46)	2.58	0.22
Total	722.40	840.19

# Break-up for security details:

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Secured, considered good	70.57	62.51
Unsecured, considered good	651.83	777.68
Trade receivables, which have significant increase in credit risk	-	-
Credit impaired	25.65	19.45
	748.05	859.64
Impairment allowance		
Credit impaired	(25.65)	(19.45)
	(25.65)	(19.45)
Total	722.40	840.19

No trade or other receivables is due from directors or other officers of the Company either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer Note - 46.

Trade receivables are generally non-interest bearing and on terms of 30 to 180 days.

Based on the risk profiling for each category of customer, the Company has not evaluated credit risk where the risk is mitigated by collateral. The Company has therefore evaluated credit risk for departmental, depletion, e-commerce customers. Any customer related specific information has been factored over and above the probability of default (PD). The Company uses provision matrix to determine impairment loss allowance on its portfolio of receivables. The provision matrix takes into account historical credit loss experience over the expected life of the trade receivables and is adjusted for forward-looking estimates/ information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

#### Ageing

**Directors Report** 

		Expected credit loss (%)			
	As at March 3	31, 2021	As at March 31, 2020		
	Departmental stores	Depletion key accounts	Departmental stores	Depletion key accounts	
Not due		-	0.04%	0.33%	
0-90 days	- <u> </u>	-	0.09%	1.07%	
91-180 days		-	0.13%	1.18%	
181-270 days		-	0.16%	1.54%	
271 - 365 days		-	0.17%	2.17%	
1-2 years		-	0.17%	2.17%	

# Ageing of receivables on which impairment allowance of doubtful debts is applied\*

	₹	in	Crore
--	---	----	-------

As at March 3	31, 2021	As at March 3	1, 2020
Departmental stores	Depletion key accounts	Departmental stores	Depletion key accounts
-	-	209.63	15.34
	-	104.92	16.79
- -	-	-	-
	-	_	-
	-		-
	-	-	-
<u> </u>	-	314.55	32.13
	Departmental	stores accounts	Departmental storesDepletion key accountsDepartmental stores209.63104.92

\* The amount is net of provision for discount and refund liabilities.



#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## Movement in the expected credit loss allowance

	₹ in Crore
As at March 31, 2021	As at March 31, 2020
19.45	10.44
(0.40)	(0.68)
6.60	9.69
25.65	19.45
	March 31, 2021 19.45 (0.40) 6.60

\* Includes expected credit loss allowance based on the provision matrix of ₹ Nil (March 31, 2020: ₹ 0.40 Crore).

## NOTE - 16 CASH AND CASH EQUIVALENTS

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Balances with banks		
Current accounts	85.05	157.76
Deposit accounts (original maturity less than 3 months)	50.00	100.00
Balances with credit card companies	4.12	0.05
Balances with e-wallet companies	0.96	0.05
Cash on hand	14.29	7.05
Cheques/ drafts on hand	9.84	-
Total	164.26	264.91

The Company has undrawn committed borrowing facilities available to the extent of ₹ 3,662.92 Crore as at March 31, 2021 (March 31, 2020: ₹ 846.96 Crore).

# Details of non-cash transactions from investing activities and Changes in liabilities arising from financing activities:

## Year ended March 31, 2021

						₹ in Crore	
	As at A March 31, 2020	As at	Adjustments	Cash flows	Non-cash changes		As at
			(net)	Fair value adjustments	Others	March 31, 2021	
Investing activities							
Non-current investments	170.01	-	523.07	(0.50)	(3.05)	689.53	
Current investments	-	-	289.67	0.33	9.53	299.53	
Total	170.01	-	812.74	(0.17)	6.48	989.06	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

						₹ in Crore
	As at	Adjustments	Cash flows	Non-cash	changes	As at
	March 31, 2020		(net)	Fair value adjustments	Others	March 31, 2021
Financing activities						
Non-current borrowings (including current maturities of non-current borrowings)	1,268.54		(150.68)			1,117.86
Current borrowings	1,507.78	-	(1,507.72)	-	-	0.06
Lease liabilities	2,467.35	-	(374.22)	-	292.44	2,385.57
Total	5,243.67	-	(2,032.62)		292.44	3,503.49

#### Year ended March 31, 2020

						₹ in Crore
	As at	Adjustments	Cash flows	Non-cash changes		As at
	March 31, 2019	(Refer Note - 4)	(net)	Fair value adjustments	Others	March 31, 2020
Investing activities						
Non-current investments	4.21	-	159.30	2.95	3.55	170.01
Total	4.21		159.30	2.95	3.55	170.01
Financing activities						
Non-current borrowings (including current maturities of non-current borrowings)	1,228.41	-	40.13	-	-	1,268.54
Current borrowings	474.45	-	1,032.34	0.99	-	1,507.78
Lease liabilities	-	2,109.42	(536.97)		894.90	2,467.35
Total	1,702.86	2,109.42	535.50	0.99	894.90	5,243.67

## NOTE - 17 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Earmarked deposits*		
Current accounts	0.11	0.11
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	0.17	0.03
Total	0.28	0.14

\* Bank balance other than Cash and cash equivalents are held as margin money under lien to banks for assuring guarantees.

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### **NOTE - 18 CURRENT FINANCIAL ASSETS - OTHERS**

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Derivative contracts	-	6.82
Interest accrued on deposits	0.35	0.28
Deposits to related parties (Refer Note - 46)	38.42	12.16
Other receivables	19.54	17.26
Right to return assets	195.51	153.79
Total	253.82	190.31

Disclosure as per Regulation 34(3) and 53(f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013:

Deposits given to Subsidiaries:

						₹ in Crore	
Name of companies	Interest rates	rest rates Repayment Outstanding terms			nding	Maximum outstanding o year en	during the
			As at March 31, 2021	As at March 31, 2020	March 31, 2021	March 31, 2020	
Jaypore E-Commerce Private Limited	7.45% to 9.74% p.a.	On demand	36.54	9.81	36.54	9.81	
TG Apparel & Decor Private Limited	7.45% to 9.74% p.a.	On demand	1.88	2.35	2.35	2.40	
Total			38.42	12.16	38.89	12.21	

The deposits have been utilised for meeting the business requirements by respective companies.

## **NOTE - 19 OTHER CURRENT ASSETS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Prepayments	19.09	14.65
Advance to suppliers	104.86	139.95
Export incentives	3.02	1.35
Balances with government authorities (other than income tax)	236.92	220.27
Government grant receivables	1.11	0.81
Insurance claim receivables	0.07	0.24
Other receivables	17.68	13.83
Total	382.75	391.10

# NOTE - 20 EQUITY SHARE CAPITAL

## Authorised share capital

•				
	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Increase during the year	-	-	-	-
As at the end of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Issued equity share capital				
	As at March	31, 2021	As at March	31, 2020
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,39,64,840	773.96	77,34,98,313	773.49
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 20(ii)]	9,00,98,151	90.10	-	-
Equity shares under Preferential Issue [Refer Note - 20(iii)]	7,31,70,731	73.17		-
Exercise of Options (Refer Note - 43)	5,02,441	0.50	4,66,527	0.47
As at the end of the year	93,77,36,163	937.73	77,39,64,840	773.96
-	=			

## Subscribed and paid-up equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,39,47,987	773.95	77,34,81,460	773.48
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 20(ii)]	8,99,09,500	67.43	-	-
Equity shares under Preferential Issue [Refer Note - 20(iii)]	7,31,70,731	73.17		-
Exercise of Options (Refer Note - 43)	5,02,441	0.50	4,66,527	0.47
As at the end of the year	93,75,30,659	915.05	77,39,47,987	773.95

## (i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

# (ii) Issue of Right Shares

a) The Board of Directors of the Company on May 27, 2020 approved fund raising by way of a Rights Issue and on June 25, 2020 approved issue of 9,04,65,693 equity shares of face value of ₹ 10 each (the "Rights Equity Shares") at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per Rights Equity Share), aggregating to ₹ 995.12 Crore, in the ratio of 9 Rights Equity Shares for every 77 existing fully-paid shares held by the eligible

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

equity shareholders as on the Record Date i.e. July 1, 2020. On July 28, 2020, the Company approved allotment of 9,02,77,042 Rights Equity shares of face-value ₹ 10 each to the eligible applicants. The Rights Equity Shares were allotted as partly paid-up for an amount of ₹ 55 per Rights Equity Share received on application (of which ₹ 5 was towards face value and ₹ 50 towards premium). The allotment of 1,88,651 Rights Equity Shares has been kept in abeyance pending regulatory/ other clearances.

- b) On January 11, 2021, the Company called for the 1st call money of ₹ 27.50 per partly paid shares ("PPS") [of which ₹ 2.50 is towards face value and ₹ 25 towards premium]. It received the due amount in respect of on 8,99,09,500 PPS. However, due to non-payment of the 1st call money, in accordance with the Articles of Association the Company forfeited 3,67,542 PPS.
- c) The final call of ₹ 27.50 (of which ₹ 2.50 shall be towards face value and ₹ 25 towards premium) per Rights Equity Share would be made in July 2021.
- d) There has been no deviation in the use of proceeds of the Rights Issue, from the objects stated in the Offer document.
- e) As at March 31, 2021, ₹ 0.62 Crore was lying with the monitoring agency on account of first call money for Rights Issue.

# (iii) Preferential Issue to foreign portfolio investors

On October 23, 2020, the Board of Directors approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited ("Flipkart"), a foreign portfolio investor, duly registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, aggregating upto ₹ 1,500 Crore ("Preferential Issue"). The Company received the approval of shareholders by way of Postal Ballot on November 22, 2020 and received the approval of Competition Commission of India on January 20, 2021. On January 28, 2021, post completion of the closing conditions under the Investment Agreement, the Board of Directors approved allotment of 7,31,70,731 fully paid-up equity shares to Flipkart at ₹ 205 per Equity Share (of which ₹ 10 is towards face value and ₹ 195 towards premium) on receipt of the consideration. There has been no deviation in the use of proceeds of the Preferential Issue, from the objects stated in the Investment agreement.

Name of the shareholder	As at Marc	As at March 31, 2021		As at March 31, 2020	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital	
Birla Group Holdings Private Limited	17,15,52,967	18.29%	17,15,06,727	22.16%	
IGH Holdings Private Limited	13,63,22,680	14.53%	8,50,30,930	10.99%	
Grasim Industries Limited	9,75,93,931	10.41%	8,73,80,613	11.29%	
Flipkart Investments Private Limited	7,31,70,731	7.80%	-	-	
Umang Commercial Company Private Limited	6,50,66,998	6.94%	6,49,72,778	8.39%	
Hindalco Industries Limited	5,02,39,794	5.36%	4,49,82,142	5.81%	
Nippon Life India Trustee Limited and its Affiliates (formerly known as Reliance Mutual Fund and its Affiliates)	4,27,39,907	4.56%	3,95,24,985	5.11%	

# (iv) Details of shareholders holding more than 5% shares in the Company

# (v) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting year

On effectiveness of the Composite Scheme of Arrangement amongst the Company, erstwhile Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective Shareholders and Creditors under Section 391 to 394 of the Companies Act, 1956, the Company had issued 67,98,19,778 Equity Shares to the Shareholders of ABNL and MGLRCL ("said Shares"). Out of the said Shares, 67,60,37,600 Equity Shares were allotted to the Shareholders of ABNL and MGLRCL on January 27, 2016. However, pursuant to Clause 21 of the Composite Scheme, allotment of 37,82,178 Equity Shares to 3,475 Non-Resident Shareholders, including 4 Overseas Corporate Bodies ("OCBs") of ABNL ("NRE Shareholders") was kept pending until receipt of applicable regulatory approvals. Thereafter, from time to time, the Company has allotted 20,71,265 Equity Shares to 1,407 NRE Shareholders, who held accounts in India on Non-repatriation basis and provided such valid details.

In view of the amended provisions of the "Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017" and the authority granted by the Board of Directors (on February 04, 2019), 16,94,060 Equity Shares were allotted to 2,064 NRE Shareholders of ABNL (excluding OCBs) on March 19, 2019. Post this allotment, out of the said Shares, 16,853 Equity Shares held by 4 OCBs shall remain pending for allotment until the receipt of Regulatory approvals.

# Summary of Shares allotted pursuant to the Composite Scheme, as at the end of five years immediately preceding the reporting year:

	As at				
	March 31,				
	2021	2020	2019	2018	2017
	No.of	No.of	No.of	No.of	No.of
	shares	shares	shares	shares	shares
Equity shares allotted as fully paid-up pursuant to demerger contracts for consideration other than cash	72,61,19,443	72,61,19,443	72,61,19,443	72,44,25,383	72,33,90,854

# (vi) Shares reserved for issue under Employee Stock Option Plan

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer Note - 43.

## NOTE - 21 OTHER EQUITY

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment (Refer Note - 43)		
As at the beginning of the year	-	0.08
Share application money received/ (allotted) towards exercise of Options	-	(0.08)
As at the end of the year		-

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share suspense account (Refer Note - 20)		
As at the beginning of the year	0.02	0.02
Allotted to NR shareholders during the year - Nil equity shares (March 31, 2020: Nil equity shares)	-	-
As at the end of the year	0.02	0.02
Reserves and surplus		
Securities premium		
As at the beginning of the year	773.64	763.52
Premium on exercise of Options (including transfer from Share options outstanding account)	8.45	10.12
Equity shares under Rights Issue (net off share issue expenses of ₹ 5.12 Crore) [Refer Note - 20(ii)]	671.03	-
Equity shares under Preferential Issue (net off share issue expenses of ₹ 0.37 Crore) [Refer Note - 20(iii)]	1,426.46	-
As at the end of the year	2,879.58	773.64
Retained earnings		
As at the beginning of the year	(427.10)	(152.09)
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	-	(129.82)
Loss for the year	(649.64)	(145.19)
As at the end of the year	(1,076.74)	(427.10)
Share options outstanding account		
As at the beginning of the year	44.15	27.62
Recognition of Share based payment	11.88	19.81
Transfer to Securities Premium on exercise of Options	(8.39)	(3.28)
As at the end of the year	47.64	44.15
Treasury shares (Refer Note - 43)		
As at the beginning of the year	(100.49)	-
Shares purchased by the ESOP Trust during the year	(3.97)	(100.49)
As at the end of the year	(104.46)	(100.49)
Capital reserve		
As at the beginning of the year	21.69	21.69
Changes during the year [due to forfeiture of Rights shares (Refer Note - 20(ii))]	0.19	-
As at the end of the year	21.88	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans		
As at the beginning of the year	(2.20)	(5.44)
Gains/ (losses) during the year	1.97	3.24
As at the end of the year	(0.23)	(2.20)

AGM Notice

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Fair value gains/ (losses) on equity instruments		
As at the beginning of the year	2.21	-
Gains/ (losses) during the year	(0.37)	2.21
As at the end of the year	1.84	2.21
Total	1,769.53	311.92

#### Other equity

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment (Refer Note - 43)	-	-
Share suspense account (Refer Note - 20)	0.02	0.02
Reserves and surplus		
Securities premium	2,879.58	773.64
Retained earnings	(1,076.74)	(427.10)
Share options outstanding account	47.64	44.15
Treasury shares (Refer Note - 43)	(104.46)	(100.49)
Capital reserve	21.88	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	(0.23)	(2.20)
Fair value gains/ (losses) on equity instruments	1.84	2.21
Total	1,769.53	311.92

The description of the nature and purpose of each reserve within other equity is as follows:

#### 1. Share application money pending allotment (Refer Note - 43)

Share application money received towards exercise of Options and Restricted Stock Units (RSUs) pending allotment.

#### 2. Share suspense account (Refer Note - 20)

As per the Scheme of Arrangement, the Non-Resident shareholders of ABNL, holding shares on repatriation basis, are allotted shares upon receiving necessary regulatory approval(s). The amount lying in share suspense account pertains to shares not allotted on account of pending requisite approvals.

#### 3. Securities premium

Securities premium is used to record the premium on issue of shares, and is utilised in accordance with the provisions of the Companies Act, 2013.

#### 4. Retained earnings

Retained earnings comprise of the Company's accumulated undistributed profits/ (losses) after taxes.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# 5. Share options outstanding account (Refer Note - 43)

The fair value of the equity-settled share based payment transactions with employees is recognised in Standalone Statement of Profit and Loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

# 6. Treasury shares (Refer Note - 43)

The equity shares of the Company have been acquired from open markets for Employee Stock Option Scheme 2019 and is held by ABFRL Employee Welfare Trust (ESOP trust) at cost. Trust will issue and allot shares to employees at the time of exercise of ESOP by employees.

# 7. Capital reserve

**Directors Report** 

Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of Scheme of Arrangement and forfeiture of Rights shares.

# 8. Remeasurement gains/ (losses) on defined benefit plans

The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to Standalone Statement of Profit and Loss.

# 9. Fair value gains/ (losses) on equity instruments

It represents the cumulative gains/(losses) arising on the fair valuation of equity shares (other than investments in subsidiaries, which are carried at cost) measured at fair value through other comprehensive income. This fair value gain/ (loss) will not be reclassified subsequently to Standalone Statement of Profit and Loss.

## **NOTE - 22 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

				₹ in Crore
	Effective interest rate % p.a.	Maturity	As at March 31, 2021	As at March 31, 2020
Redeemable non-convertible debentures				
Redeemable non-convertible debentures - Series 5 Zero coupon (Unsecured)	8.96%	August 14, 2021	-	300.00
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 11, 2022	434.18	498.67
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	325.00	-
Term loans from banks				
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	-	4.32
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	10.00	13.33

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

				₹ in Crore
	Effective interest rate % p.a.	Maturity	As at March 31, 2021	As at March 31, 2020
Term loan from others				
Other borrowings (Unsecured) <sup>3</sup>	9.03% - 14.37%	March 14, 2025 - March 14, 2026	32.40	38.19
Preference shares				
Cumulative redeemable preference shares <sup>4</sup>	8.00%	March 29, 2024	0.50	0.50
Cumulative redeemable preference shares <sup>5</sup>	6.00%	October 12, 2024	0.01	0.01
Total			802.09	855.02
+Nint off unconstruction of the surgery				

\*Net off unamortised charges

#### Current maturities of long-term borrowings (Refer Note - 28)

				₹ in Crore
	Effective interest rate % p.a.	Maturity	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term borrowings				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	-	400.00
Redeemable non-convertible debentures - Series 5 Zero coupon (Unsecured)	8.96%	August 14, 2021	300.00	-
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	4.32	2.28
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	3.33	3.33
Other borrowings (Unsecured) <sup>3</sup>	9.03% - 14.37%	March 14, 2025 - March 14, 2026	8.12	7.91
Total			315.77	413.52
Aggregate secured borrowings			13.33	16.66
Aggregate unsecured borrowings			1,104.53	1,251.88

The Company has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings taking into consideration the waiver of compliance with one financial covenant by the Trustees of the Debentures issued by the Company.

## Details of security and terms of repayment

- 1. The repayment terms of term loan from HDFC Bank (TUF) are 21 quarterly instalments commencing from March 23, 2017. First four instalments of ₹ 0.20 Crore each, next four instalments of ₹ 0.25 Crore each, next four instalments of ₹ 0.30 Crore each, next four instalments of ₹ 0.40 Crore each and next 5 instalments of ₹ 1.08 Crore each.
- 2. Term loan from HDFC Bank (TUF) secured by way of exclusive charge over movable assets of the Company's plant situated at Bhubaneswar, Odisha. The loan is repayable in 24 equal quarterly instalments commencing from June 15, 2019.
- 3. Loan amounting to ₹ 37.50 Crore is repayable in 20 equal quarterly instalments commencing from March 2020 and loan amounting to ₹ 3.02 Crore is repayable in 48-60 equal monthly instalment commencing on various dates through January 16, 2021 to March 22, 2021.

**Directors Report** 

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Details of Cumulative redeemable preference shares

**Directors Report** 

- 5,00,000 8% Cumulative redeemable preference shares of ₹ 10/- each are entitled to a cumulative 4. dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, shall be subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto March 29, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.
- 500 6% Cumulative redeemable preference shares of ₹ 100/- each are entitled to a cumulative 5. dividend @ 6% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 6% Redeemable Cumulative Preference Shares was October 13, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto October 12, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

TUF - Technology Upgradation Fund.

# **NOTE - 23** NON-CURRENT FINANCIAL LIABILITIES- OTHERS

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	52.90	60.13
Derivative Instruments*	145.95	-
Total	198.85	60.13

\*During the year, the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the Agreement, the Company has provided a Put Option to Mr. Sabyasachi Mukherjee to sell his entire holding of 49% to the Company over a period of fourteen years starting from the end of five years from the aforesaid date and thereafter in three tranches, should an initial public offer of the organisation (after conversion to a company) does not take place. Accordingly, the Company has accounted the put option liability of ₹ 145.95 Crore as non-current financial liability based on independent valuation performed by the Company's appointed independent valuer.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### NOTE - 24 NON-CURRENT PROVISIONS

	₹ in Crore
As at March 31, 2021	As at March 31, 2020
20.72	18.53
68.72	78.51
89.44	97.04
	March 31, 2021 20.72 68.72

Movement of provision for pending litigations during the year:

······································		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening balance	78.51	100.99
Add: provision made during the year	4.53	14.17
Less: provision utilised during the year	(1.58)	(10.25)
Less: provision reversed during the year	(12.74)	(26.40)
Closing balance	68.72	78.51

## NOTE - 25 OTHER NON-CURRENT LIABILITIES

	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
11.44	12.29
11.44	12.29
	March 31, 2021 11.44

#### NOTE - 26 CURRENT FINANCIAL LIABILITIES - BORROWINGS

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from banks		
Cash credit/ Working capital demand loan (Secured)	0.06	231.80
Cash credit/ Working capital demand loan (Unsecured)	-	338.00
Commercial paper (Unsecured)*	-	297.03
Loan repayable on demand (Unsecured)		45.00
Loans repayable on demand from others		
Commercial paper (Unsecured)*	-	595.95
Total current borrowings	0.06	1,507.78
Aggregate secured borrowings	0.06	231.80
Aggregate unsecured borrowings	-	1,275.98

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## **Details of security**

Directors Report

Current borrowings are secured by way of first pari passu charge on the current assets of the Company and second pari passu charge on the movable and immovable assets of the Company.

\* Commercial papers are shown net of unamortised discounting charges.

## **NOTE - 27 TRADE PAYABLES**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	26.74	97.73
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,306.95	2,175.61
Total	2,333.69	2,273.34

\* Includes payable to related parties, for terms and conditions with related parties (Refer Note - 46).

# Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

			₹ in Crore
		As at March 31, 2021	As at March 31, 2020
a.	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	Principal amount due to Micro and Small Enterprises*	27.39	97.73
	Interest due on the above	0.01	0.21
b.	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	0.88	0.86
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	5.08	4.19
e.	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 of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

\* Includes amount due to Creditors for capital supplies/ services amounting to ₹ 0.65 Crore as at March 31, 2021 (March 31, 2020: Nil).

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## **NOTE - 28 CURRENT FINANCIAL LIABILITIES - OTHERS**

	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
315.77	413.52
362.12	296.53
99.77	126.97
-	0.69
10.68	35.73
1.57	-
3.29	-
-	3.55
0.84	0.12
794.04	877.11
	March 31, 2021 315.77 362.12 99.77 - 10.68 1.57 3.29 - 0.84

## **NOTE - 29 CURRENT PROVISIONS**

	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
84.64	84.01
-	3.67
0.27	0.23
84.91	87.91
	March 31, 2021 84.64 0.27

#### **NOTE - 30 OTHER CURRENT LIABILITIES**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Advances received from customers	32.57	37.56
Deferred revenue*	10.22	16.53
Other advances received	1.80	1.96
Statutory dues (other than income tax)	35.45	45.82
Deferred income	0.04	0.04
Total	80.08	101.91

#### \* Deferred revenue

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
As at the beginning of the year	16.53	11.57
Deferred during the year	30.08	49.70
Released to the Standalone Statement of Profit and Loss	(36.39)	(44.74)
As at the end of the year	10.22	16.53

The deferred revenue relates to the accrual and release of customer loyalty points, according to the loyalty programme of respective businesses. As at March 31, 2021, the estimated liability towards unredeemed points amounts to ₹ 10.22 Crore (March 31, 2020: ₹ 16.53 Crore).

₹ in Crore

Financial Statements

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## **NOTE - 31 REVENUE FROM OPERATIONS**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from sale of products		
Sale of products	5,108.13	8,632.11
Revenue from redemption of loyalty points (Refer Note - 30)	36.39	44.74
Total revenue from sale of products	5,144.52	8,676.85
Revenue from rendering of services	1.49	2.48
Other operating income		
Scrap sales	10.00	9.25
Export incentives	6.72	7.45
Licence fees and royalties	1.47	2.70
Space on hire	0.56	0.73
Commission income	16.38	42.80
Others	-	0.27
Total	5,181.14	8,742.53

#### (a) Right to return assets and refund liabilities:

	As at March 31, 2021	As at March 31, 2020
Right to return assets	195.51	153.79
Refund liabilities	362.12	296.53

(b) Contract balances:

contract balances.		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Contract assets		
Trade receivables	722.40	840.19
Contract Liabilities		
Advances received from customers	32.57	37.56
Deferred revenue	10.22	16.53

#### (c) Reconciliation of revenue as recognised in the Standalone Statement of Profit and Loss with the contracted price:

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	6,046.78	9,802.10
Less:		
Sales return	495.75	518.72
Discount	359.67	524.32
Loyalty points	10.22	16.53
Revenue as per the Standalone Statement of Profit and Loss	5,181.14	8,742.53

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Corporate Governance Report

(d) Disclosure of disaggregated revenue recognised in the Standalone Statement of Profit and Loss:

		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Madura Fashion & Lifestyle		
Revenue from retail operations	1,935.59	2,625.35
Revenue from non-retail operations	1,386.97	2,603.67
	3,322.56	5,229.02
Pantaloons		
Revenue from retail operations	1,788.52	3,460.45
Revenue from non-retail operations	70.06	53.06
	1,858.58	3,513.51
Revenue as per the Standalone Statement of Profit and Loss	5,181.14	8,742.53

# (e) Disclosure of disaggregated revenue recognised in the Standalone Statement of Profit and Loss based on geographical segment:

	₹ in Crore
Year ended	Year ended
March 31, 2021	March 31, 2020
104.10	146.58
5,077.04	8,595.95
5,181.14	8,742.53
	March 31, 2021 104.10 5,077.04

#### NOTE - 32 OTHER INCOME

Directors Report

		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Interest income	3.40	5.32
Net gain on sale of current investments	3.20	4.71
Fair value gain on financial instruments at FVTPL	31.29	28.10
Gain on retirement of right-of-use assets (Refer Note - 4a & 44a)	20.54	12.93
Miscellaneous income	14.21	14.03
Total	72.64	65.09

#### NOTE - 33 COST OF MATERIALS CONSUMED

			₹ in Crore
		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Materials consumed		
	Inventories at the beginning of the year	187.05	125.12
	Add: Purchases	421.00	844.96
		608.05	970.08
	Less: Inventories at the end of the year	188.82	187.05
	Total	419.23	783.03
(b)	Purchase of stock-in-trade		
	Purchase of stock-in-trade	1,508.83	3,781.52
	Total	1,508.83	3,781.52

₹ in Crore

Financial Statements

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
) Changes in inventories of finished goods, work-in-p	progress and stock-in-trade	
Opening inventories		
Finished goods	178.81	146.64
Stock-in-trade	1,944.19	1,621.24
Work-in-progress	22.05	18.38
	2,145.05	1,786.26
Less:		
Closing inventories		
Finished goods	136.66	178.81
Stock-in-trade	1,378.22	1,944.19
Work-in-progress	20.61	22.05
	1,535.49	2,145.05
		(250.70)
Decrease/(Increase) in inventories	609.56	(358.79)

#### **NOTE - 34 EMPLOYEE BENEFITS EXPENSE**

	Year ended	Year ended
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	719.07	897.22
Contribution to provident and other funds (Refer Note - 42)	50.36	54.74
Share-based payment to employees (Refer Note - 43)	11.88	19.86
Gratuity expense (Refer Note - 42)	14.45	16.61
Staff welfare expenses	28.15	57.52
Total	823.91	1,045.95

#### **NOTE - 35 FINANCE COSTS**

Directors Report

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on borrowings	266.79	209.38
Interest expense on lease liabilities (Refer Note - 4b & 44a)	221.89	210.42
Other borrowing costs	7.49	0.18
Fair value impact on financial instruments at FVTPL	2.22	2.75
Total	498.39	422.73

## **NOTE - 36** DEPRECIATION AND AMORTISATION EXPENSE

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (Refer Note - 3)	205.65	228.95
Depreciation on right-of-use assets (Refer Note - 4a & 44a)	724.12	628.05
Amortisation on intangible assets (Refer Note - 5)	15.23	19.82
Total	945.00	876.82

## NOTE - 37 OTHER EXPENSES

OTHER EXPENSES		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	3.74	5.72
Power and fuel	8.13	11.67
Electricity charges	75.55	131.88
Repairs and maintenance		
Buildings	0.34	0.66
Plant and machinery	9.73	13.25
Others	147.50	176.08
Insurance	10.97	10.97
Rates and taxes	19.85	12.70
Processing charges	50.34	73.40
Commission to selling agents	106.97	85.94
Brokerage and discounts	0.66	0.51
Advertisement and sales promotion	110.63	358.95
Transportation and handling charges	84.02	113.36
Royalty expenses	15.93	21.24
Legal and professional expenses	110.81	122.22
Allowances for bad and doubtful debts	6.20	9.01
Provision for bad and doubtful deposits and advances	7.97	1.81
Printing and stationery	10.11	17.04
Travelling and conveyance	27.91	98.68
Communication expenses	5.57	6.43
Loss on sale/ discard of property, plant and equipment	0.67	2.92
Bank and credit card charges	26.36	44.56
Payment to auditors (Refer details below)	1.71	1.84
Foreign exchange loss (net)	8.92	2.71
Information technology expenses	76.73	73.61
Outsourcing, housekeeping and security expenses	257.53	335.99
Corporate Social Responsibility (CSR) expenses (Refer Note - 41)	2.00	3.50
Directors' fees	0.68	0.38
Miscellaneous expenses	27.10	41.50
Total	1,214.63	1,778.53

#### Payment to auditors:

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
For audit fees (including Limited Review fees)	1.31	1.25
For tax audit fees	0.17	0.17
For other services*	0.10	0.17
For reimbursement of expenses	0.13	0.25
Total	1.71	1.84

\*Above excludes fees of ₹ 0.45 Crore paid to auditors for certification services for Rights Issue, which is considered as part of share issue expenses.

## NOTE - 38 INCOME TAX EXPENSE

**Directors Report** 

The major components of income tax (income)/ expense are:

## Standalone Statement of Profit and Loss:

Profit or loss section

			₹ in Crore
		Year ended March 31, 2021	Year ended March 31, 2020
Current income tax			
Current income tax charge (Minimum alternate tax)*		-	-
	(A)	-	-
Deferred tax			
Relating to origination and reversal of temporary differences		(126.80)	114.26
MAT credit (entitlement)/ write-off		-	21.84
	(B)	(126.80)	136.10
Total	(A+B)	(126.80)	136.10

## OCI section

Deferred tax related to items recognised in OCI during the year

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Net (gains)/ losses on re-measurement of defined benefit plans	0.66	1.31
Net (gains)/ losses on fair value of equity instruments	(0.13)	0.74
Total	0.53	2.05

# Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit/ (loss) before income tax	(776.44)	(9.09)
Tax expense/(credit) at India's statutory income tax rate of 25.17% (March 31, 2020: 25.17%)	(195.43)	(2.29)
Disallowance under Section 43B of the Income Tax Act, 1961	(14.15)	(1.61)
Expenses on which TDS has not been deducted under Section 40(a) (ia) of the Income Tax Act, 1961	(0.23)	(8.81)
Preliminary expenses allowed under Section 35DD of the Income Tax Act, 1961	-	(1.62)
Tax losses (utilised)/ availed	194.71	11.72
Depreciation (net of books and tax)	8.26	(9.93)
Provision for gratuity	1.39	1.28
Ind AS 116 related adjustments (net)	13.82	16.51
Loss on sale of assets	0.17	0.73
Others	(8.54)	(5.98)
	-	-

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax charge (Minimum alternate tax)*	-	-
Deferred tax expense/ (credit) (Refer Note - 10)		
Relating to origination and reversal of temporary differences	(126.80)	114.26
MAT credit (entitlement)/ write-off	-	21.84
Total	(126.80)	136.10

\* During the year ended March 31, 2020, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 (Refer Note - 40c).

## NOTE - 39 EARNINGS PER SHARE (EPS)

**Directors Report** 

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

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

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

			₹ in Crore
		Year ended March 31, 2021	Year ended March 31, 2020
Loss for calculation of EPS	(A)	(649.64)	(145.19)
Weighted average number of equity shares for calculation of Basic EPS	(B)	81,67,00,886	77,63,00,549
Basic EPS (₹ )	(A/B)	(7.95)	(1.87)
Weighted average number of equity shares outstanding		81,67,00,886	77,63,00,549
Weighted average number of potential equity shares*		2,87,96,459	20,76,441
Weighted average number of equity shares for calculation of Diluted EPS		81,67,00,886	77,63,00,549
Diluted EPS (₹ )	(C)	(7.95)	(1.87)
Nominal value of shares (₹ )		10.00	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

Basic and diluted earnings per share for the year ended March 31, 2020, have been adjusted for the bonus element in respect of Rights Issue made during the year ended March 31, 2021.

\* Stock options granted to the employees under various ESOP schemes are considered to be potential equity shares. The same is considered in the determination of diluted earnings per share to the extent that they are not anti-dilutive. The stock options are not included in the determination of basic earnings per share. The details relating to stock options are given in Note - 43.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 40 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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

# (a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash-Generating Unit (CGU) exceeds its recoverable amount, which is 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 off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next three years and have considered 3rd year budget as a base to arrive at the value of perpetuity. The budget do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the value in use for the different CGUs, are disclosed and further explained in Note - 5A.

# (b) Share-based payment

The Company uses the most appropriate valuation model depending on the terms and conditions of the grant, including the expected life of the share option, volatility and dividend yield. For cash-settled transactions, the liability needs to be remeasured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Standalone Statement of Profit and Loss. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note - 43.

# (c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

During the year ended March 31, 2020, after a detailed evaluation, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income taxes for the year ended March 31, 2020 based on the rate prescribed

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

in the aforesaid section. Further, management has reviewed the components of deferred tax assets/ liabilities leading to a reassessment of its estimates compared to earlier periods. Such re-measurement and change in rate of tax has resulted in one-time additional tax charge of ₹ 130.38 Crore for the year ended March 31, 2020.

The Finance Act, 2021 has amended section 32 of the Income Tax Act, 1961, whereby effective from April 1, 2020, goodwill of a business is not considered as a depreciable asset and depreciation on goodwill is not allowed as deductible expenditure. Consequent to such amendment, in accordance with the requirements of Ind AS 12 - Income Taxes, the Company has recognised a one-time net deferred tax expense amounting to ₹ 68.84 Crore pertaining to net deferred tax liability ('DTL') arising from difference between the carrying value of goodwill as per books of account and as per updated tax written down value of NIL resulting from the aforementioned amendment.

In view of the amendments introduced by the Finance Act, 2021 to the Income Tax Act, 1961 and considering the opinion received by the Company from a senior legal counsel, as at March 31, 2021, the Company recorded deferred tax asset of ₹ 243.11 Crore on the carry forward unabsorbed depreciation pertaining to goodwill pertaining to earlier years, and consequent deferred tax liability of the same amount pertaining to difference between the carrying value of goodwill as per books of account and as per tax books.

The reversal of the aforesaid DTL and cash outflow on this account is deemed unlikely as the value of associated goodwill is expected to be recovered through value in use.

As at March 31, 2021, the Company has ₹ 1,833.19 Crore (March 31, 2020: ₹ 1,058.58 Crore) of tax losses carried forward as per income tax records of the Company. These losses pertain to unabsorbed business loss as at March 31, 2021 ₹ 585.48 Crores (March 31,2020: Nil) which has an expiry of eight years and unabsorbed depreciation loss as at March 31, 2021 ₹ 1,247.71 Crore (March 31, 2020: ₹ 1,058.58 Crore) which do not have any expiry period. Further details on taxes are disclosed in Notes - 10 and 38.

#### (d) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan 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, 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 tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

During the year ended March 31, 2020, based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity and compensated absences had been re-assessed. For the purpose of assessing the attrition rate, the Company considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a reduction of closing gratuity liability by ₹ 14.97 Crore and compensated absence liability by ₹ 18.57 Crore for the year ended March 31, 2020.

Further details about gratuity obligations are given in Note - 42.

# (e) Revenue recognition – Loyalty points

The Company operates a loyalty programme where customers accumulate points for purchases made, which entitle them to discount on future purchases. The Company estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rate basis the Company's historic trends of redemption and expiry period of the points and such estimates are subject to uncertainty. As at March 31, 2021, the estimated liability towards unredeemed points amounts to ₹ 10.22 Crore (March 31, 2020: ₹ 16.53 Crore).

Further details are given in Note - 30.

# (f) Provision on inventories

**Directors Report** 

The Company has defined policy for provision on inventory for each of its business by differentiating the inventory into core and non-core (fashion) and sub-categorised into finished goods and raw materials. The Company provides provision based on policy, past experience, current trend and future expectations of these materials depending on the category of goods.

# (g) Provision for discount and sales return

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

# (h) Impairment allowance for doubtful debts

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off if the same are not collectible. The carrying amount of allowance for doubtful debts under ECL model is ₹ 25.65 Crore (March 31, 2020: ₹ 19.45 Crore). Further details about impairment allowance are given in Note - 15.

# (i) Leases

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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 Company 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# (j) Assessment of COVID - 19 impact on operations

COVID-19 pandemic has had a significant impact on the business operations and the financial statements of the Company for the year ended March 31, 2021. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of financial assets and non-financial assets. The impact of the current surge in COVID-19 pandemic on the overall economic environment is uncertain and may affect the underlying assumptions and estimates used to prepare the Company's financial statements, whereby actual outcome may differ from those assumptions and estimates considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company continues to take various precautionary measures to ensure health and safety of its customers, employees and their families from COVID-19.

# (k) Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
- (iii) There is no substantive change to other terms and conditions of the lease.

Pursuant to the above amendment, the Company has applied the practical expedient with effect from April 01, 2020.

The Company has accounted the unconditional rent concessions of ₹ 340.43 Crore (March 31, 2020 : Nil) during the year ended March 31, 2021. The same has been accounted as a reduction of rent expenses in the Standalone Statement of Profit and Loss.

# (I) Valuation of Put Option and Call Option

The fair value of financial liability (put option) arising from acquisition agreements, has been determined by discounting consideration payable at the time of exercise of the put option as per

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the terms of the agreement, using appropriate valuation model. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of the put option. The fair value of financial asset (call option) arising from terms of acquisition agreements, has been determined by discounting the call option payoff, using an appropriate discount rate, considering the terms of the agreement. Such valuation includes assumptions such as discount rate, future cashflow and EBITDA estimates. Such assumptions are reviewed at each reporting date.

# (m) Going concern

**Directors Report** 

The management has performed an assessment of the Company's ability to continue as a going concern. Based on the assessment, the management believes that there is no material uncertainty with respect to any events or conditions that may cast a significant doubt on the entity to continue as a going concern, hence the financial statements have been prepared on a going concern basis.

## NOTE - 41 DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON

·				₹ in Crore
			Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the C year	Company during	g the	1.16	1.73
b) Amount approved by the Board to be spent	during the year	-	2.00	3.50
				₹ in Crore
	In Cash	Yet f	to be paid in Cash	Total
March 31, 2021:				
i) Construction/ acquisition of any asset	-		-	-
ii) On purposes other than (i) above	2.00		-	2.00
March 31, 2020:				
i) Construction/ acquisition of any asset	-		-	-
ii) On purposes other than (i) above	3.50		_	3.50

In case of section 135(5) unspent amount				
Opening Balance as on April 01, 2020	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2021*
-	-	1.16	2.00	-

\* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of section 135(5) Excess amount spent				
Opening Balance as on April 01, 2020	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2021	
-	1.16	2.00	0.84	

	0 01 3					
In case of section 135(6) (Ongoing Project)						
Openi	ng Balance	Amount required to be	Amou	unt spent	Closir	ig Balance
as on A	pril 01, 2020	spent during the year	during the year		as on March 31, 2021	
With	In Separate		From	From Separate	With	In Separate
Company	CSR Unspent		Company's	CSR Unspent	Company	CSR Unspent
	A/c		bank A/c	A/c		A/c
-	-	-	-	-	-	-

## Details of ongoing projects

# NOTE - 42

# GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A part of the gratuity plan is funded and another part is managed within the Company, hence the liability has been bifurcated into funded and unfunded.

The Company contributes to the Fund based on the actuarial valuation report. The Company has contributed to the Insurer Managed Fund (managed by Life Insurance Corporation of India), details of which is available in the table of Investment pattern of plan assets. Based on which, the Company is not exposed to any market risk.

The following tables summarise the components of net benefit expense recognised in the Standalone Statement of Profit and Loss and Standalone Balance Sheet for the respective plans:

# Unfunded defined benefit plan

## Net benefit expense recognised through the Standalone Statement of Profit and Loss

		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Current service cost	3.88	3.69
Interest cost on defined benefit obligation	1.39	1.20
Total	5.27	4.89

# Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

<b>.</b>	-	₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Opening defined benefit obligation	20.90	15.54
Current service cost	3.88	3.69
Interest cost on defined benefit obligation	1.39	1.20
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	-	(2.38)
Changes in financial assumptions	0.36	3.17
Experience adjustments	(1.45)	0.87
Actuarial (gain)/ loss recognised in OCI	(1.09)	1.66
Benefits paid	(1.66)	(1.29)
Liabilities assumed/ (settled)*	0.31	0.10
Closing defined benefit obligation	23.73	20.90

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Funded defined benefit plan

**Directors Report** 

# Net benefit expense recognised through the Standalone Statement of Profit and Loss

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	9.08	11.22
Interest cost on defined benefit obligation	4.26	4.55
Interest on plan assets	(4.16)	(4.05)
	9.18	11.72

Changes in the defined benefit obligation and fair value of plan assets are as follows:

Changes in the present value of the Defined Benefit Obligations (DBO):

5	0	₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	64.46	58.97
Current service cost	9.08	11.22
Interest cost on defined benefit obligation	4.26	4.55
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	-	(20.74)
Changes in financial assumptions	1.20	12.38
Experience adjustments	(2.44)	2.29
Actuarial (gain)/ loss recognised in OCI	(1.24)	(6.07)
Benefits paid	(4.94)	(5.03)
Liabilities assumed/ (settled)*	(0.24)	0.82
Closing defined benefit obligation	71.38	64.46

\*On account of inter-company transfer.

### Change in fair value of plan assets

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening fair value of the plan assets	63.16	52.44
Contributions by the employer	6.77	6.53
Interest income on plan assets	4.16	4.05
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest cost on plan assets	0.30	0.14
Actuarial gain/ (loss) recognised in OCI	0.30	0.14
Closing fair value of the plan assets	74.39	63.16

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#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### Amounts recognised in the Standalone Balance Sheet

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Present value of the defined benefit obligation at the end of the year:		
Funded	71.38	64.46
Unfunded	23.73	20.90
	95.11	85.36
Fair value of plan assets	74.39	63.16
Net liability/ (asset)	20.72	22.20
Net liability is classified as follows:		
Current	-	3.67
Non-current	20.72	18.53
Net liability	20.72	22.20

Gratuity is funded through investments with an insurance service provider, i.e. Life Insurance Corporation of India (LIC). The plan assets under the scheme are administered by LIC. The investments are primarily in low risk assets.

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Company are shown below:

	As at March 31, 2021	As at March 31, 2020	
Discount rate			
Funded plan	6.40%	6.60%	
Unfunded plan	6.40%	6.60%	
Salary escalation rate			
Funded plan			
Management	8.00%	8.00%	
Staff	7.00%	7.00%	
Workers	5.00%	5.00%	
Unfunded plan			
Stores	7.00%	7.00%	
HO and Zones	8.00%	8.00%	

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

The overall expected rate of return on plan assets is determined based on the market yield prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

As at March 31, 2021 As at March 31, 2020 Sensitivity level 0.50% increase 0.50% decrease 0.50% increase 0.50% decrease Discount rate Increase/ (Decrease) in DBO (₹ in Crore) Funded plan (2.93)3.15 (2.68)2.88 Unfunded plan 0.94 0.82 (0.88) (0.77)Salary escalation rate 0.50% increase 0.50% decrease 0.50% increase 0.50% decrease Increase/ (Decrease) in DBO (₹ in Crore) Funded plan 3.11 (2.92) 2.86 (2.69) Unfunded plan 0.90 (0.86) 0.79 (0.75)

A quantitative sensitivity analysis for significant assumptions is as follows:

Corporate Governance Report

The above sensitivity analysis have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

There has been no change from the previous year in the method and assumptions used in preparing the sensitivity analysis.

The maturity profile of the defined benefit obligation are as follows:

		₹ in Crore
	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	9.89	8.55
Between 2 and 5 years	36.96	33.85
Between 6 and 10 years	39.66	35.85
Beyond 10 years	95.58	90.84
Total	182.09	169.09

The Company is expected to contribute ₹ 7.44 Crore to the gratuity fund during the year ended March 31, 2022.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 to 9 years (March 31, 2020: 8 to 9 years).

# Defined contribution plans

**Directors Report** 

Amount recognised as an expense and included in Note - 34 as "Contribution to provident and other funds"

		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Contribution to Government Provident Fund	37.07	38.75
Contribution to Superannuation Fund	1.15	1.26
Contribution to Employee Pension Scheme (EPS)	4.85	4.95
Contribution to Employee State Insurance (ESI)	6.31	8.87
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	0.08	0.08
Contribution to Labour Welfare Fund (LWF)	0.09	0.12
Contribution to National Pension Scheme (NPS)	0.81	0.71
Total	50.36	54.74

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# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

In respect of the Honourable Supreme Court ruling in February 2019 relating to computation of salaries for Provident Fund contribution, there is uncertainty and ambiguity in retrospective application and accordingly the Company will evaluate its position as clarity emerges.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact after the Code becomes effective.

# **NOTE - 43** SHARE-BASED PAYMENT

The expense recognised for employee services received during the year is shown in the following table:

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Expense arising from equity-settled share-based payment transactions (net of cross charge)	11.85	19.64
Expense arising from cash-settled share-based payment transactions	0.03	0.22
Total	11.88	19.86

#### **Employee Stock Option Plans (Options and RSUs)** а.

#### ١. Employee Stock Option Scheme - 2013

During the year ended March 31, 2014, i.e. on July 22, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) ("Committee") and the Board of Directors ("Board") approved the introduction of an Employee Stock Option Scheme, viz., Employee Stock Option Scheme - 2013 ("Scheme 2013") for issue of Stock Options in the form of Options ("Options") and/ or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, under the said Scheme 2013, vide its resolution dated October 25, 2013, the Committee commenced granting of options.

#### Options RSUs Tranche 1 Tranche 2 Tranche 1 Tranche 2 Tranche 3 No. of Options/ RSUs 8,30,382 11,686 2,59,849 5,000 2,79,544 Method of accounting Fair value Fair value Fair value Fair value Fair value Vesting plan Graded vesting -Graded vesting -Bullet vesting at Bullet vesting Bullet vesting at 25% every year 25% every year the end of the end of on December 7, 3<sup>rd</sup> year 3<sup>rd</sup> year Exercise period 5 years from the date of vesting Grant date October 25, 2013 June 10, 2014 October 25, 2013 June 10, 2014 May 11, 2016

#### i) Details of the grants under the Scheme 2013

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	Optio	Options		RSUs	
-	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Grant/ exercise price (₹ per share)	102.10	118.20	10.00	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 152.10 NSE - 152.10
Method of settlement	Equity	Equity	Equity	Equity	Equity

#### Note:

**Directors Report** 

RSUs – Tranche 3 were granted to employees of Madura Fashion & Lifestyle division of the Company, who were grantees of RSUs of Aditya Birla Nuvo Limited ("ABNL") and had become employees of the Company pursuant to the effectiveness of the Composite Scheme of Arrangement between the Company, ABNL, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956. Accordingly, as per the terms and conditions of the grant, these RSUs vested as per the original vesting schedule of ABNL RSUs, i.e., on December 7, 2016.

#### ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

		As at Marc	h 31, 2021	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	12,129	102.10	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	12,129	102.10	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	12,129	102.10	-	-
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year		-	-	-
Exercisable at the end of the financial year	-	-	-	-

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# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2021			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	N.A.	N.A.	37,840	10.00
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year <sup>#</sup>	N.A.	N.A.	(37,840)	10.00
Lapsed during the financial year	N.A.	N.A.	-	-
Outstanding at the end of the financial year	N.A.	N.A.	-	-
Unvested at the end of the financial year	N.A.	N.A.	-	-
Exercisable at the end of the financial year	N.A.	N.A.	-	-

# The weighted average share price at the date of exercise of these Options was ₹ 141.21.

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	1,36,244	102.10	2,627	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(1,24,115)	102.10	(2,627)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	12,129	102.10	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	12,129	102.10	-	-
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2020						
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)			
Tranche 3							
Outstanding at the beginning of the financial year	N.A.	N.A.	37,840	10.00			
Granted during the financial year	N.A.	N.A.	-	-			
Exercised during the financial year	N.A.	N.A.	-	-			
Lapsed during the financial year	N.A.	N.A.	-	-			
Outstanding at the end of the financial year	N.A.	N.A.	37,840	10.00			
Unvested at the end of the financial year	N.A.	N.A.	-	-			
Exercisable at the end of the financial year	N.A.	N.A.	37,840	10.00			

\* The weighted average share price at the date of exercise of these Options and RSUs was ₹207.44.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2021, is 2 years (March 31, 2020: 3 years) and for RSUs outstanding as at March 31, 2021, is Nil (March 31, 2020: 2 years).

# iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Optio	ons	RSUs			
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	
Expected volatility (%)	45.93	44.77	45.93	44.77	37.41	
Risk-free interest rate (%)	8.58	7.91	8.58	7.91	7.37	
Weighted average fair value per Option/ RSU (₹)	52.96	59.32	95.90	111.75	142.63	
Model used	Black-	Black-	Black-	Black-	Black-	
	Scholes model	Scholes model	Scholes model	Scholes model	Scholes model	

#### II. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017

During the year ended March 31, 2018, i.e. on July 25, 2017, the Nomination and Remuneration Committee of the Board of Directors of the Company ("NRC") and the Board of Directors ("Board") approved the introduction of another Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme 2017") for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, under the said Scheme 2017, vide its resolution dated September 8, 2017, the Committee commenced granting of options.

		Opt	ions			RS	Us	
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of Options/ RSUs	37,38,254	14,406	2,88,122	90,039	13,04,558	14,568	1,17,144	30,349
Method of accounting	Fair value	Fair value	Fair value	Fair value				
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year			
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting				
Grant date	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018
Grant/ exercise price (₹ per share)	178.30	148.10	163.60	150.80	10.00	10.00	10.00	10.00
Market price on the date of	BSE - 176.40	BSE - 147.95	BSE - 156.35	BSE - 147.70	BSE - 176.40	BSE - 147.95	BSE - 156.35	BSE - 147.70
granting of Options/ RSUs (₹ per share)	NSE - 176.50	NSE - 148.70	NSE - 156.55	NSE - 147.10	NSE - 176.50	NSE - 148.70	NSE - 156.55	NSE - 147.10
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

#### Details of the grants under Scheme 2017 i)

# ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2021						
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)			
Tranche 1							
Outstanding at the beginning of the financial year	25,26,110	178.30	9,84,226	10.00			
Granted during the financial year	-	-	-	-			
Exercised during the financial year^	-	-	(4,57,317)	10.00			
Lapsed during the financial year	(8,84,265)	178.30	(14,028)	10.00			
Outstanding at the end of the financial year	16,41,845	178.30	5,12,881	10.00			
Unvested at the end of the financial year	5,63,689	178.30	-	-			
Exercisable at the end of the financial year	10,78,156	178.30	5,12,881	10.00			
Tranche 2							
Outstanding at the beginning of the financial year	7,203	148.10	7,284	10.00			
Granted during the financial year	-	-	-	-			
Exercised during the financial year^	-	-	(7,284)	10.00			
Lapsed during the financial year	(1,801)	148.10	-	-			
Outstanding at the end of the financial year	5,402	148.10	-	-			
Unvested at the end of the financial year	1,800	148.10	-	-			
Exercisable at the end of the financial year	3,602	148.10	-	-			

		As at March	31, 2021	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	2,16,092	163.60	72,838	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(54,023)	163.60	-	-
Outstanding at the end of the financial year	1,62,069	163.60	72,838	10.00
Unvested at the end of the financial year	54,022	163.30	-	-
Exercisable at the end of the financial year	1,08,047	163.30	72,838	10.00
Tranche 4				
Outstanding at the beginning of the financial year	90,039	150.80	30,349	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-		-	-
Lapsed during the financial year	(22,510)	150.80	-	-
Outstanding at the end of the financial year	67,529	150.80	30,349	10.00
Unvested at the end of the financial year	45,019	150.80	30,349	10.00
Exercisable at the end of the financial year	22,510	150.80	-	-

^The weighted average share price at the date of exercise of these RSUs was ₹ 151.45.

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

		As at March	31, 2020	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial	29,80,244	178.30	10,54,637	10.00
year				
Granted during the financial year	-		-	-
Exercised during the financial year^^	(3,26,279)	178.30	-	
Lapsed during the financial year	(1,27,855)	178.30	(70,411)	10.00
Outstanding at the end of the financial year	25,26,110	178.30	9,84,226	10.00
Unvested at the end of the financial year	14,37,149	178.30	9,84,226	10.00
Exercisable at the end of the financial year	10,88,961	178.30	-	-
Tranche 2				
Outstanding at the beginning of the financial	7,203	148.10	7,284	10.00
year				
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	7,203	148.10	7,284	10.00
Unvested at the end of the financial year	3,601	148.10	7,284	10.00
Exercisable at the end of the financial year	3,602	148.10	-	-

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# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		As at March	31, 2020	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	2,52,107	163.60	84,978	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	(9,004)	163.60	-	-
Lapsed during the financial year	(27,011)	163.60	(12,140)	10.00
Outstanding at the end of the financial year	2,16,092	163.60	72,838	10.00
Unvested at the end of the financial year	1,08,045	163.60	72,838	10.00
Exercisable at the end of the financial year	1,08,047	163.60	-	-
Tranche 4				
Outstanding at the beginning of the financial year	90,039	150.80	30,349	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-		-	
Outstanding at the end of the financial year	90,039	150.80	30,349	10.00
Unvested at the end of the financial year	67,529	150.80	30,349	10.00
Exercisable at the end of the financial year	22,510	150.80	-	-

^^The weighted average share price at the date of exercise of these Options was ₹ 227.80.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2021, is 4 years (March 31, 2020: 5 years) and for RSUs outstanding as at March 31, 2021, is 4 years (March 31, 2020: 5 years).

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options					RS	Us	
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected dividend yield (%)	Nil							
Expected volatility (%)	36.57	36.28	35.32	35.28	36.57	36.28	35.32	35.28
Risk-free interest rate (%)	6.70	6.75	7.43	7.43	6.77	6.98	7.54	7.54
Weighted average fair value per Option/ RSU (₹)	77.04	63.85	71.56	65.93	171.41	141.29	156.99	144.20
Model used	Black- Scholes model							

# III. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019

During the year ended March 31, 2020, on July 26, 2019, the Nomination and Remuneration Committee and the Board of Directors ("Board"), approved introduction of Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2019 ("Scheme 2019") through trust route, for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies. Based on the loan granted by the Company, the Trust has purchased 44,61,261 equity shares as at March 31, 2020. During the year ended March 31, 2021, the Trust purchased additional 2,49,196 equity shares to back the grants made under the Scheme 2019. As on March 31, 2021, the Trust holds 47,10,457 equity shares.

Accordingly, under the said Scheme 2019, vide its resolution dated December 2, 2019, the Committee commenced granting of options.

		Options		RS	Us
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
No. of Options/ RSUs	33,42,876	1,16,360	14,17,684	11,18,385	32,161
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year
Exercise period	5 years from the date of vesting	5 years from the date of vesting			
Grant date	December 02, 2019	December 28, 2020	January 21, 2021	December 02, 2019	December 28, 2020
Grant/ exercise price (₹ per share)	225.25	164.10	173.55	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80	BSE - 173.05 NSE - 173.85	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80
Method of settlement	Equity	Equity	Equity	Equity	Equity

#### Details of the grants under Scheme 2019 i)

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#### ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

		As at March	31, 2021	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	33,28,332	225.25	11,08,335	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(8,75,718)	225.25	(37,185)	10.00
Outstanding at the end of the financial year	24,52,614	225.25	10,71,150	10.00
Unvested at the end of the financial year	24,52,614	225.25	10,71,150	10.00
Exercisable at the end of the financial year	-	-	-	-

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### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2021					
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)		
Tranche 2						
Outstanding at the beginning of the financial year	-	-	-	-		
Granted during the financial year	1,16,360	164.10	32,161	10.00		
Exercised during the financial year	-	-	-	-		
Lapsed during the financial year	-	-	-	-		
Outstanding at the end of the financial year	1,16,360	164.10	32,161	10.00		
Unvested at the end of the financial year	1,16,360	164.10	32,161	10.00		
Exercisable at the end of the financial year	-	-	-	-		
Tranche 3						
Outstanding at the beginning of the financial year	-	-	-	-		
Granted during the financial year	14,17,684	173.55	-	-		
Exercised during the financial year	-		-	-		
Lapsed during the financial year	(9,091)	173.55	-	-		
Outstanding at the end of the financial year	14,08,593	173.55	-	-		
Unvested at the end of the financial year	14,08,593	173.55	-	-		
Exercisable at the end of the financial year	-	-	-	-		

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2020					
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)		
Tranche 1						
Outstanding at the beginning of the financial year	-	-	-	-		
Granted during the financial year	33,42,876	225.25	11,18,385	10.00		
Exercised during the financial year	-	-	-	-		
Lapsed during the financial year	(14,544)	225.25	(10,050)	10.00		
Outstanding at the end of the financial year	33,28,332	225.25	11,08,335	10.00		
Unvested at the end of the financial year	33,28,332	225.25	11,08,335	10.00		
Exercisable at the end of the financial year	-	-	-	-		

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2021 is 6 years (March 31, 2020: 7 years) and for RSUs outstanding as at March 31, 2021 is 7 years (March 31, 2020: 8 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		Options			RSUs	
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	
Expected volatility (%)	32.88	36.16	36.02	32.88	36.16	
Risk-free interest rate (%)	6.66	5.62	5.62	6.76	6.19	
Weighted average fair value per Option/ RSU (₹)	112.00	84.39	76.78	216.18	158.10	
Model used	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model	

# iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

# b. Stock Appreciation Rights (SARs)

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The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.03 Crore (March 31, 2020: ₹ 0.22 Crore) has been taken to the Standalone Statement of Profit and Loss.

#### Plan for Stock Appreciation Rights, 2013 ١.

On October 25, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) approved a plan, viz. named as "Plan for Stock Appreciation Rights, 2013" ("Plan"), for granting Stock Appreciation Rights ("SARs") to the eligible employees of the Company.

#### The details of the Plan are as below: i)

	SARs		
	Tranche 1	Tranche 2	
No. of SARs	3,08,295	10,225	
Method of accounting	Fair value	Fair value	
Vesting plan	Graded vesting-25% every year	Graded vesting-25% every year	
Exercise period	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	
Grant date	October 25, 2013	June 10, 2014	
Grant/ exercise price (₹ per share)	102.10	118.20	
Market price on the date of granting of SARs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	
Method of settlement	Cash	Cash	

# ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at March 31, 2021		As at March 31, 2020	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	-	-	10,613	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	(8,056)	102.10
Lapsed during the financial year	-	-	(2,557)	102.10
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

# II. Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019

On February 04, 2019, the Nomination and Remuneration Committee and the Board of Directors of the Company, at their respective meetings had approved the "Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019" ("SARs Scheme 2019"), to grant SARs in the form of "Option SARs" and "RSU SARs", from time to time, to the eligible employees (as defined in the SARs Scheme 2019).

#### The details of the Plan are as below: i)

	SARs			
	Tran	che 1		
	Option SARs	RSU SARs		
No. of SARs	61,226	6,880		
Method of accounting	Fair value	Fair value		
Vesting plan	May 16, 2019 and September 08, 2019	September 08, 2020		
Exercise period	3 years from the date of vesting	3 years from the date of vesting		
Grant date	May 15, 2019	May 15, 2019		
Grant/ exercise price (₹ per share)	178.30	10.00		
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 192.45 NSE - 192.80		
Method of settlement	Cash	Cash		

#### ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at Mar	rch 31, 2021	As at March 31, 2020	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Option SARs				
Outstanding at the beginning of the financial year	61,226	178.30	-	-
Granted during the financial year	-	-	61,226	178.30
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	61,226	178.30	61,226	178.30
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	61,226	178.30	61,226	178.30
RSU SARs				
Outstanding at the beginning of the financial year	6,880	10.00	-	-
Granted during the financial year	-	-	6,880	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	6,880	10.00	6,880	10.00
Unvested at the end of the financial year	-	-	6,880	10.00
Exercisable at the end of the financial year	6,880	10.00	-	-

The remaining contractual life for SARs outstanding as at March 31, 2021 is 2 years (March 31, 2020 : 3 years).

#### iii) The following table lists the inputs to the model used for SARs:

	As at March 31, 2021 Tranche 1		As at March 31, 2020 Tranche 1	
	Option SARs	RSU SARs	Option SARs	RSU SARs
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	32.53	31.74	32.53	31.74
Risk-free interest rate (%)	5.88	6.24	5.88	6.24
Weighted average fair value per SAR (₹ )	27.42	144.94	27.42	144.94
Model used	Binomial model	Binomial model	Binomial model	Binomial model

The expected life of the share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

# NOTE - 44 COMMITMENTS AND CONTINGENCIES

### a) Leases

# Lease commitments as lessee

The Company has entered into agreements for taking on lease certain residential/office/store premises, warehouses, property, plant and equipment on lease and licence basis. The lease term is for a period ranging from 3 to 21 years, with escalation clauses in the lease agreements. Consistent with Industry practice, the Company has contracts which have fixed rentals or variable rentals based on a percentage of sales in the stores, or a combination of both.

# Expenses/ Income recognised in the Standalone Statement of Profit and Loss

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Other income		
Gain on retirement of right-of-use assets	20.54	12.93
Rent		
Expense relating to short-term leases	17.81	75.90
Expense relating to leases of low value assets	1.74	9.90
Variable rent*	331.55	401.12
Rent concession (Refer Note - 40k)	(340.43)	-
Finance cost		
Interest expense on lease liabilities	221.89	210.42
Depreciation and impairment losses		
Depreciation on right-of-use assets	724.12	628.05
Other expenses		
Processing charges	15.52	22.42
Sublease payments received (not shown separately in the Standalone Statement of Profit and Loss)	0.84	1.41

\* The variable rent varies basis percentage of Net Sales Value (NSV) at the lease premises.

# Contractual maturities of lease liabilities

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Within one year	847.52	827.81
After one year but not more than five years	1,789.10	1,855.11
More than five years	130.07	249.52
Total	2,766.69	2,932.44

The initial non-cancellable period of the lease agreement is upto 3 years, beyond which there is an option for the lessee to continue the lease, which the Company expects to continue for a period of 2 to 3 years after the initial non-cancellable period, accordingly 5 – 6 years has been considered as non-cancellable for the purpose of the above disclosure. Post such period, the Company has the option to exit the lease by giving a notice period and the Company assesses its intention to continue considering location and other economic factors associated with the lease arrangement.

#### **Directors Report**

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Total cash outflow for leases for the year ended March 31, 2021 is ₹ 556.22 Crore (March 31, 2020: ₹ 1,232.42 Crore).

The Company entered into a sale and leaseback transaction in respect of certain assets such as furniture and fixtures, office equipment etc., in line with its capital expenditure strategy. The assets were sold at fair values with no gains/ losses. Sale proceeds of ₹ 28.65 Crore (March 31, 2020: ₹ 47.93 Crore) were realised upon sale of such assets. The lease arrangement is for a period of 4-5 years. The same has been recorded as a right-of-use assets with corresponding lease liabilities.

#### Lease commitments for leases not considered in measurement of lease liabilities

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Lease commitment for short-term leases	7.98	9.67
Lease commitment for leases of low value assets	0.79	3.77
Total	8.77	13.44

#### Future Cash Outflows to which the Company is potentially exposed and not reflected in measurement of lease liabilities

				₹ in Crore
	March 3	31, 2021	March 3	31, 2020
Increase/ (Decrease) in sales	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Rent	16.58	(16.58)	20.06	(20.06)

#### b) Capital commitments

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	19.65	71.29
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	0.07	3.22
Total	19.72	74.51

#### c) Other commitments

As at March 31, 2021, the Company has committed to provide financial support to Jaypore E-Commerce Private Limited, TG Apparel & Décor Private Limited and Finesse International Design Private Limited with regard to operations of these subsidiaries.

Refer Note 6 for commitments towards investments in Sabyasachi Calcutta LLP and Goodview Fashion Private Limited.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 45

**Directors Report** 

# CONTINGENT LIABILITIES NOT PROVIDED FOR

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts		
Commercial taxes	27.04	29.18
Excise duty	0.50	0.50
Customs duty	2.54	2.54
Textile committee cess	0.75	0.75
Others*	16.29	16.78
Total	47.12	49.75

\* Pertains to claims made by third parties, pending settlement which are considered not tenable.

The Company's pending litigations comprise of claims against the Company primarily for excise duty, comprising various cases demanding duty on reversal of CENVAT credit on sale of capital goods and for commercial taxes, comprising various cases in respect of short fall of Forms F, H, I and C, disallowance of input credit, etc.

The Company has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements. In respect of litigations, where the management's assessment of a financial outflow is probable, the Company has a provision of ₹ 68.72 Crore as at March 31, 2021 (March 31, 2020: ₹ 78.51 Crore).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

# NOTE - 46 RELATED PARTY TRANSACTIONS

# Names of related parties and related party relationship with whom transactions have taken place:

# Name of related parties

# Subsidiaries

Jaypore E-Commerce Private Limited- with effect from July 02, 2019 (Wholly-owned subsidiary)

TG Apparel & Decor Private Limited - with effect from July 02, 2019 (Wholly-owned subsidiary)

Jaypore Inc. (A wholly-owned subsidiary of Jaypore E-Commerce Private Limited) was dissolved on September 21, 2020

Finesse International Design Private Limited - with effect from July 26, 2019

Sabyasachi Calcutta LLP - with effect from February 24, 2021

Sabyasachi Inc.(A wholly-owned subsidiary of Sabyasachi Calcutta LLP) - with effect from February 24, 2021

Indivinity Clothing Retail Private Limited - with effect from March 26, 2021

# Joint Venture

Goodview Fashion Private Limited - with effect from March 19, 2021

# Other related parties in which directors are interested

Aditya Birla Fashion and Retail Jan Kalyan Trust

Grasim Premium Fabric Private Limited (formerly known as Soktas India Private Limited) upto October 20, 2020 and thereafter with effect from February 24, 2021

Aditya Birla Management Corporation Private Limited - with effect from July 01, 2019

Indiginus Learning Private Limited - with effect from June 05, 2020

# Post-employment benefit plans

Aditya Birla Fashion and Retail Limited - Employees Group Superannuation Scheme Trust Aditya Birla Fashion and Retail Limited - Employees Group Gratuity Fund Trust

# Key Management Personnel ("KMP")

Mr. Kumar Mangalam Birla - Chairman & Non-executive Director with effect from February 24, 2021 Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director with effect from January 01, 2020 Mr. Ashish Dikshit - Managing Director Mr. Vishak Kumar - Whole-time Director with effect from February 24, 2021 Ms. Sangeeta Pendurkar - Whole-time Director with effect from February 24, 2021 Mr. Arun Thiagarajan - Independent Director upto May 10, 2020 Mr. Bharat Patel - Independent Director upto August 20, 2019 Mr. Nish Bhutani - Independent Director with effect from June 05, 2020 Ms. Preeti Vyas - Independent Director with effect from March 31, 2021 Mr. Sunirmal Talukdar - Independent Director with effect from March 11, 2020 Mr. Sanjeeb Chaudhuri - Independent Director upto June 05, 2020 Ms. Sukanya Kripalu - Independent Director Mr. Yogesh Chaudhary - Independent Director with effect from March 17, 2021 Mr. Pranab Barua - Non-Executive Director upto December 31, 2019 Mr. Sushil Agarwal - Non-Executive Director upto March 31, 2021 Mr. Vikram Rao - Non-Executive Director with effect from March 17, 2021 Mr. Jagdish Bajaj - Chief Financial Officer Ms. Geetika Anand - Company Secretary Relative of Key Management Personnel ("KMP") Ms. Karuna Rao with effect from March 17, 2021

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

						₹ in Crore
	Year en	ded March 31	, 2021	Year ended March 31, 2020		
	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties
Sale of goods	1.06	-	-	0.27	-	-
Interest income	1.79	-	-	0.39	-	-
Reimbursement of expenses Recovered from	3.20	-	-	1.41	-	-
Purchase of goods	0.20	-	7.92	0.08	-	32.42
Reimbursement of expenses paid to	-	-	25.36	0.03	-	18.81
Consultancy services	-	-	0.10	-	-	-
Contribution to trusts	-	-	10.18	-	-	11.30
Purchase of property, plant and equipment	-	-	-	-	-	0.10
Deposits given	26.86	-	3.48	14.99	-	7.70
Repayment of deposits	0.60	-	5.54	2.83	-	-
Investment in share capital	63.00	-	-	21.85	-	-
Investment made in limited liability partnership firm	389.84	-	-	-	-	-
Investment made in Joint Venture	12.45	-	-	-	-	-
Remuneration paid to KMP*	-	9.85	-	-	16.57	-
Remuneration paid to relative of KMP	-	0.01	-	-	-	-

\* Includes director sitting fees

### **Balances outstanding**

Directors Report

#### ₹ in Crore

	As at March 31, 2021			As at March 31, 2020			
	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties	
Amounts owed to related parties	-	-	19.26	-	-	3.95	
Amounts owed by related parties	2.58	-	-	1.73	-	-	
Deposits receivable	38.42	-	5.64	12.16	-	7.70	

The above amounts are classified as security deposit receivable, trade receivables, inter corporate deposit receivable and trade payables (Refer Notes - 8, 15, 18 and 27 respectively).



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**Financial Statements** 

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Disclosure as per Regulation 34(3) and 53(f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Disclosure of transactions with the entity belonging to the promoter/ promoter group holding 10% or more shareholding in the Company

Transactions during the financial year

Year ended March 31, 2020
0.80
0.80
1.84
4.70
₹ in Crore
As at
March 31, 2020
0.57

No amounts in respect of the related parties have been written off/ back during the year.

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Amount owed to and by related parties are unsecured and interest free and settlement occurs in cash. Deposits to wholly-owned subsidiaries are unsecured, interest bearing and settlement occurs in cash. There have been no guarantees received or provided for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### Compensation of Key Managerial Personnel (KMP) of the Company

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits	6.18	10.24
Post-employment benefits	0.46	0.46
Share-based payment	3.21	5.87
Total	9.85	16.57

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

Remuneration paid to managerial personnel for the year ended March 31, 2021 is in excess of the limits available under section 197 of the Companies Act, 2013 ("Act") read with Schedule V of the Act by ₹0.56 Crore. The Company shall obtain necessary approvals for the same from the shareholders at the forthcoming general meeting.

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### KMPs interests in the Employee Stock Options and RSUs

Scheme	Grant date	Expiry date	Exercise price	As at March 31, 2021	As at March 31, 2020 Number outstanding	
			(₹)	Number outstanding		
Aditya Birla Fashion and Retai	l Limited Employee Stock Opti	on Scheme 2017				
Options - Tranche 1	September 08, 2017*	September 07, 2026	178.30	5,76,248	4,68,202	
Options - Tranche 3	February 2, 2018*	February 1, 2027	163.60	1,35,058	-	
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	67,529	90,039	
Aditya Birla Fashion and Retai	l Limited Employee Stock Opti	on Scheme 2019				
Options - Tranche 1	December 02, 2019*	December 01, 2028	225.25	8,05,911	5,29,092	
Options - Tranche 3	January 21, 2021	January 20, 2027	173.55	5,28,250	-	
Total				21,12,996	10,87,333	
Aditya Birla Fashion and Retai	l Limited Employee Stock Opti	on Scheme 2017				
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	97,118	97,118	
RSUs - Tranche 3	February 2, 2018*	February 1, 2026	10.00	60,698	-	
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349	
Aditya Birla Fashion and Retai	l Limited Employee Stock Opti	on Scheme 2019				
RSUs - Tranche 1	December 02, 2019*	December 01, 2027	10.00	2,99,498	1,48,744	
Total				4,87,663	2,76,211	

\*The above includes Options/RSU's granted to Mr. Vishak Kumar and Ms. Sangeeta Pendurkar who have been appointed as Whole-time Directors with effect from February 24, 2021.

#### **NOTE - 47** FINANCIAL INSTRUMENTS: FAIR VALUE, RISK MANAGEMENT OBJECTIVES AND POLICIES

#### A. Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 are as follows:

As at March 31, 2021

, s at march 51, 2021						₹	in Crore
	FVTPL FVTOCI	FVTPL FVTOCI	Amortised	Total	Fair value		
		cost*	carrying value	Level 1	Level 2	Level 3	
Financial assets							
Investments (Refer Notes - 6b and 6c)	299.53	6.66	-	306.19	299.53	-	6.66
Loans (Refer Notes - 7 and 13)	-	-	9.08	9.08	-	-	-
Security deposits (Refer Notes - 8 and 14)	-	-	403.53	403.53	-	-	-
Trade receivables (Refer Note - 15)	-	-	722.40	722.40	-	-	-
Cash and cash equivalents (Refer Note - 16)	-	-	164.26	164.26	-	-	-
Bank balance other than the cash and cash equivalents (Refer Note - 17)	-	-	0.28	0.28	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	254.10	254.10	-	-	-
Derivative Instruments (Refer Note - 9)	145.56	-	-	145.56	-	-	145.56
Total	445.09	6.66	1,553.65	2,005.40	299.53	-	152.22

	FVTPL	FVTOCI	Amortised	Total		Fair value	2
			cost*	carrying value	Level 1	Level 2	Level 3
Financial liabilities							
Non-current borrowings (Refer Note - 22)	-	-	802.09	802.09	-	-	-
Current borrowings (Refer Note - 26)	-	-	0.06	0.06	-	-	-
Current maturities of long-term borrowings (Refer Note - 28)	-	-	315.77	315.77	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	2,385.57	2,385.57	-	-	-
Deposits	-	-	297.91	297.91	-	-	-
Trade payables (Refer Note - 27)	-	-	2,333.69	2,333.69	-	-	-
Other financial liabilities (Refer Notes - 23 and 28)	-	-	527.88	527.88	-	-	-
Derivative contracts (Refer Note - 28)	3.29	-	-	3.29	3.29	-	-
Derivative Instruments (Refer Note - 23)	145.95	-	-	145.95	-	-	145.95
Total	149.24	-	6,662.97	6,812.21	3.29		145.95

#### As at March 31, 2020

						₹i	in Crore
	FVTPL	FVTOCI	Amortised cost*	Total		Fair value	
			COSL	value	Level 1	Level 2	Level 3
Financial assets							
Investments (Refer Notes - 6b and 6c)	-	7.16	-	7.16	-	-	7.16
Loans (Refer Notes - 7 and 13)	-	-	10.55	10.55	-	-	-
Security deposits (Refer Notes - 8 and 14)	-	-	406.68	406.68	-	-	-
Trade receivables (Refer Note - 15)	-	-	840.19	840.19	-	-	-
Cash and cash equivalents (Refer Note - 16)	-	-	264.91	264.91	-	-	-
Bank balance other than the cash and cash equivalents (Refer Note - 17)	-	-	0.14	0.14	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	183.83	183.83	-	-	-
Derivative contracts (Refer Notes - 9 and 18)	6.82	-	-	6.82	6.82	-	-
Total	6.82	7.16	1,706.30	1,720.28	6.82	-	7.16
Financial liabilities							
Non-current borrowings (Refer Note - 22)	-	-	855.02	855.02	-	-	-
Current borrowings (Refer Note - 26)	-	-	1,507.78	1,507.78	-	-	-
Current maturities of long-term borrowings(Refer Note - 28)	-	-	413.52	413.52	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	2,467.35	2,467.35	-	-	-
Deposits	-	-	263.18	263.18	-	-	-
Trade payables (Refer Note - 27)	-	-	2,273.34	2,273.34	-	-	-
Other financial liabilities (Refer Notes - 23 and 28)	-	-	523.72	523.72	-	-	-
Total	-		8,303.91	8,303.91			

\* Carrying value of financial instruments measured at amortised cost equals to the fair value.

The investments made in subsidiaries and joint venture as at March 31, 2021 is ₹ 682.87 Crore (March 31, 2020: ₹ 162.85 Crore) are measured at cost.

# Key inputs for level 1 and 3 fair valuation techniques

- a) Derivative contracts:
  - i) Forward contracts: Fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Company (level 1)
- b) Derivative Instruments:
  - i) Option contracts: Fair value of option contracts is determined basis valuation performed by independent valuer appointed by the Company (level 3)
- c) Investment:
  - i) Unquoted equity instruments: Valuation has been done by considering the net worth of the company and price to book multiple to arrive at the fair value (level 3)
  - ii) Quoted investments: Valuation has been done based on market value of the investment i.e. fair value (level 1)

# Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

# Financial instruments measured at fair value

					₹ in Crore
	Fair Value as at March	Significant unobservable	Fair Valı March 3		Sensitivity
	31, 2021	inputs	Increase by 0.50%	Decrease by 0.50%	
Call Option	145.56	Risk adjusted discount rate	137.42	152.59	Increase in discount rate by 0.50% would decrease the fair value by ₹8.14 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹7.03 Crore.
		EBITDA margin projection	143.65	146.48	Increase in EBITDA margin by 0.50% would decrease the fair value by ₹ 1.91 Crore and decrease in EBITDA margin by 0.50% would increase the fair value by ₹ 0.92 Crore.
		Revenue projection	141.81	147.90	Increase in revenue projection by 0.50% would decrease the fair value by ₹ 3.75 Crore and decrease in revenue projection by 0.50% would increase the fair value by ₹ 2.34 Crore.
Put Option	145.95	Risk adjusted discount rate	139.87	152.01	Increase in discount rate by 0.50% would decrease the fair value by ₹ 6.08 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 6.06 Crore.
		EBITDA margin projection	150.20	139.95	Increase in EBITDA margin by 0.50% would increase the fair value by ₹ 4.25 Crore and decrease in EBITDA margin by 0.50% would decrease the fair value by ₹ 6.00 Crore.
		Revenue projection	147.52	144.59	Increase in revenue projection by 0.50% would increase the fair value by ₹ 1.57 Crore and decrease in revenue projection by 0.50% would decrease the fair value by ₹ 1.36 Crore.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# B. Risk management objectives and policies

Corporate Governance Report

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

# a) Market risk

**Directors Report** 

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

# i) Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2021, the approximately 98% of the Company's borrowings are at a fixed rate of interest (March 31, 2020: 45%).

# Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings taken at floating rates. With all other variables held constant, the Company's profit/ (loss) before tax is affected through the impact on floating rate borrowings, as follows:

	As at March	n 31, 2021	As at March 31, 2020		
Basis points (%)	0.50% increase			0.50% decrease	
Increase/ (decrease) on loss before tax			increase		
₹ in Crore	(0.09)	0.09	(7.66)	7.66	

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in the prior years.

#### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency.

The Company manages foreign currency risk by hedging its transactions using foreign currency forward contracts. The foreign exchange forward contracts are not designated as cash flow hedges, and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 2 to 6 months. As at March 31, 2021, the Company has hedged Nil (March 31, 2020: Nil) of its receivables in foreign currency and 89% (March 31, 2020: 90%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Standalone Balance Sheet date:

	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	2.86	214.71
As at March 31, 2020			
	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	2.87	213.33

#### As at March 31, 2021

The details of unhedged foreign currency exposure as at the Standalone Balance Sheet date are as follows:

#### As at March 31, 2021

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.19	13.85
	EURO	0.02	1.89
	GBP	0.06	5.65
	НКД	0.62	5.79
Trade receivables	USD	0.12	9.08
	EURO	0.05	4.01
	GBP	0.09	9.29

	Currency	Foreign currency in Crore	₹ in Crore
Bank balances	USD	0.00*	0.09
	CNY	0.01	0.07
	BDT	0.11	0.09

\* The amount has been rounded off in Crore.

#### As at March 31, 2020

**Directors Report** 

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.28	21.39
	EURO	0.01	0.88
	GBP	0.04	3.93
	HKD	0.16	1.54
Trade receivables	USD	0.21	15.87
	EURO	0.04	3.01
	GBP	0.07	6.46
Bank balances	CNY	0.03	0.31
	BDT	0.24	0.21

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	As at March	ז 31, 2021	As at March 31, 2020	
Basis points (%)	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Increase/ (decrease) on loss before tax				
₹ in Crore	(0.07)	0.07	(0.11)	0.11

#### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Company periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company only deals with parties which has good credit rating given by external rating agencies or based on the Company's internal assessment.

Corporate Governance Report

**Directors Report** 

**Financial Statements** 

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable dues where recoveries are made, these are recognised as income in the Standalone Statement of Profit and Loss.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

# Trade receivables

Customer credit risk is managed by each business unit, subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at March 31, 2021, the Company has 20 customers (March 31, 2020: 12 customers) that owed the Company more than ₹ 5.00 Crore each and accounts for approximately 86% (March 31, 2020: 79%) of all the receivables outstanding. There are 87 customers (March 31, 2020: 99 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 13% (March 31, 2020: 12%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Company's maximum exposure to credit risk for the components of the Standalone Balance Sheet as at March 31, 2021 and March 31, 2020, is the carrying amount as provided in Note - 15.

# c) Liquidity risk

The Company monitors its risk of shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares and commercial papers. Approximately, 28% of the Company's debt will mature in less than one year as at March 31, 2021 (March 31, 2020: 69%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to various sources of funding.

The below tables summarises the maturity profile of the Company's financial liabilities based on contractual payments.

				₹ in Crore
	Less than	1 to 5	More than	Total
	1 year	years	5 years	
Borrowings (other than preference shares)	315.83	801.58	-	1,117.41
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	847.52	1,789.10	130.07	2,766.69
Other financial liabilities	478.27	52.90	145.95	677.12
Deposits	130.63	167.28	-	297.91
Trade payables	2,333.69	-	-	2,333.69
Total	4,105.94	2,811.37	276.02	7,193.33

# As at March 31, 2021

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

As at March 31, 2020

**Directors Report** 

				₹ in Crore
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	1,921.30	854.51	-	2,775.81
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	827.81	1,855.11	249.52	2,932.44
Other financial liabilities	463.59	60.13	-	523.72
Deposits	153.40	109.78	-	263.18
Trade payables	2,273.34	-	-	2,273.34
Total	5,639.44	2,880.04	249.52	8,769.00

### Excessive risk concentration

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

The Company is leader in apparels in the country and has a diversified portfolio of brands.

#### NOTE - 48 CAPITAL MANAGEMENT

The Company's objective, when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Company is to borrow funds through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

The following table summarises the capital of the Company (debts excludes lease liabilities):

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Short-term debts (including current maturities of long-term borrowings)	315.83	1,921.30
Long-term debts	802.09	855.02
Total borrowings	1,117.92	2,776.32
Equity	2,684.58	1,085.87

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings.

#### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The Company has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings taking into consideration the waiver of compliance with one financial covenant by the Trustees of the Debentures issued by the Company.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

### NOTE - 49 PREVIOUS YEAR FIGURES

Previous years' figures have been regrouped/ rearranged wherever necessary to conform to the current year's classification(s).

#### NOTE - 50 SEGMENT INFORMATION

In accordance with Ind AS 108 - Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

As per our report of even date **For S R B C & CO LLP** Chartered Accountants ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382 For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

GEETIKA ANAND (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

Place: Bengaluru Date : May 28, 2021

# INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Fashion and Retail Limited

#### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows 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 reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, 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 and its joint venture as at March 31, 2021, their consolidated loss 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 and joint venture 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 41(j) of the Consolidated Ind AS Financial Statements which describes management's assessment of the impact of COVID 19 pandemic on the Group's and its joint venture's operations and carrying value of assets as at March 31, 2021. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial matter is provided in that context.

**Financial Statements** 

Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of our audit procedures including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter			
Goodwill: Impairment Evaluation (as described in Note 5 of the Consolidated Ind AS Financial Statements)				
As disclosed in Note 5, goodwill amounts to ₹ 1,997.26 Crore as at March 31, 2021	<ul><li>Our audit procedures included the following:</li><li>Obtained an understanding of the process</li></ul>			
and represents goodwill acquired through business combinations and allocated to cash generating units of the Group.	followed by the management to determine the recoverable amounts of cash generating units to which the goodwill has been allocated.			
A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. As disclosed in Note 5, impairment of goodwill	• Evaluated the objectivity, competency and independence of the specialist engaged by the Holding Company and reviewed the valuation reports issued by such specialist.			
is determined by assessing the recoverable amount of each cash generating unit to which	• Evaluated the model used in determining the value in use of the cash generating units.			
the goodwill relates. The recoverable amount of the cash generating	• Assessed the consistency of data used in the recoverable amount calculation with the financial			
unit as at March 31, 2021 has been determined	budgets approved by senior management.			
by the management based on a value in use calculation using cash flow projections from financial budgets approved by senior management. Goodwill impairment assessment is a key audit matter considering future estimates and judgment involved in such assessment and considering the significant carrying value of goodwill.	<ul> <li>Analysed the performance of the cash generating units and assessed the assumptions used in computation of value in use as at March 31, 2021, including understanding of management's</li> </ul>			
	estimate of business impact based on current market and economic conditions arising from the COVID 19 pandemic.			
	<ul> <li>Involved valuation expert to assist in evaluating management's determination of value in use.</li> </ul>			
	• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.			
	• Assessed the disclosures provided in relation to its annual impairment test in Note 5 to the Consolidated Ind AS Financial Statements.			

**Directors Report** 

Corporate Governance Report

Key audit matters	How our audit addressed the key audit matter
Acquisition of interest in subsidiary (as descri Statements)	bed in Note 47 of the Consolidated Ind AS Financial
During the year ended March 31, 2021, the Company acquired 51% stake in Sabyasachi Calcutta LLP for a consideration of ₹ 389.84 Crore. Accounting for investment/business	<ul> <li>Our audit procedures included the following:</li> <li>Read the investment/acquisition agreements and related documents to understand the key terms and conditions of the investment/acquisition to evaluate the accounting treatment including</li> </ul>
combinations involve application of complex accounting principles and considerations under Ind AS 103 – Business Combinations	identified intangible assets in accordance with relevant Ind AS.
having regard to the terms of investment and involve significant judgement and assumptions in fair value measurements and purchase price allocations. Accordingly, this	<ul> <li>Assessed the Company's determination of fair value for assets and liabilities acquired including minority interest and the methods used to value the underlying assets/liabilities.</li> </ul>
has been considered as a key audit matter.	<ul> <li>Assessed the objectivity, competency and independence of the Holding Company appointed external valuation specialists.</li> </ul>
	• Read the valuation report issued by Holding Company appointed external valuation specialist in respect of purchase price accounting and the identification of identifiable assets and liabilities in the respective investment/business combination.
	<ul> <li>Involved our internal valuation specialist in evaluating management's valuation model and key assumptions used to arrive at the fair value of assets and liabilities recognised in the purchase price allocation.</li> </ul>
	<ul> <li>Assessed the disclosures provided in relation to acquisitions in Note 47 to the Consolidated Ind AS Financial Statements in accordance with the applicable accounting standards.</li> <li>described in Note 41(g) of the Consolidated Ind AS</li> </ul>

#### rovision for discount and sales returns (as described in Note 41(g) of the Consolidated Ind AS **Financial Statements)**

Revenue from contracts with customers is recognised upon transfer of control of promised goods and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, sales promotion schemes and rebates, based on contractually defined terms. In some cases, discounts estimated and accrued are offered on further sale of goods by the customers. Also, in certain cases the Holding Company has contracts with customers which entitles them to right of return.	<ul> <li>Assessed the accounting pointy for recognition and measurement of net sales revenue, including the policy for recording returns, and discounts in accordance with Ind AS 115 'Revenue from Contracts with Customers'.</li> <li>Tested design and operating effectiveness of key controls for calculating, reviewing and approving</li> </ul>
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Corporate Governance Report

Key audit matters	How our audit addressed the key audit matter
At year end, amount of expected returns, and discounts that have not yet been settled with the customers are estimated and accrued. Estimating the amount of accrual at year end is considered a key audit matter due	<ul> <li>Tested the estimate of returns and discounts related accruals with underlying documentation such as management approved norms, customer agreements, sales data and customer reconciliations, as applicable.</li> </ul>
to the judgments required to be made by management.	<ul> <li>Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on estimates of sales returns and sales discounts.</li> </ul>
	• Tested, on sample basis, credit notes issued to customers for returns and discounts as per approved norms.
	<ul> <li>Performed analytical procedures on returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management's assessment of market conditions.</li> </ul>
	<ul> <li>Assessed the disclosures in Note 41(g) on significant accounting judgments, estimates and assumptions.</li> </ul>

Ind-AS 116 –Leases and Accounting for rent concession arrangements (as described in Note 4 and 41(k) of the Consolidated Ind AS Financial Statements)

As at March 31, 2021, the Group has ₹ 2,141.42 Crore of Right of use (RoU) assets and ₹ 2,463.40 Crore of Lease liabilities recognised under Ind AS 116 pertaining to the premises leased by the Group. During the year, considering the impact of

COVID 19 pandemic on its business, the Group negotiated rent concessions with its lessors.

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

Pursuant to the above amendment, the Group applied the practical expedient with effect from April 01, 2020. Accordingly, the Group accounted unconditional rent concessions of ₹ 343.72 Crore during the year as a reduction of rent expense in the Consolidated Statement of Profit and Loss.

Our audit procedures included the following:

- Assessed the Company's accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116, including accounting for rent concession arrangements.
- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Group has in relation to accounting of leases and rent concession arrangements under Ind AS 116.
- Tested the accuracy and completeness of the underlying lease master by agreeing the underlying data pertaining to lease rentals, term, escalation and other relevant terms and conditions to lease agreements and performed recomputation on a sample basis.
- Tested on a sample basis, the rent concessions accounted by the Holding Company, to agreed rent concession arrangements/ underlying documents, calculations and assessed the terms of the same against the requirements of the practical expedient under Ind AS 116.

Key audit matters	How our audit addressed the key audit matter
Accounting under Ind AS 116, requires significant judgement and estimate in identification of lease arrangement, determining the RoU assets and lease liabilities and related rent concessions based on terms of the underlying agreements. Hence, we considered this as a key audit matter.	<ul> <li>estimates including the applicable discount rates.</li> <li>Assessed the disclosures made in accordance with the requirements of Ind AS 116.</li> </ul>

# Recognition of Deferred tax assets (as described in Note 10 and 39 of the Consolidated Ind AS Financial Statements)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.	Our audit procedures included the following:
	• Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".
	<ul> <li>Involved tax specialists who evaluated the Holding Company's tax positions by assessing</li> </ul>
The Holding Company's ability to recognise previously un-recognised deferred tax assets	the prevalent tax laws.
is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the applicable tax laws.	<ul> <li>Assessed the consistency of financial projections used by management in assessing recoverability of deferred tax assets with the financial budgets approved by senior management of the Holding Company.</li> </ul>
applicable tax laws. As at March 31, 2021, the Group has recognised net deferred tax assets of ₹ 333.92 Crore. The recognition and measurement of deferred tax assets is a key audit matter as its recoverability within the allowed time frame involves estimate of the financial projections, availability of sufficient taxable income in the future and judgments in the interpretation of tax regulations and tax positions adopted by the Holding Company.	<ul> <li>Analysed the performance of the Holding Company and assessed the assumptions used in computation of future profits and expected utilisation of the unabsorbed business losses and unabsorbed depreciation, including understanding of management's estimate of business impact based on current market and economic conditions arising from the COVID 19 pandemic.</li> </ul>
	• Assessed the disclosures in Note 10 and 39 of the Consolidated Ind AS Financial Statements in accordance with the requirements of Ind AS 12 "Income Taxes".

**Directors Report** 

Corporate Governance Report

As at March 31, 2021, the Group held inventories of ₹ 1,846.96 Crore. Inventories are carried at lower of cost and net realisable value in accordance with the accounting policy of the Group.	and tested the operating effectiveness of controls
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AGM Notice

Corporate Governance Report

**Business Responsibility Report** 

Key audit matters	How our audit addressed the key audit matter
The Holding Company makes provision for inventory based on policy, past experience, current trend and future expectations of these materials depending upon the category of goods. Significant judgment is required in assessing the appropriate level of the provision for slow moving and/or obsolete inventory. Accordingly, we have considered provision on inventories to be a key audit matter.	• Compared the methodology used to calculate the inventory provision and its consistency with prior periods and obtained an understanding of management basis for changes.
	<ul> <li>Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on provision on inventories.</li> </ul>
	• Tested on a sample basis, the calculation of the provision as per the Holding Company's policy.
	<ul> <li>For specific provisions made, on a sample basis, assessed the basis and tested with management approvals.</li> </ul>
	• Tested on a sample basis, whether inventories are carried at the lower of cost and net realisable value.
	<ul> <li>Assessed the disclosures in Note 41(f) on significant accounting judgments, estimates and assumptions and Note 12 on Inventories.</li> </ul>

#### **Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report with respect to following sections, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

- Report of the Board of Directors (includes Management Discussion and Analysis) only with respect to the following sections
  - **Business Overview**
  - **Business Strategy**
  - **Financial Performance and Analysis**
  - **Risk Management**
  - Internal Control Systems and their Adequacy
  - Share Capital
  - Disclosure in terms of the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - **Corporate Governance Report**

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.

#### Responsibilities 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 including its joint venture 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 and of its joint venture 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 of its joint venture 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 Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

#### 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 Holding 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 and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture 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 and its joint venture of which we are the independent
  auditors, 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 Ind AS Financial Statements of which
  we are the independent auditors. For the other entities included in the Consolidated Ind AS
  Financial Statements, which have been audited by other auditors, such other auditors remain
  responsible for the direction, supervision and performance of the audits carried out by them.
  We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

We did not audit the financial statements and other financial information, in respect of six subsidiaries, whose financial statements include total assets of ₹ 991.90 Crore as at March 31, 2021, and total revenues of ₹ 50.79 Crore, net loss after tax of ₹ 69.63 Crore, total comprehensive loss of ₹ 69.68 Crore and net cash inflows of ₹ 62.06 Crore for the year ended on that date. These 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. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of ₹ 0.34 Crore and Holding Company's share of total comprehensive loss of ₹ 0.25 Crore for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial information have been audited by other auditors and whose report has 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 these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of such other auditors.

The independent auditors of one subsidiary in their audit report have reported that the consolidated financial statements of such subsidiary includes unaudited financial statements and other unaudited financial information in respect of a downstream subsidiary, whose financial statements and other financial information reflect total assets of ₹ 12.28 Crore as at March 31, 2021, and total revenues of ₹ Nil, total net loss after tax of ₹ 0.28 Crore, for the period ended on that date and cash inflows of ₹ 0.37 Crore for the period ended March 31, 2021. Such unaudited financial statements/ financial information have been approved and furnished to the other auditors by the Management and the other auditor's opinion, in so far as it relates to the amounts and disclosures included in respect of such subsidiary is based solely on unaudited financial statements/ financial information and explanations given by the Management, the financial statements/ financial information of such downstream subsidiary are not material to the entity.

The other auditors' opinion on the financial statements is not modified in respect of the above matter with respect to their reliance on the financial statements/financial information certified by the Management.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## 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 reports of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

- (a) We/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 purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid 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, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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 its subsidiary companies and joint venture, none of the directors of the Group's companies and its joint venture, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to the Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary companies and joint venture, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint venture incorporated in India, the remuneration paid to Managing Director and Whole time Directors of the Holding Company for the year ended March 31, 2021, being in excess of the limits prescribed under the provisions of section 197 read with Schedule V to the Act by ₹ 0.56 Crore, is subject to the approval of the shareholders of the Holding Company;
- (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 reports of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture, 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 and its joint venture in its Consolidated Ind AS Financial Statements Refer Note 46 to the Consolidated Ind AS Financial Statements;

- ii. The Group and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2021;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint venture, incorporated in India during the year ended March 31, 2021.

For **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala** Partner Membership Number: 208382 UDIN: 21208382AAAABU7970

Bengaluru May 28, 2021

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# Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Aditya Birla Fashion and Retail 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 Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to the Consolidated Ind AS Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its joint venture, 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to the Consolidated Ind AS 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Ind AS 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 with reference to the Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Ind AS Financial Statements.

## Meaning of Internal Financial Controls with reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to the Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting

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

## Inherent Limitations of Internal Financial Controls with reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Ind AS 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 Group and its joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to the Consolidated Ind AS Financial Statements and such internal financial controls with reference to the Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Ind AS Financial Statements of the Holding Company, in so far as it relates to three subsidiaries and a joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate incorporated in India.

For **S R B C & CO LLP** Chartered Accountants ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala** Partner Membership Number: 208382 UDIN: 21208382AAAABU7970

Bengaluru May 28, 2021

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

					₹ in Crore
		Notes	Page No.	As at March 31, 2021	As at March 31, 2020
A	SSETS				
1	Non-current assets				
	(a) Property, plant and equipment	3	284	574.71	642.89
	(b) Capital work-in-progress			37.60	44.08
	(c) Right-of-use assets	4a	285	2,141.42	2,206.85
	(d) Investment property	4c	286	1.92	-
	(e) Goodwill	5	287	1,997.26	1,983.06
	(f) Other intangible assets	5	287	699.65	107.20
	(g) Intangible assets under development			-	3.54
	(h) Financial assets				
	(i) Investment in joint venture	6a	290	66.93	-
	(ii) Other investments	6b	291	6.66	7.16
	(iii) Loans	7	291	2.59	3.43
	(iv) Security deposits	8	291	308.95	300.89
	(v) Other financial assets	9	291	0.46	0.39
	(i) Deferred tax assets (net)	10	292	333.92	194.96
	(j) Non-current tax assets (net)			24.89	22.48
	(k) Other non-current assets		293	71.92	77.75
	Total - Non-current assets			6,268.88	5,594.68
П	Current assets				
	(a) Inventories	12	293	1,846.96	2,366.78
	(b) Financial assets				
	(i) Current investments	13	294	344.31	7.04
	(ii) Loans	14	294	6.54	7.13
	(iii) Security deposits	15	294	100.90	108.33
	(iv) Trade receivables	16	295	730.47	840.46
	(v) Cash and cash equivalents	17	296	246.13	266.80
	(vi) Bank balance other than Cash and cash equivalents	18	298	15.62	0.14
	(vii) Other financial assets	19	298	211.17	177.97
	(c) Other current assets	20	298	400.49	396.23
	Total - Current assets			3,902.59	4,170.88
	TOTAL - ASSETS			10,171.47	9,765.56

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

CONSOLIDATED BALANCES				₹ in Crore
	Notes	Page No.	As at March 31, 2021	As at March 31, 2020
EQUITY AND LIABILITIES				
l Equity				
(a) Equity share capital	21	299	915.05	773.95
(b) Other equity	22	301	1,728.74	293.94
Equity attributable to owners of the Company			2,643.79	1,067.89
(c) Non-controlling interest	22	301	32.48	19.90
Total - Equity			2,676.27	1,087.79
II Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	305	814.37	856.93
(ii) Lease liabilities	4b	286	1,754.13	1,820.83
(iii) Deposits			167.28	109.78
(iv) Other financial liabilities	24	308	427.11	60.13
(b) Deferred tax liabilities (net)	10	292	0.31	7.25
(c) Provisions	25	308	95.84	100.10
(d) Other non-current liabilities	26	309	11.44	12.29
Total - Non-current liabilities			3,270.48	2,967.31
III Current liabilities				
(a) Financial liabilities				
(i) Borrowings	27	309	4.00	1,511.88
(ii) Lease liabilities	4b	286	709.27	680.97
(iii) Trade payables				
Total outstanding dues of micro enterprises and small enterprises	28	309	26.89	99.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	28	309	2,346.55	2,190.53
(iv) Deposits			130.73	153.40
(v) Other financial liabilities	29	310	801.50	879.38
(b) Provisions	30	311	91.98	88.73
(c) Other current liabilities	31	311	113.80	106.18
Total - Current liabilities			4,224.72	5,710.46
TOTAL - EQUITY AND LIABILITIES			10,171.47	9,765.56
Summary of significant accounting policies	2.3			

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

As per our report of even date For S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E/E300003

**per ADITYA VIKRAM BHAUWALA** Partner Membership No.: 208382 For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

GEETIKA ANAND (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

Place: Bengaluru Date : May 28, 2021

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

					₹ in Crore
		Notes	Page No.	Year ended March 31, 2021	Year ended March 31, 2020
I	Revenue from operations	32	312	5,248.92	8,787.86
	Other income	33	313	73.40	65.30
	Total income (l + ll)			5,322.32	8,853.16
IV	Expenses				
	(a) Cost of materials consumed	34a	314	421.25	785.59
	(b) Purchase of stock-in-trade	34b	314	1,526.72	3,800.77
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	34c	314	614.99	(362.21)
	(d) Employee benefits expense	35	315	865.39	1,068.08
	(e) Finance costs	36	315	502.60	424.71
	(f) Depreciation and amortisation expense	37	315	962.75	885.31
	(g) Rent expense	45a & 4a	339 & 285	10.67	487.02
	(h) Other expenses	38	316	1,255.15	1,796.78
	Total expenses			6,159.52	8,886.05
V	Loss before Share in Loss of Joint Venture and Tax (III - IV)			(837.20)	(32.89)
VI	Add: Share in Loss of Joint Venture			(0.34)	-
VII	Loss before tax (V+ VI)			(837.54)	(32.89)
VIII	Income tax expense				
	(a) Current tax	39	317	40.12	0.01
	(b) Deferred tax	39	317	(141.66)	132.12
				(101.54)	132.13
IX	Loss for the year (VII - VIII)			(736.00)	(165.02)
Х	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	(a) Re-measurement gains/ (losses) on defined benefit plans			2.89	4.37
	Income tax effect on above			(0.73)	(1.27)
	(b) Fair value gains/ (losses) on equity instruments			(0.50)	2.95
	Income tax effect on above			0.13	(0.74)
	Items that will be reclassified to profit or loss				
	(a) Exchange differences on translation of foreign operations			0.02	(0.06)
	Income tax effect on above				0.01
	Total other comprehensive income			1.81	5.26
XI	Total comprehensive income (IX + X)			(734.19)	(159.76)
XII	Loss attributable to				
	- Owners of the Company			(672.51)	(163.01)
	- Non-controlling interest			(63.49)	(2.01)
				(736.00)	(165.02)

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

				₹ in Crore
	Notes	Page No.	Year ended March 31, 2021	Year ended March 31, 2020
XIII Other comprehensive income attributable to				
- Owners of the Company			1.67	5.29
- Non-controlling interest			0.14	(0.03)
			1.81	5.26
XIV Total comprehensive income attributable to				
- Owners of the Company			(670.84)	(157.72)
- Non-controlling interest			(63.35)	(2.04)
			(734.19)	(159.76)
XV Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2020 : ₹ 10 )]	40	318		
Basic (₹ )			(8.23)	(2.10)
Diluted (₹ )			(8.23)	(2.10)
Summary of significant accounting policies	2.3			
The accompanying notes are an integral part of th	e consolid	ated fina	ncial statements.	

As per our report of even date For S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

Place: Bengaluru Date : May 28, 2021

**Directors Report** 

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ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021	ADITY TEMENT (	A BIRL/ DF CHA	A FASHIC NGES IN	IN AND EQUITY	RETAIL FOR TI	ADITYA BIRLA FASHION AND RETAIL LIMITED AENT OF CHANGES IN EQUITY FOR THE YEAR EN	DED MAR	CH 31, 2	021		
a. Equity share capital											
						As at March 31, 2021	1, 2021		As at March 31, 2020	:h 31, 202	0
					No. o	No. of shares	₹ in Crore		No. of shares		₹ in Crore
Equity shares of ₹ 10 each issued											
As at the beginning of the year					77,3	77,39,64,840	773.96		77,34,98,313		773.49
Equity shares under Rights Issue and Preferentia		tefer Not	Issue [Refer Note- 21(ii) & (iii)]	((iii))	16,3	16,32,68,882	163.27				1
Exercise of Options (Refer Note - 44)						5,02,441	0.50	20	466,527		0.47
As at the end of the year					93,7	93,77,36,163	937.73		77,39,64,840		773.96
						As at March 31, 2021	1, 2021		As at March 31, 2020	:h 31, 202	0
					No. 0	No. of shares	₹ in Crore		No. of shares	:	₹ in Crore
Equity shares of ₹ 10 each subscribed and fully	ly paid										
As at the beginning of the year					77,3	77,39,47,987	773.95		77,34,81,460		773.48
Equity shares under Rights Issue and Preferentia		efer Not	Issue [Refer Note- 21(ii) & (iii)]	[(iii) :	16,3	16,30,80,231	140.60		1		I
Exercise of Options (Refer Note - 44)						5,02,441	0.50	50	466,527		0.47
As at the end of the year					93,7	93,75,30,659	915.05		77,39,47,987		773.95
b. Other equity											
											₹ in Crore
Share Share		Reserv	<b>Reserves and surplus</b>	s		Other com	Other comprehensive income	me	Equity		Total other
application suspense	Securities	Retained	Share	Treasury	Capital	Remeasurement	Fair value	Foreign	attributable	controlling	equity
money account	premium	earnings	options	shares	reserve	gains/ (losses)	gains/	currency	to owners of	interest	
(Refer	(Refer		outstanding		(Refer	on defined	(losses)	translation	the Company		
allotment Note - 22)	Note - 22) N	Note - 22)	account	Note - 22)	Note - 22)	benefit plans	on equity	reserve			

													₹ in Crore
	Share	Share		Rese	<b>Reserves and surplus</b>	SI		Other com	Other comprehensive income	ome	Equity		Total other
	application money	suspense account	Securities premium	Retained earnings	Share options	Treasury shares	Capital reserve	Remeasurement gains/ (losses)	Fair value gains/	Foreign currencv	attributable to owners of	controlling interest	equity
	pending allotment (Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	outstanding account (Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	on defined benefit plans (Refer Note - 22)	(losses) on equity instruments (Refer	translation reserve (Refer Note-22)	the Company		
As at April 01, 2019	0.08	0.02	763.52	(152.09)	27.62		21.69	(5.44)	Note - 22)		655.40	.	655.40
Adjustments pursuant to adoption of Ind AS 116 (net of tax) (Refer Note- 4)		•	•	(129.82)	•	•					(129.82)	•	(129.82)
Pursuant to business combination (Refer Note - 22)	•	•	•	•	•	•	•	•	•	•	•	21.94	21.94
Loss for the year		•	•	(163.01)	•	•	•	•	•	•	(163.01)	(2.01)	(165.02)
Premium on exercise of Options	•	•	6.84	•	•	•	•	•		•	6.84	•	6.84
Other comprehensive income for the year	•		•	•	•	•		3.13	2.21	(0.05)	5.29	(0.03)	5.26
Recognition of Share based payment	•	•	•	•	19.81	•	•	•	•	•	19.81	•	19.81
Transfer to Securities Premium on exercise of Options	•		3.28	•	(3.28)	•		•	•	•	•	•	
Treasury shares held by ESOP trust	•	•	•	•	•	(100.49)	•			•	(100.49)	•	(100.49)
Share application money received/ (allotted) towards exercise of Options	(0.08)			•	•	•		•	•	•	(0.08)	•	(0.08)
As at March 31, 2020		0.02	773.64	(444.92)	44.15	(100.49)	21.69	(2.31)	2.21	(0.05)	293.94	19.90	313.84

ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021
--

				Rese	Reserves and surplus	lus		Other con	Other comprehensive income	ome	Equity	Non-	Non- Total other
lde	application money pending	1	Securities premium (Refer	Retained earnings (Refer	Share options outstanding	Treasury shares (Refer	Capital reserve (Refer	Remeasurement gains/ (losses) on defined	Fair value gains/ (losses)	Foreign currency translation		controlling interest	equity
ie Z	allotment (Refer Note - 22)	Note - 22)	Note - 22)	Note - 22)	account (Refer Note - 22)	No	Note - 22)	benefit plans (Refer Note - 22)	on equity instruments (Refer Note - 22)	reserve (Refer Note-22)	-		
As at April 01, 2020	•	0.02	773.64	(444.92)	44.15	(100.49)	21.69	(2.31)	2.21	(0.05)	293.94	19.90	313.84
Pursuant to business combination (Refer Note - 22)	•			•	•	•					•	450.14	450.14
Loss for the year	•	•	•	(672.51)	•	•	•	•	•	•	(672.51)	(63.49)	(736.00)
Share forfeiture during the year	•	•	•	•	•	•	0.19	•		•	0.19	•	0.19
Equity shares under Rights Issue and Preferential Issue [Refer Note- 21(ii) &iii)	•	•	2,097.49	1	1					•	2,097.49	1	2,097.49
Non-controlling Interest put option												(374.21)	(374.21)
Premium on exercise of Options	•	•	0.06		•		•	'		•	0.06		0.06
Other comprehensive income for the year	•		•	•		•	•	2.03	(0.37)	0.01	1.67	0.14	1.81
Recognition of Share based payment	•	•	•	•	11.87	•	•	•	•	•	11.87	•	11.87
Transfer to Securities Premium on exercise of Options		•	8.39	•	(8.39)	1	•	•	•	.		•	1
Treasury shares held by ESOP trust	•	•	•	•		(3.97)	•	•	•	•	(3.97)	•	(3.97)
As at March 31, 2021		0.02	2,879.58	(1,117.43)	47.63	(104.46)	21.88	(0.28)	1.84	(0.04)	1,728.74	32.48	1,761.22

For S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E/E300003 As per our report of even date

**per ADITYA VIKRAM BHAUWALA** Partner Membership No.: 208382

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021

VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

**Financial Statements** 

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228) Place: Bengaluru Date : May 28, 2021

Place: Mumbai Date : May 28, 2021

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

			₹ in Crore
	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities			
Loss before tax		(837.54)	(32.89)
Adjustments for:			
Depreciation and amortisation expense	37	962.75	885.31
Finance costs	36	500.38	421.96
Gain on retirement of right-of-use assets	33	(21.74)	(12.93)
Rent concession on lease rentals	4b, 41k & 45a	(343.72)	
Loss on sale/ discard of property, plant and equipment	38	0.72	2.77
Share-based payment to employees	35	11.70	20.02
Interest income	33	(2.42)	(0.38)
Liabilities no longer required written back		(3.83)	
Net gain on sale of current investments	33	(3.29)	(4.85)
Net Unrealised exchange (gain)/ loss		1.46	(2.64)
Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss		(27.08)	(24.26)
Provision for doubtful debts, deposits and advances	38	14.22	11.01
Bad debts written off	38	1.89	0.06
Share of loss of Joint Venture		0.34	-
Operating profit before working capital changes		253.84	1,263.18
Changes in working capital:			,
(Increase)/ decrease in trade receivables		102.43	(63.07)
(Increase)/ decrease in inventories		611.14	(431.56)
(Increase)/ decrease in other assets		(6.05)	(112.55)
Increase/ (decrease) in trade payables		69.33	(138.56)
Increase/ (decrease) in provisions		(7.64)	(12.37)
Increase/ (decrease) in other liabilities		83.57	145.47
Cash generated from operations		1,106.62	650.54
Income taxes paid (net of refund)		(2.82)	(6.50)
Net cash flows from operating activities		1,103.80	644.04
Cash flows from investing activities		,	
Purchase of property, plant and equipment, intangible assets and capital advance		(161.26)	(318.44)
Consideration on acquisition of/ investment in subsidiaries, net of cash acquired		15.56	(136.25)
Drawings by minority holder from Limited Liability Partnership Firm		(316.24)	-
Investments in joint venture		(67.18)	-
Purchase of current investments		(12,410.75)	(6,859.51)
Investment in treasury shares held by ESOP trust		(3.97)	(100.49)
Proceeds from sale of property, plant and equipment and intangible assets		2.74	6.15
Proceeds from sale/ maturity of current investments		12,083.44	6,857.32
Interest received		2.44	0.33
Net cash flows used in investing activities		(855.22)	(550.89)

#### ADITYA BIRLA FASHION AND RETAIL LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

			₹ in Crore
	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from financing activities			
Proceeds from issue of equity shares		0.50	7.23
Proceeds from Rights Issue (net off share issue expenses)	21(ii)	738.66	-
Proceeds from Preferential Issue (net off share issue expenses)	21(iii)	1,499.63	-
Proceeds from non-current borrowings (net off charges)		692.32	1,044.77
Proceeds from sale of property, plant and equipment under sale and leaseback arrangement		28.65	47.93
Proceeds/ (repayments) of current borrowings (net)		(1,513.38)	1,036.62
Repayment of non-current borrowings		(833.67)	(1,007.21)
Repayment of lease liabilities		(406.10)	(588.60)
Interest paid		(475.87)	(424.28)
Net cash flows from/ (used) in financing activities		(269.25)	116.46
Net increase/ (decrease) in cash and cash equivalents		(20.67)	209.61
Cash and cash equivalents at the beginning of the year		266.80	57.19
Cash and cash equivalents at the end of the year	17	246.13	266.80
Components of Cash and cash equivalents			
Balances with banks - on current accounts		91.97	159.54
Balances with banks - on deposit accounts (original maturity less than 3 months)		124.43	100.00
Balances with credit card companies		4.12	0.05
Balances with e-wallet companies		1.21	0.13
Cash on hand		14.48	7.08
Cheques/ drafts on hand		9.92	-
Total Cash and cash equivalents		246.13	266.80
The accompanying notes are an integral part of the co	nsolidated fi	nancial statements.	

As per our report of even date For S R B C & CO LLP **Chartered Accountants** ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382

Place: Bengaluru Date : May 28, 2021

**Directors Report** 

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021

VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

#### ADITYA BIRLA FASHION AND RETAIL LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## 1. CORPORATE INFORMATION

Aditya Birla Fashion and Retail Limited ("the Company" or "the Holding Company"), a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.

The Company, its subsidiaries (together referred to as the "Group") and its joint venture are engaged in the business of manufacturing and retailing of branded apparels and runs a chain of apparels and accessories retail stores in India.

The consolidated financial statements, as reviewed and recommended by the Audit Committee, have been approved by the Board of Directors in their meeting held on May 28, 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## 2.1 Basis of preparation

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

- Certain financial assets and liabilities (refer accounting policy regarding financial instruments);
- Defined employee benefit plans;
- Share-based payment; and
- Derivative financial instruments.

## 2.2 Functional and Presentation Currency:

The functional currency of the Company, its subsidiaries and its joint venture is determined on the basis of the primary economic environment in which it operates. The financial statements are presented in Indian Rupee ( $\mathfrak{T}$ ) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest Crore, unless otherwise stated. ( $\mathfrak{T}$  1 Crore is equal to  $\mathfrak{T}$  10 Million)

## 2.3 Summary of significant accounting policies

## (I) Principles of consolidation

The consolidated financial statements (CFS) comprise the financial statements of the Company and its Subsidiaries and Joint Venture. Subsidiaries are entities controlled by the Group. The CFS of the Group have been prepared in accordance with the Indian Accounting Standards on "Consolidated Financial Statements" (Ind AS 110) and "Investment in Associates and Joint Ventures" (Ind AS 28) notified under Section 133 of the Companies Act, 2013. The Group controls an investee only if the Group has:

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- 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.

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.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary and joint venture, the subsidiary and joint venture prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary and joint venture, unless it is impracticable to do so.

Consolidation procedures for subsidiaries:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent of the Group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### **Equity Accounted Investees:**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains resulting from the transaction between the Group and joint venture are eliminated to the extent of the interest in the joint venture, and deferred tax is made on the same.

When the Group's share of losses of joint venture equals or exceeds its interest in that joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the Consolidated Statement of Profit and Loss separately.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the Consolidated Statement of Profit and Loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

## (II) Current versus non-current classification

**Directors Report** 

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

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; •
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents 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.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## (III) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents assets, liabilities, income and expenses which relate to the Group as a whole and are not allocated to the segments.

## Inter-segment transfers

The Group generally accounts for inter-segment sales at arm's length basis in a manner similar to transactions with third parties.

Corporate Governance Report

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items

Unallocated items include general corporate income, expense and other common assets and liabilities which are not allocated to any business segment.

#### Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

#### (IV) Fair value measurements and hierarchy

The Group measures financial instruments, such as investments (other than equity investments in joint ventures) and derivatives at fair value at each Consolidated 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 (a)
- (b) 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.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

## (V) Foreign currencies

**Directors Report** 

## Transactions and balances:

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Consolidated Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or the Consolidated Statement of Profit and Loss are also reclassified in OCI or the Consolidated Statement of Profit and Loss, respectively).

For the purposes of presenting these consolidated financial statements, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Indian Rupees, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of the transaction. Exchange differences arising on translation for consolidation are recognised in OCI and accumulated in other equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to non-controlling interest.

## (VI) Revenue from contracts with customers

Revenue from contracts with customers is recognised upon transfer of control of promised goods/ services to customers at an amount that reflects the consideration to which the Group expect to be entitled for those goods/ services.

To recognize revenues, the Group applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

#### Revenue from sale of products

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Goods and Service Tax (GST) is not received by the Group in its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

#### Assets and liabilities arising from right to return

The Group has contracts with customers which entitles them the unconditional right to return.

#### Right to return assets

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

## **Refund liabilities**

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its right to return assets and refund liabilities as required under Ind AS 115 in the consolidated financial statements.

## Income from gift voucher

Gift voucher sales are recognised when the vouchers are redeemed, and the goods are sold to the customer.

## Loyalty points programme

The Group operates a loyalty programme which allows customers to accumulate points on purchases made in retail stores. The points give rise to a separate performance obligation as it entitles them for redemption as settlement of future purchase transaction price. Consideration received is allocated between the sale of products and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of points is determined by applying statistical techniques based on the historical trends.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Consideration allocated to reward points is deferred and recognised when points are redeemed or when the points expire. The amount of revenue is based on the value of points redeemed/ expired.

#### Income from services

Income from services is recognised as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes.

## Interest income

Interest income on all debt instruments is measured at amortised cost. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in other income in the Consolidated Statement of Profit and Loss.

#### Export incentives income

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

## Commission income

In case of sales of goods, where the Group is an agent in the transaction, the difference between the revenue and the cost of the goods sold is disclosed as commission income in other operating income.

## (VII) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with:

- When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, at a below-market rate of interest, the effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised and measured at fair value, and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

## (VIII) 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Consolidated Statement of Profit and Loss.

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

## (IX) Taxes

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

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

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

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

Tax benefits acquired as a part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information is received or circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition, if they result from new information obtained about facts and circumstances existing at the acquisition date.

Minimum Alternate Tax (MAT) paid in a year is charged to the Consolidated Statement of Profit and Loss as current tax for the year. Since the Group had adopted the new tax regime in the Financial Year 2019-20 under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019, MAT is not applicable to the Group.

Current tax and deferred tax relating to items recognised outside the Consolidated Statement of Profit and Loss are recognised outside the Consolidated Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### (X) Property, plant and equipment

Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes borrowing costs for long-term construction projects, if the recognition criteria is met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss, during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any.

#### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is provided on a pro rata basis from the month of installation or acquisition. Depreciation on deletions/ disposals is provided on a pro rata basis upto the month preceding the month of deletions/ disposals. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following rates to provide depreciation on its tangible fixed assets:

Corporate Governance Report

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(a) Assets where useful life is same as Schedule II

Useful life as prescribed by Schedule II of the Companies Act, 2013
30 years
5 years
5 years
5 years
10 years
-

#### (b) Assets where useful life differ from Schedule II

Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Other than continuous process plant (single shift)	15 years	20 years
Plant and machinery – retail stores	15 years	5 – 6 years
Furniture and fittings – retail stores	10 years	5 – 6 years
Furniture and fittings – shop in shop stores	10 years	3 years
Motorcycles, scooters and other mopeds	10 years	5 years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	6 years for motor cars and 8 years for motor buses and motor lorries	4 – 5 years
Servers, end user devices, such as desktops, laptops, etc.	3 years for end user devices and 6 years for servers	4 years
Furniture and fittings (other than retail stores)	10 years	7 years
Office electrical equipment	5 years	4 years
Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 years	5 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

#### Leasehold assets

Assets	Estimated useful life
Leasehold improvements at stores	5 to 6 years or period of lease, whichever is shorter
Leasehold improvements other than stores	Period of lease

Based on managements' assessment, items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use or useful life of class of asset to which these assets belong.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

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.

#### (XI) Investment properties

Investment property is freehold land and structure, held to earn rental income or for capital appreciation or both, but not for sale in ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment properties using cost-based measurement, the fair value of investment properties are disclosed in the notes. Fair value is determined on the basis of assessable market value of the property as per rate specified by Government Authority. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Consolidated Statement of Profit and Loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment properties the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment properties only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### (XII) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Consolidated Statement of Profit and Loss, in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life 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 with a finite

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useful life are reviewed at least at the end of each reporting period and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

## Amortisation methods and periods

A summary of amortisation policies applied to the Group's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis
Brands/ trademarks	10 years	Amortised on straight-line basis, except where the Brand/Trademark is considered to have indefinite life
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	20 years	Amortised on straight-line basis over the period of franchise agreement (For the year ended March 31, 2020 useful life was considered as 12 years)*
Non-Compete	7 years	Amortised on straight-line basis

\*Consequent to change in the tenure of the Franchisee rights, the useful life has been reestimated. The impact of such re-estimation is not material to the consolidated financial statements for the year ended March 31, 2021.

## (XIII) Business combination and goodwill

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, goodwill on business combination is initially measured at cost, being the excess of the sum of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit(CGU) to which goodwill has been allocated is tested for impairment annually as at reporting date. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

#### (XIV) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/external factors. An impairment loss, if any, is charged to the Consolidated Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually as at reporting date. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit and Loss.

Reversal of impairment losses except on goodwill is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## (XV) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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 assess whether:

- The contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when
  it has the decision-making rights that are most relevant to changing how and for
  what purpose the asset is used. In rare cases where the decision about how and for
  what purpose the asset is used is predetermined, the Group has the right to direct
  the use of the asset either the Group has the right to operate the asset; or the Group
  designed the asset in a way that predetermines how and for what purpose it will be
  used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

## Where the Group is the lessee

## Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for short-term leases which are less than 12 months and leases of low value assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain remeasurements of the lease liability.

#### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments. The lease liabilities are measured at amortised cost using the effective interest method.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification arising due to change in the lease term, change in the lease payments or a change in the assessment of an option to purchase the underlying asset. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property, and lease liabilities, separately in the Consolidated Balance Sheet.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as an operating lease. Assets subject to operating leases are included in the property, plant and equipment. Rental income on an operating lease is recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Consolidated Statement of Profit and Loss.

#### Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

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Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
- (iii) There is no substantive change to other terms and conditions of the lease.

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

## (XVI) Financial instruments

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

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Consolidated Statement of Profit and Loss are recognised immediately in the Consolidated Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories:

- (a) <u>Non-derivative financial assets</u>
  - (i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

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

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in the Consolidated Statement of Profit and Loss and is included in the 'Other income' line item.

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Consolidated Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (refer above) are measured at FVTPL. In addition, financial assets that meet the

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(iv) Equity investments

All equity investments (other than investments in joint ventures) are measured at fair value as per Ind AS 109. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrumentby-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Impairment of financial assets:

The Group applies simplified approach of expected credit loss model for recognising impairment loss on lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Expected credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial

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instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Consolidated Balance Sheet.

#### (b) Non derivative financial liabilities

(i) Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(1) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments

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issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(2) Compound financial instruments:

The component parts of compound financial instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(3) Financial liabilities:

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may, be designated as at FVTPL upon initial recognition, if:

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- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Consolidated Statement of Profit and Loss.

However, financial liabilities that are not held-for-trading and are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Consolidated Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Consolidated Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Consolidated Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in other comprehensive income under other equity and are not subsequently reclassified to the Consolidated Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

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(ii) Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all of the facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the Consolidated Statement of Profit and Loss as 'Finance costs'.

(iii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Consolidated Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the Consolidated Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Consolidated Statement of Profit and Loss.

#### De-recognition of financial assets and financial liabilities

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group

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recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Consolidated Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (for example: when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Consolidated Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised and the part that is no longer recognised on the basis of solutions the part that is no longer recognised and the part that is no longer that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group de-recognises financial liabilities only when the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

#### Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# (XVII) Derivative financial instruments

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Consolidated Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the Consolidated Statement of Profit and Loss when the hedge item affects the Consolidated Statement of 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.

## (XVIII) Inventories

**Directors Report** 

Raw materials, components, stores and spares, and packing materials are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Traded goods, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. Work-in-progress and finished goods include costs of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing cost. Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Proceeds in respect of sale of raw materials/ stores are credited to the respective heads. Obsolete and defective inventory are duly provided for, basis the management estimates (Refer Note - 41).

## (XIX) Provisions and contingent liabilities

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss, net of any reimbursements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Refer Note - 41).

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (Refer Note – 46).

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

## (XX) Employee benefits

(a) <u>Short-term employee benefits</u>

Short-term employee benefits are recognised as an expense on accrual basis.

(b) Defined contribution plan

The Group makes defined contribution to the Government Employee Provident Fund and Superannuation Fund, which are recognised in the Consolidated Statement of Profit and Loss, on accrual basis. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

# (c) <u>Defined benefit plan</u>

The Group operates a defined benefit gratuity plan in India. The Group contributes to a gratuity fund maintained by an independent insurance company. The Group's liabilities under The Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Consolidated Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Consolidated Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net Interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. These are presented as re-measurement gains or losses on defined benefit plans

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Consolidated Statement of Profit and Loss.

(d) <u>Compensated absences</u>

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation in the Consolidated Statement of Profit and Loss.

The Group presents the entire leave as a current liability in the Consolidated Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

## (XXI) Share-based payment

Employees of the Group receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. Equitysettled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equitysettled share options outstanding account.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met.

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

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability using a binomial method. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Consolidated Statement of Profit and Loss for the year.

The Group has created an "ABFRL Employee Welfare Trust" (ESOP Trust) and uses it as a vehicle for distributing shares to employees under the Employee Stock Option Scheme 2019 or any subsequent Stock Option Scheme. The trust purchase shares of the Company

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

from the market, for giving shares to employees. The Group treats trust as its extension and shares held by trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

## (XXII) Earnings per share

**Directors Report** 

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

# (XXIII) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Balance Sheet and for the purpose of the Consolidated Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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#### Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 3 **PROPERTY, PLANT AND EQUIPMENT**

Directors Report

									t in Crore
	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
Cost									
As at April 01, 2019	5.92	39.11	184.48	267.39	102.30	509.87	130.10	13.13	1,252.30
Additions	-	3.63	67.17	55.32	27.91	120.68	8.94	4.93	288.58
Addition pursuant to business combination (Refer Note - 47)	-	-	0.21	2.97	0.09	1.15	0.48	0.06	4.96
Disposals	-	-	35.14	24.72	16.97	121.14	5.59	2.16	205.72
As at March 31, 2020	5.92	42.74	216.72	300.96	113.33	510.56	133.93	15.96	1,340.12
Additions	-	0.62	24.75	44.93	9.05	62.28	6.12	0.41	148.16
Addition pursuant to business combination (Refer Note - 47)	-	-	7.37	2.49	1.01	12.06	1.53	0.81	25.27
Disposals	-	-	22.72	21.84	4.77	70.85	4.15	3.44	127.77
As at March 31, 2021	5.92	43.36	226.12	326.54	118.62	514.05	137.43	13.74	1,385.78
Depreciation									
As at April 01, 2019	-	2.66	64.75	124.34	66.72	291.94	62.78	2.74	615.93
Depreciation for the year (Refer Note - 37)	-	1.45	39.54	52.17	22.27	102.69	7.77	4.02	229.91
Disposals	-	-	24.62	23.68	12.77	82.57	3.81	1.16	148.61
As at March 31, 2020	-	4.11	79.67	152.83	76.22	312.06	66.74	5.60	697.23
Depreciation for the year (Refer Note - 37)	-	1.56	39.81	49.76	17.61	88.93	7.35	3.77	208.79
Disposals	-	-	17.12	20.92	4.73	46.13	3.25	2.80	94.95
As at March 31, 2021	•	5.67	102.36	181.67	89.10	354.86	70.84	6.57	811.07
Net carrying value as at:									
March 31, 2021	5.92	37.69	123.76	144.87	29.52	159.19	66.59	7.17	574.71
March 31, 2020	5.92	38.63	137.05	148.13	37.11	198.50	67.19	10.36	642.89

#### Net carrying value

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	574.71	642.89
Total	574.71	642.89

\*The title deeds of immovable properties, included in Property, plant and equipment above are held in the name of the Group except for Freehold land (12 cases) and Freehold building (1 case) amounting to ₹ 5.92 Crore and ₹ 0.13 Crore respectively (Gross Block), which are held in the name of the demerged companies and is in the process of being transferred to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### NOTE - 4 **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

### (a) Right-of-use assets

-							₹ in Crore
	Land	Building	Plant and equipment	Computers	Furniture and fixtures	Office equipment	Total
Cost							
As at April 01, 2019	-	-	-	-	-	-	-
Asset Recognised as on April 01, 2019	-	1,815.77	-	-	-	-	1,815.77
Reclassification from prepayments pursuant to adoption of Ind AS 116	10.42	70.90	-	-	-	-	81.32
Additions	-	969.74	9.56	3.70	38.77	1.62	1,023.39
Addition pursuant to business combination (Refer Note - 47)	-	18.69	-	-	-	-	18.69
Disposals	-	119.43	-	-	-	-	119.43
As at March 31, 2020	10.42	2,755.67	9.56	3.70	38.77	1.62	2,819.74
Additions	-	741.37	6.96	0.20	51.42	2.32	802.27
Addition pursuant to business combination (Refer Note - 47)	0.27	30.46	-	-	-	-	30.73
Disposals	-	250.66	-	-	-	-	250.66
As at March 31, 2021	10.69	3,276.84	16.52	3.90	90.19	3.94	3,402.08
Depreciation							
As at April 01, 2019	-	-	-	-	-	-	-
Depreciation for the year (Refer Note - 37)	0.39	631.00	0.04	0.02	0.18	0.01	631.64
Disposals	-	18.75	-	-	-	-	18.75
As at March 31, 2020	0.39	612.25	0.04	0.02	0.18	0.01	612.89
Depreciation for the year (Refer Note - 37)	0.13	723.16	1.74	-	7.33	0.04	732.40
Disposals	-	84.63	-	-	-	-	84.63
As at March 31, 2021	0.52	1,250.78	1.78	0.02	7.51	0.05	1,260.66
Net carrying value as at:							
As at March 31, 2021	10.17	2,026.06	14.74	3.88	82.68	3.89	2,141.42
As at March 31, 2020	10.03	2,143.42	9.52	3.68	38.59	1.61	2,206.85

Net carrying value

#### ₹ in Crore

	As at March 31, 2021	As at March 31, 2020
Right-of-use assets	2,141.42	2,206.85
Total	2,141.42	2,206.85

9.83

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(b) Lease liabilities

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening balance	2,501.80	-
Liabilities recognised as on April 01, 2019	-	2,109.42
Additions	758.25	1,002.28
Addition pursuant to business combination (Refer Note - 47)	31.99	19.24
Retirements	(173.40)	(113.61)
Interest expense on lease liabilities	224.91	211.99
Rent concession (Refer Note - 41k)	(343.72)	-
Payments	(536.43)	(727.52)
Closing balance	2,463.40	2,501.80
Current	709.27	680.97
Non-current	1,754.13	1,820.83

The Group adopted Ind AS 116 "leases" effective April 01, 2019 using modified retrospective method. The Group has recognised on April 01, 2019, right-of-use assets of ₹ 1,815.77 Crore and lease liabilities of ₹ 2,109.42 Crore, and the adjustment (i.e. charge) to the retained earnings as at April 01, 2019 is ₹ 129.82 Crore (net of straight lining of lease rentals of ₹ 94.10 Crore and deferred tax of ₹ 69.73 Crore).

For maturity analysis of lease liabilities, refer Note - 45a.

#### (c) Investment Property

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Freehold Land and Structure	1.92	-
Total	1.92	-

#### Fair value of investment property

The above fair value has been arrived on the basis of assessable market value of the above property as per rate specified by Directorate of Registration and Stamp Revenue, Government of West Bengal.

Estimation of fair value: The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## NOTE - 5 **GOODWILL AND OTHER INTANGIBLE ASSETS**

**Directors Report** 

							₹ in Crore
	Goodwill	Brands/ Trademarks	Computer software	Technical know-how	Franchisee rights	Non-Compete right	Total
Cost							
As at April 01, 2019	1,859.60	27.89	65.56	1.84	33.81	-	1,988.70
Additions	-	-	16.56	-	-	-	16.56
Addition pursuant to business combination (Refer Note - 47)	123.46	51.88	0.02	-	-	3.00	178.36
Disposals	-	-	1.29	-	-	-	1.29
As at March 31, 2020	1,983.06	79.77	80.85	1.84	33.81	3.00	2,182.33
Additions	-	0.17	7.34	-	-	-	7.51
Addition pursuant to business combination (Refer Note - 47)	14.20	606.50	-	-	-		620.70
Disposals	-	-	0.26	-	-	-	0.26
As at March 31, 2021	1,997.26	686.44	87.93	1.84	33.81	3.00	2,810.28
Amortisation							
As at April 01, 2019	-	9.83	51.07	0.96	7.73	-	69.59
Amortisation for the year (Refer Note - 37)	-	6.55	13.78	0.32	2.82	0.29	23.76
Disposals	-	-	1.28	-	-	-	1.28
As at March 31, 2020	-	16.38	63.57	1.28	10.55	0.29	92.07
Amortisation for the year (Refer Note - 37)	-	8.54	11.64	0.20	1.18	-	21.56
Disposals	-	-	0.26	-	-	-	0.26
As at March 31, 2021	-	24.92	74.95	1.48	11.73	0.29	113.37
Net carrying value as at:							
March 31, 2021	1,997.26	661.52	12.98	0.36	22.08	2.71	2,696.91
March 31, 2020	1,983.06	63.39	17.28	0.56	23.26	2.71	2,090.26

### Net carrying value

₹	in	Crore
`		CIUIE

	As at March 31, 2021	As at March 31, 2020
Goodwill	1,997.26	1,983.06
Other intangible assets	699.65	107.20
Total	2,696.91	2,090.26

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 5A IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through various business combinations have been allocated to the six Cash-Generating Units (CGUs) as below:

- 1. Pantaloons CGU
- 2. Madura Fashion & Lifestyle CGU
- 3. Forever 21 CGU
- 4. Jaypore CGU
- 5. Finesse CGU
- 6. Sabyasachi CGU

# Pantaloons CGU

During the year ended March 31, 2013, the Company acquired the Pantaloons format business ('Pantaloons business') from Future Retail Limited ("FRL"), which consisted of fashion retail business operating under the brand name "Pantaloons". Pantaloons is a leading large format fashion retailer engaged in retailing of apparel and accessories. The business thus acquired is Pantaloons CGU.

# Madura Fashion & Lifestyle CGU

Pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") were transferred to the Company on a going concern basis, w.e.f. April 01, 2015.

Madura Undertaking is a leading premium branded apparel player in India with brands like Louis Philippe, Van Heusen, Allen Solly and Peter England, and MGL Retail Undertaking is primarily engaged in promoting lifestyle brands and having licences to retail various international brands like Armani Collezioni, Hugo Boss, Versace Collection and many more under one roof, 'The Collective'. Both these divisions jointly comprise the Madura Fashion & Lifestyle CGU.

# Forever 21 CGU

Effective July 01, 2016, the Company acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of operating retail stores in India for the sale of clothing, artificial jewellery, accessories and related merchandise under the brand name "Forever 21" ("F21"), and is considered as a separate CGU.

# Jaypore CGU

Effective July 02, 2019, the Company entered in a Share Purchase Agreement(s) with Jaypore E-Commerce Private Limited ("Jaypore") and TG Apparel & Decor Private Limited ("TG Apparel") which sells ethnic fashion merchandise under its own brand "Jaypore" and of other third-party brands through stores and on-line channels. Consequent to the above, Jaypore, Jaypore Inc., USA (an overseas wholly-owned subsidiary of Jaypore) and TG Apparel become wholly-owned subsidiaries of the Company. These Companies together are considered as a separate CGU "Jaypore CGU". Also, refer Note - 47.

Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore was dissolved on September 21, 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### Finesse CGU

**Directors Report** 

Effective July 26, 2019, the Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"), which is primarily engaged in the business of occasional and ceremonial contemporary apparel for men and women under the brand name 'Shantanu & Nikhil'. Finesse became the subsidiary of the Company and is considered as a separate CGU "Finesse CGU". Also, refer Note - 47.

### Sabyasachi CGU

Effective February 24, 2021, the Company entered into Agreement with Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm ("Sabyasachi") with a profit share of 51% to the Company, which is engaged in the business of manufacturing, distribution and sale of designer apparel, accessories and jewellery under its own brand 'Sabyasachi' (the "Brand" or "Brand – 'Sabyasachi"). Sabyasachi is India's largest and most influential luxury designer brands with strong Indian roots and global appeal. The Brand straddles categories such as apparel, accessories and jewellery and has a strong franchisee network in India, US, UK, and the Middle East. Considering the terms of the Agreement, Sabyasachi Calcutta LLP became the subsidiary of the Company and is considered as a separate CGU "Sabyasachi CGU". Also refer Note - 47.

For the purpose of Segment reporting, Madura Fashion & Lifestyle, Forever 21, Jaypore, Finesse and Sabyasachi CGUs have been aggregated to form Madura Fashion & Lifestyle segment in accordance with Ind AS 108.

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Pantaloons CGU	1,167.55	1,167.55
Madura Fashion & Lifestyle CGU	627.67	627.67
Forever 21 CGU	64.38	64.38
Jaypore CGU	88.44	88.44
Finesse CGU	35.02	35.02
Sabyasachi CGU	14.20	-
Total	1,997.26	1,983.06

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

### Disclosures with respect to Goodwill allocated to the CGUs

### Value in use calculation of CGUs

The recoverable amount of the CGUs (except Sabyasachi CGU) as at March 31, 2021, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three years period ended March 31, 2024 and financial year 2025 and 2026 has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2026 using the terminal growth rate of 6.00%. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management did not identify impairment for these CGUs.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Considering investment was made in Sabyasachi Calcutta LLP only in February 2021, impairment assessment will be performed in the ensuing years.

	Terminal gro	owth rate	Discoun	t rate
	As at	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Pantaloons CGU	6.00%	6.00%	13.64%	17.20%
Madura Fashion & Lifestyle CGU	6.00%	6.00%	14.41%	18.79%
Forever 21 CGU	6.00%	6.00%	15.41%	19.26%
Jaypore CGU	6.00%	5.00%	19.58%	15.90%
Finesse CGU	6.00%	5.00%	16.04%	14.40%

## Key assumptions used for value in use calculations

### **Discount rates:**

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings of the respective CGU. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

### Growth rate estimates:

Rates are based on published industry research. Growth rate is based on the Group's projection of business and growth of the industry in which the Group is operating. The growth rate is in line with the long-term growth rate of the industry except for Forever 21 CGU, Jaypore CGU and Finesse CGU. The growth rate of these CGUs considers the Group's plan to launch new stores/ expected same store growth, digital e-commerce and change in merchandise.

# NOTE - 6

## (a) INVESTMENT IN JOINT VENTURE

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Joint Venture (Refer Note - 47b)		
Share in Net Assets	38.13	-
Goodwill	29.05	-
Equity Investment in Joint Venture - at cost	67.18	-
Share in loss after tax (including other comprehensive income) of Joint Venture	(0.25)	-
Total	66.93	-

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### (b) OTHER INVESTMENTS: (Carried at fair value through other comprehensive income)

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Unquoted equity instruments		
7,000 (March 31, 2020: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	6.66	7.16
Total	6.66	7.16
* Decrease is on account of fair valuation.		
Aggregate book value of unquoted investments	73.59	7.16
Aggregate amount of impairment in value of investments	-	-

# NOTE - 7 **NON-CURRENT FINANCIAL ASSETS - LOANS**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	2.59	3.43
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
Total	2.59	3.43
Credit impaired		

#### NOTE - 8 **NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 48)	5.64	7.70
Unsecured, considered good	303.31	293.19
Unsecured, considered doubtful	0.14	0.01
Provision for doubtful deposits	(0.14)	(0.01)
Total	308.95	300.89

## NOTE - 9 **NON-CURRENT FINANCIAL ASSETS - OTHERS**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Other bank balance		
Bank deposits with more than 12 months maturity from the	0.46	0.39
Balance Sheet date		
Total	0.46	0.39

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## NOTE - 10 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

, (,		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Deferred tax assets	333.92	194.96
Deferred tax liabilities	0.31	7.25

# Deferred tax assets/ (liabilities) relates to the following:

					₹ in Crore
		Consolidated Balance Sheet		Consolidated of Profit a	
		As at March 31, 2021	As at March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation and amortisation expense		(260.27)	42.99	303.26	(1.10)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961		23.06	45.37	22.31	8.30
Provision for share-based payment		0.73	2.49	1.76	7.13
Loss as per income tax computations available for offsetting against future taxable income		477.05	17.74	(459.31)	75.53
MAT credit (entitlement)/ write- off		-	-	-	21.84
Intangibles recognised in business combinations (Refer Note - 47)		(12.60)	(13.93)	(1.33)	-
Deferred tax impact on share of loss in joint venture		-	-	(0.09)	-
Impact of Ind AS 116					
a) Lease equalisation charges					35.18
b) ROU assets and lease liabilities		105.19	91.29	(13.90)	(21.37)
Others		(2.50)	3.14	5.64	6.61
	(A)	330.66	189.09	(141.66)	132.12
Other comprehensive income	(B)	(1.98)	(1.38)	0.60	2.00
Intangibles recognised in business combinations (Refer Note - 47)	(C)	4.93	-	-	-
Deferred tax (income)/ expense	(A+B)			(141.06)	134.12
Net deferred tax assets/ (liabilities)	(A+B+C)	333.61	187.71		

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Reconciliation of deferred tax assets/ (liabilities):

(nabinees).			₹ in Crore
Deferred tax	assets (net)	Deferred tax li	iabilities (net)
As at	As at	As at	As at
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
194.96	263.38	(7.25)	-
-	69.73	-	-
4.93	-	-	(11.28)
134.72	(136.10)	6.94	3.98
(0.09)	-	-	-
(0.60)	(2.05)	-	0.05
333.92	194.96	(0.31)	(7.25)
	As at March 31, 2021 194.96 - 4.93 134.72 (0.09) (0.60)	Deferred tax         assets (net)           As at         As at           March 31, 2021         March 31, 2020           194.96         263.38           -         69.73           4.93         -           134.72         (136.10)           (0.60)         (2.05)	Deferred tax assets (net)         Deferred tax lassets (net)           As at         As at         As at           March 31, 2021         March 31, 2020         March 31, 2021           194.96         263.38         (7.25)           -         69.73         -           4.93         -         -           134.72         (136.10)         6.94           (0.09)         -         -           (0.60)         (2.05)         -

### **NOTE - 11 OTHER NON-CURRENT ASSETS**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Capital advances	1.29	9.70
Prepayments	18.08	14.39
Advances to suppliers	3.00	-
Balances with government authorities (other than income tax)	47.00	51.82
Other receivables	2.55	1.84
Total	71.92	77.75

#### **NOTE - 12 INVENTORIES**

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
At lower of cost and net realisable value		
Raw materials	196.02	188.14
Includes Goods-in-transit ₹ 71.57 Crore (March 31, 2020: ₹ 33.52 Crore)		
Work-in-progress	33.74	22.25
Finished goods	158.09	186.98
Stock-in-trade	1,432.50	1,952.11
Includes Goods-in-transit ₹ 18.05 Crore (March 31, 2020: ₹ 4.21 Crore)		
Stores and spares	9.99	2.49
Packing materials	16.62	14.81
Total	1,846.96	2,366.78

During the year ended March 31, 2021, ₹ 19.95 Crore (March 31, 2020: ₹ 78.91 Crore) is recognised as an expense for inventories carried at net realisable value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### **NOTE - 13** CURRENT INVESTMENTS (Carried at fair value through profit and loss)

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Quoted investments		
Aditya Birla Sun Life Liquid Fund - Growth-Direct Plan (formerly known as Aditya Birla Sun Life Cash Plus)	170.61	-
(March 31, 2021: 51,46,153.781 units, March 31, 2020: Nil)		
Aditya Birla Sun Life Overnight Fund - Growth- Direct Plan	128.92	-
(March 31, 2021: 11,58,380.796 units, March 31, 2020: Nil)		
HDFC Ultra Short Term Fund - Regular - Growth Plan	22.03	-
(March 31, 2021: 1,85,94,443.411 units (March 31, 2020: Nil)		
DSP Floater Fund - Regular - Growth Plan	22.00	-
(March 31, 2021: 2,18,85,315.269 units (March 31, 2020: Nil)		
Aditya Birla Sunlife Liquid Fund	0.75	7.04
(March 31, 2021: 22,623.47, March 31, 2020: 2,20,441.32 units)		
Total	344.31	7.04
Aggregate book value of quoted investments	344.31	7.04
Aggregate market value of quoted investments	344.31	7.04

## **NOTE - 14 CURRENT FINANCIAL ASSETS - LOANS**

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	6.54	7.13
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
Total	6.54	7.13

### **NOTE - 15 CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

	₹ in Crore
As at March 31, 2021	As at March 31, 2020
100.90	108.33
8.04	3.76
(8.04)	(3.76)
100.90	108.33
	March 31, 2021 100.90 8.04 (8.04)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## **NOTE - 16 TRADE RECEIVABLES**

**Directors Report** 

	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
730.47	840.46
730.47	840.46
	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
70.57	62.51
659.90	777.95
	-
26.33	19.64
756.80	860.10
(26.33)	(19.64)
(26.33)	(19.64)
730.47	840.46
	March 31, 2021 730.47 730.47 As at March 31, 2021 70.57 659.90 - 26.33 756.80 (26.33) (26.33)

No trade or other receivables is due from directors or other officers of the Group either severally or jointly with any other person.

Trade receivables are generally non-interest bearing and on terms of 30 to 180 days.

Based on the risk profiling for each category of customer, the Group has not evaluated credit risk where the risk is mitigated by collateral. The Group has therefore evaluated credit risk for departmental, depletion, e-commerce customers. Any customer related specific information has been factored over and above the probability of default (PD). The Group uses provision matrix to determine impairment loss allowance on its portfolio of receivables. The provision matrix takes into account historical credit loss experience over the expected life of the trade receivables and is adjusted for forward-looking estimates/ information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

## Ageing

Expected credit loss (%)					
As at Marc	h 31, 2021	As at March	ו 31, 2020		
Departmental stores	Depletion key accounts	Departmental stores	Depletion key accounts		
-	-	0.04%	0.33%		
-	-	0.09%	1.07%		
-	-	0.13%	1.18%		
-	-	0.16%	1.54%		
-	-	0.17%	2.17%		
-		0.17%	2.17%		
-	Departmental stores - - - - -	As at March 31, 2021 Departmental Depletion key accounts	As at March 31, 2021As at MarchDepartmental storesDepletion key accountsDepartmental stores0.04%0.09%0.13%0.16%0.17%		

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### Ageing of receivables on which impairment allowance of doubtful debts is applied\*

				₹ in Crore	
	As at Marc	h 31, 2021	As at March 31, 2020		
	Departmental stores	Depletion key accounts	Departmental stores	Depletion key accounts	
Not due	-	-	209.63	15.34	
0-90 days	-	-	104.92	16.79	
91-180 days	-	-	-	-	
181-270 days	-	-	-	-	
271 - 365 days	-	-	-	-	
1-2 years	-	-	-	-	
Total	-		314.55	32.13	

\* The amount is net of provision for discount and refund liabilities.

#### Movement in the expected credit loss allowance

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
As at the beginning of the year	19.64	10.44
On account of business combination (Refer Note - 47)	0.40	-
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	(0.40)	(0.68)
Specific provision made/ (reversed)	6.69	9.88
As at the end of the year*	26.33	19.64

\* Includes expected credit loss allowance based on the provision matrix of ₹ Nil (March 31, 2020: ₹ 0.40 Crore).

## **NOTE - 17** CASH AND CASH EQUIVALENTS

•		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Balances with banks		
Current accounts	91.97	159.54
Deposit accounts (original maturity less than 3 months)	124.43	100.00
Balances with credit card companies	4.12	0.05
Balances with e-wallet companies	1.21	0.13
Cash on hand	14.48	7.08
Cheques/ drafts on hand	9.92	-
Total	246.13	266.80

The Group has undrawn committed borrowing facility available to the extent of ₹ 3,714.28 Crore as at March 31, 2021 (March 31, 2020: ₹ 847.85 Crore).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## Details of non-cash transactions from investing activities and Changes in liabilities arising from financing activities:

## As at March 31, 2021

**Directors Report** 

As at March 31, 2021							₹ in Crore	
	As at March	Adjust- ments	Pursuant to business			Non-cash changes		As at March 31,
	31, 2020	31, 2020 combinations (Refer Note - 47)		Fair value adjust- ments	Others	2021		
Investing activities								
Non-current investments	7.16	-	-	70.73	(0.50)	(3.80)	73.59	
Current investments	7.04	-	-	327.31	0.33	9.63	344.31	
Total	14.20	<u> </u>		398.04	(0.17)	5.83	417.90	
Financing activities								
Non-current borrowings (including current maturities of non-current borrowings)	1,271.15	-	2.58	(141.35)	-	-	1,132.38	
Current borrowings	1,511.88	-	5.50	(1,513.38)	-	-	4.00	
Lease liabilities	2,501.80	-	31.99	(377.45)	-	307.06	2,463.40	
Total	5,284.83	-	40.07	(2,032.18)		307.06	3,599.78	

#### As at March 31, 2020

AS at March 31, 2020							₹ in Crore
	As at March 31, 2019	Adjust-	- Pursuant	Cash flows	Non-cash changes		As at
		ments	to business combinations (Refer Note - 47)	(net)	Fair value adjust- ments	Others	March 31, 2020
Investing activities							
Non-current investments	4.21	-	-	-	2.95	-	7.16
Current investments	-	-	-	6.85	0.19	-	7.04
Total	4.21			6.85	3.14	-	14.20
Financing activities							
Non-current borrowings (including current maturities of non-current borrowings)	1,228.41	-	0.12	37.56	-	5.06	1,271.15
Current borrowings	474.45	-	4.88	1,036.62	0.99	(5.06)	1,511.88
Lease liabilities	-	2,109.42	19.24	(540.67)	-	913.81	2,501.80
Total	1,702.86	2,109.42	24.24	533.51	0.99	913.81	5,284.83

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## NOTE - 18 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

As at March 31, 2021	As at March 31, 2020
0.11	0.11
15.51	0.03
15.62	0.14
	March 31, 2021 0.11 15.51

\* Bank balance other than cash and cash equivalents are held as margin money under lien to banks for assuring guarantees.

\*\*Bank deposits amounting to ₹ 13.37 Crore of Sabyasachi Calcutta LLP (a subsidiary of the Company) are held as margin money under lien to banks for assuring guarantees and against term loan/working capital facilities.

## NOTE - 19 CURRENT FINANCIAL ASSETS - OTHERS

		₹ in Crore
	As at As at March 31, 2021	As at March 31, 2020
Derivative contracts	-	6.82
Interest accrued on deposits	0.03	0.05
Other receivables	15.63	17.31
Right to return assets	195.51	153.79
Total	211.17	177.97

#### NOTE - 20 OTHER CURRENT ASSETS

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Prepayments	20.82	14.88
Advance to suppliers	110.36	142.64
Export incentives	3.08	1.35
Balances with government authorities (other than income tax)	247.35	224.46
Government grant receivables	1.11	0.81
Insurance claim receivables	0.07	0.24
Other receivables	17.70	11.85
Total	400.49	396.23

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 21 EQUITY SHARE CAPITAL

## Authorised share capital

	As at March	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore	
As at the beginning of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00	
Increase during the year	-	-	-	-	
As at the end of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00	

## Issued equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,39,64,840	773.96	77,34,98,313	773.49
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 21(ii)]	9,00,98,151	90.10		-
Equity shares under Preferential Issue [Refer Note - 21(iii)]	7,31,70,731	73.17		-
Exercise of Options (Refer Note - 44)	5,02,441	0.50	4,66,527	0.47
As at the end of the year	93,77,36,163	937.73	77,39,64,840	773.96

# Subscribed and paid-up equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,39,47,987	773.95	77,34,81,460	773.48
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 21(ii)]	8,99,09,500	67.43		-
Equity shares under Preferential Issue [Refer Note - 21(iii)]	7,31,70,731	73.17	-	-
Exercise of Options (Refer Note - 44)	5,02,441	0.50	4,66,527	0.47
As at the end of the year	93,75,30,659	915.05	77,39,47,987	773.95

# (i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# (ii) Issue of Right Shares

- a) The Board of Directors of the Company on May 27, 2020 approved fund raising by way of a Rights Issue and on June 25, 2020 approved issue of 9,04,65,693 equity shares of face value of ₹ 10 each (the "Rights Equity Shares") at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per Rights Equity Share), aggregating to ₹ 995.12 Crore, in the ratio of 9 Rights Equity Shares for every 77 existing fully-paid shares held by the eligible equity shareholders as on the Record Date i.e. July 1, 2020. On July 28, 2020, the Company approved allotment of 9,02,77,042 Rights Equity shares of face-value ₹ 10 each to the eligible applicants. The Rights Equity Shares were allotted as partly paid-up for an amount of ₹ 55 per Rights Equity Share received on application (of which ₹ 5 was towards face value and ₹ 50 towards premium). The allotment of 1,88,651 Rights Equity Shares has been kept in abeyance pending regulatory/ other clearances.
- b) On January 11, 2021, the Company called for the 1st call money of ₹ 27.50 per partly paid shares ("PPS") [of which ₹ 2.50 is towards face value and ₹ 25 towards premium]. It received the due amount in respect of on 8,99,09,500 PPS. However, due to non-payment of the 1st call money, in accordance with the Articles of Association the Company forfeited 3,67,542 PPS.
- c) The final call of ₹ 27.50 (of which ₹ 2.50 shall be towards face value and ₹ 25 towards premium) per Rights Equity Share would be made in July 2021.
- d) There has been no deviation in the use of proceeds of the Rights Issue, from the objects stated in the Offer document.
- e) As at March 31, 2021, ₹ 0.62 Crore was lying with the monitoring agency on account of first call money for Rights Issue.

# (iii) Preferential Issue to foreign portfolio investors

On October 23, 2020, the Board of Directors approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited ("Flipkart"), a foreign portfolio investor, duly registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, aggregating upto ₹ 1,500 Crore ("Preferential Issue"). The Company received the approval of shareholders by way of Postal Ballot on November 22, 2020 and received the approval of Competition Commission of India on January 20, 2021. On January 28, 2021, post completion of the closing conditions under the Investment Agreement, the Board of Directors approved allotment of 7,31,70,731 fully paid-up equity shares to Flipkart at ₹ 205 per Equity Share (of which ₹ 10 is towards face value and ₹ 195 towards premium) on receipt of the consideration. There has been no deviation in the use of proceeds of the Preferential Issue, from the objects stated in the Investment agreement.

# (iv) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2021		As at March	n 31, 2020
	No. of shares	% of paid-up	No. of shares	% of paid-up
	held	share capital	held	share capital
Birla Group Holdings Private Limited	17,15,52,967	18.29%	17,15,06,727	22.16%
IGH Holdings Private Limited	13,63,22,680	14.53%	8,50,30,930	10.99%
Grasim Industries Limited	9,75,93,931	10.41%	8,73,80,613	11.29%
Flipkart Investments Private Limited	7,31,70,731	7.80%	-	-
Umang Commercial Company Private Limited	6,50,66,998	6.94%	6,49,72,778	8.39%
Hindalco Industries Limited	5,02,39,794	5.36%	4,49,82,142	5.81%
Nippon Life India Trustee Limited and its Affiliates (formerly known as Reliance Mutual Fund and its Affiliates)	4,27,39,907	4.56%	3,95,24,985	5.11%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## (v) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting year

On effectiveness of the Composite Scheme of Arrangement amongst the Company, erstwhile Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective Shareholders and Creditors under Section 391 to 394 of the Companies Act, 1956, the Company had issued 67,98,19,778 Equity Shares to the Shareholders of ABNL and MGLRCL ("said Shares"). Out of the said Shares, 67,60,37,600 Equity Shares were allotted to the Shareholders of ABNL and MGLRCL on January 27, 2016. However, pursuant to Clause 21 of the Composite Scheme, allotment of 37,82,178 Equity Shares to 3,475 Non-Resident Shareholders, including 4 Overseas Corporate Bodies ("OCBs") of ABNL ("NRE Shareholders") was kept pending until receipt of applicable regulatory approvals. Thereafter, from time to time, the Company has allotted 20,71,265 Equity Shares to 1,407 NRE Shareholders, who held accounts in India on Non-repatriation basis and provided such valid details.

In view of the amended provisions of the "Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017" and the authority granted by the Board of Directors (on February 04, 2019), 16,94,060 Equity Shares were allotted to 2,064 NRE Shareholders of ABNL (excluding OCBs) on March 19, 2019. Post this allotment, out of the said Shares, 16,853 Equity Shares held by 4 OCBs shall remain pending for allotment until the receipt of Regulatory approvals.

## Summary of Shares allotted pursuant to the Composite Scheme, as at the end of five years immediately preceding the reporting year:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	No.of shares				
Equity shares allotted as fully paid-up pursuant to demerger contracts for consideration other than cash	72,61,19,443	72,61,19,443	72,61,19,443	72,44,25,383	72,33,90,854

# (vi) Shares reserved for issue under Employee Stock Option Plan

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Group, refer Note - 44.

## **NOTE - 22 OTHER EQUITY**

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment (Refer Note - 44)		
As at the beginning of the year	-	0.08
Share application money received/ (allotted) towards exercise of Options	-	(0.08)
As at the end of the year	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share suspense account (Refer Note - 21)		
As at the beginning of the year	0.02	0.02
Allotted to NR shareholders during the year - Nil equity shares (March 31, 2020: Nil)	-	-
As at the end of the year	0.02	0.02
Reserves and surplus		
Securities premium		
As at the beginning of the year	773.64	763.52
Premium on exercise of Options	8.45	10.12
Equity shares under Rights Issue (net off share issue expenses of ₹ 5.12 Crore) [Refer Note- 21(ii)]	671.03	-
Equity shares under Preferential Issue (net off share issue expenses of ₹ 0.37 Crore) [Refer Note- 21(iii)]	1,426.46	-
As at the end of the year	2,879.58	773.64
<b>-</b> · · · ·		
Retained earnings		(152.00)
As at the beginning of the year	(444.92)	(152.09)
Adjustments pursuant to adoption of Ind AS 116 (net of tax)		(129.82)
Loss for the year	(672.51)	(163.01)
As at the end of the year	(1,117.43)	(444.92)
Share options outstanding account		
As at the beginning of the year	44.15	27.62
Recognition of Share based payment	11.87	19.81
Transfer to Securities Premium on exercise of Options	(8.39)	(3.28)
As at the end of the year	47.63	44.15
Treasury shares (Refer Note - 44)		
As at the beginning of the year	(100.49)	-
Shares purchased by the ESOP Trust during the year	(3.97)	(100.49)
As at the end of the year	(104.46)	(100.49)
Capital reserve		
As at the beginning of the year	21.69	21.69
Changes during the year [due to forfeiture of Rights shares (Refer Note - 21(ii))]	0.19	-
As at the end of the year	21.88	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans		
As at the beginning of the year	(2.31)	(5.44)
Gains/ (losses) during the year	2.03	3.13
As at the end of the year	(0.28)	(2.31)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

			₹ in Crore
		As at March 31, 2021	As at March 31, 2020
Fair value gains/ (losses) on equity instruments			
As at the beginning of the year		2.21	-
Gains/ (losses) during the year		(0.37)	2.21
As at the end of the year		1.84	2.21
Foreign currency translation reserve			
As at the beginning of the year		(0.05)	-
Gains/ (losses) during the year		0.01	(0.05)
As at the end of the year		(0.04)	(0.05)
Other equity attributable to owners of the Company	(A)	1,728.74	293.94
Non-controlling interest			
As at the beginning of the year		19.90	-
Pursuant to business combinations (Refer Note - 47C)		450.14	21.94
Loss during the year		(63.35)	(2.04)
Non-controlling Interest put option (Refer Note - 24)		(374.21)	-
As at the end of the year	(B)	32.48	19.90
Total other equity	(A+B)	1,761.22	313.84

# Other equity

**Directors Report** 

other equity		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment (Refer Note - 44)		-
Share suspense account (Refer Note - 21)	0.02	0.02
Reserves and surplus		
Securities premium	2,879.58	773.64
Retained earnings	(1,117.43)	(444.92)
Share options outstanding account	47.63	44.15
Treasury shares (Refer Note - 44)	(104.46)	(100.49)
Capital reserve	21.88	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	(0.28)	(2.31)
Fair value gains/ (losses) on equity instruments	1.84	2.21
Gains/ (losses) on foreign currency translation	(0.04)	(0.05)
Other equity attributable to owners of the Company	1,728.74	293.94
Non-controlling interest	32.48	19.90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The description of the nature and purpose of each reserve within other equity is as follows:

### 1. Share application money pending allotment (Refer Note - 44)

Share application money received towards exercise of Options and Restricted Stock Units (RSUs) pending allotment.

### 2. Share suspense account (Refer Note - 21)

As per the Scheme of Arrangement, the Non-Resident shareholders of ABNL, holding shares on repatriation basis, are allotted shares upon receiving necessary regulatory approval(s). The amount lying in share suspense account pertains to shares not allotted on account of pending requisite approvals.

### 3. Securities premium

**Directors Report** 

Securities premium is used to record the premium on issue of shares, and is utilised in accordance with the provisions of the Companies Act, 2013.

### 4. Retained earnings

Retained earnings comprise of the Group's accumulated undistributed profits/ (losses) after taxes.

### 5. Share options outstanding account (Refer Note - 44)

The fair value of the equity-settled share based payment transactions with employees is recognised in Consolidated Statement of Profit and Loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

### 6. Treasury shares (Refer Note - 44)

The equity shares of the Company have been acquired from open markets for Employee Stock Option Scheme 2019 and is held by ABFRL Employee Welfare Trust (ESOP trust) at cost. Trust will issue and allot shares to employees at the time of exercise of ESOP by employees.

### 7. Capital reserve

Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of Scheme of Arrangement and forfeiture of Rights shares.

#### 8. Remeasurement gains/ (losses) on defined benefit plans

The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

### 9. Fair value gains/ (losses) on equity instruments

It represents the cumulative gains/(losses) arising on the fair valuation of equity shares (other than investments in subsidiaries, which are carried at cost) measured at fair value through other comprehensive income. This fair value gain/ (loss) will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

### 10. Gains/ (losses) on foreign currency translation

The translation reserve comprise foreign currency exchange differences arising from the translation of the financial statements of foreign operations. This gain/ (loss) will be reclassified subsequently to Consolidated Statement of Profit and Loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### **NOTE - 23 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

				₹ in Crore
	Effective interest rate % p.a.	Maturity	As at March 31, 2021	As at March 31, 2020
Redeemable non-convertible debentures				
Redeemable non-convertible debentures - Series 5 Zero coupon (Unsecured)	8.96%	August 14, 2021	-	300.00
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 11, 2022	434.18	498.67
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	325.00	-
Term loans from banks				
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022		4.32
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	10.00	13.33
Term loan from Standard Chartered Bank (Secured) <sup>3</sup>	Repo rate + 4.00% **	March 31, 2034	1.35	1.88
Term loan from Axis Bank (Secured) <sup>4</sup>	1 Year MCLR + 1.25%	September 30, 2024	8.36	-
Term loan from Yes Bank (Secured)⁵	EBLR + 0.95%	August 09, 2024	2.20	-
Vehicle loans from banks				
Vehicle loan from HDFC Bank (Secured) <sup>6</sup>	10.25%	November 07, 2021	-	0.03
Vehicle loan from Yes Bank (Secured) <sup>8</sup>	8.14%	April 02, 2025	0.37	-
Term loan from others				
Other borrowings (Unsecured) <sup>9</sup>	9.03% - 14.37%	March 14, 2025 - March 14, 2026	32.40	38.19
Preference shares				
Cumulative redeemable preference shares <sup>10</sup>	8.00%	March 29, 2024	0.50	0.50
Cumulative redeemable preference shares <sup>11</sup>	6.00%	October 12, 2024	0.01	0.01
Total			814.37	856.93

\*Net off unamortised charges

\*\*The rate of interest for previous year ended March 31, 2020 was MCLR + 0.50%. The same has been revised to Repo rate + 4.00% w.e.f. January 11, 2021 onwards.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Ŭ	Ŭ (			₹ in Crore
	Effective interest rate % p.a.	Maturity	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term borrowings				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	-	400.00
Redeemable non-convertible debentures - Series 5 Zero coupon (Unsecured)	8.96%	August 14, 2021	300.00	-
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	4.32	2.28
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	3.33	3.33
Term loan from Standard Chartered Bank (Secured) <sup>3</sup>	Repo rate + 4.00% **	March 31, 2034	0.64	0.64
Term loan from Axis Bank (Secured) <sup>4</sup>	1 Year MCLR + 1.25%	September 30, 2024	0.60	-
Term loan from Yes Bank (Secured)⁵	EBLR + 0.95%	August 09, 2024	0.87	-
Vehicle loan from HDFC Bank (Secured) <sup>6</sup>	10.25%	November 07, 2021	0.03	0.05
Vehicle loan from Volkswagen Finance (Secured) <sup>7</sup>	9.33% - 10.11%	August 10, 2020	-	0.01
Vehicle loan from Yes Bank (Secured) <sup>8</sup>	8.14%	April 02, 2025	0.10	-
Other borrowings (Unsecured) <sup>9</sup>	9.03% - 14.37%	March 14, 2025 - March 14, 2026	8.12	7.91
Total			318.01	414.22
Aggregate secured borrowings	· ·		27.85	19.27
Aggregate unsecured borrowings			1,104.53	1,251.88

The Group has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings taking into consideration the waiver of compliance with one financial covenant by the Trustees of the Debentures issued by the Company.

# Details of security and terms of repayment

- 1. The repayment terms of term loan from HDFC Bank (TUF) are 21 quarterly instalments commencing from March 23, 2017. First four instalments of ₹ 0.20 Crore each, next four instalments of ₹ 0.25 Crore each, next four instalments of ₹ 0.30 Crore each, next four instalments of ₹ 0.40 Crore each and next 5 instalments of ₹ 1.08 Crore each.
- 2. Term loan from HDFC Bank (TUF) secured by way of exclusive charge over movable assets of the Company's plant situated at Bhubaneswar, Odisha. The loan is repayable in 24 equal quarterly instalments commencing from June 15, 2019.
- 3. Term loan is secured against the residential/ commercial property of director of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 180 equal monthly instalments commencing from April 2019.

# Current maturities of long-term borrowings (Refer Note - 29)

**Directors Report** 

**Directors Report** 

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- Term loan is secured by way of first charge created by hypothecation of movable property, plant 4. and equipment and current assets of Finesse International Design Private Limited (a subsidiary of the Company) excluding vehicles both present and future. The loan is repayable in 12 structured quarterly instalments commencing from December 2021, i.e., after the moratorium period of 12 months.
- Term Loan is secured by the exclusive charge on fixed deposit amounting to ₹ 1.50 Crore of 5. Sabyasachi Calcutta LLP (a subsidiary of the Company). The loan is repayable in guarterly instalments commencing from May 2020 i.e after the moratorium period of 6 months.
- 6. Vehicle loan is secured by way of first charge created by hypothecation of vehicles of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 84 equal monthly instalments commencing from December 2014.
- 7 Vehicle loan is secured by way of first charge created by hypothecation of vehicles of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 60 equal monthly instalments commencing from September 2015.
- 8. Vehicle loan is secured by hypothecation of specific vehicles of Sabyasachi Calcutta LLP (a subsidiary of the Company). The loan is repayable in 84 equated monthly instalments commencing from May 2018.
- 9 Loan amounting to ₹ 37.50 Crore is repayable in 20 equal quarterly instalments commencing from March 2020 and loan amounting to ₹ 3.02 Crore is repayable in 48-60 equal monthly installment commencing on various dates through January 16, 2021 to March 22, 2021.

# Details of Cumulative redeemable preference shares

- 10. 5,00,000 8% Cumulative redeemable preference shares of ₹ 10/- each are entitled to a cumulative dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, shall be subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto March 29, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.
- 11. 500 6% Cumulative redeemable preference shares of ₹ 100/- each are entitled to a cumulative dividend @ 6% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 6% Redeemable Cumulative Preference Shares was October 13, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto October 12, 2024. In

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

TUF - Technology Upgradation Fund.

**Directors Report** 

## **NOTE - 24** NON-CURRENT FINANCIAL LIABILITIES- OTHERS

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Interest accrued but not due on borrowings	52.90	60.13
Non-controlling interest put option*	374.21	-
Total	427.11	60.13

\*During the year, the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the Agreement, the Company has provided a Put Option to Mr. Sabyasachi Mukherjee to sell his entire holding of 49% to the Company over a period of fourteen years starting from the end of five years from the aforesaid date and thereafter in three tranches, should an initial public offer of the organisation (after conversion to a company) does not take place. In respect of the balance 49% held by Mr. Sabyasachi Mukherjee of Sabyasachi Calcutta LLP, the Company has accounted the same as non-current financial liability considering the put option. This qualifies as a liability under Ind AS since the Company does not have an unconditional right to not purchase the interest as per the terms of the Agreement. The Non-Controlling Interest has been recorded at the present value of the expected future cash outflows based on an independent valuation performed by the Company's appointed independent valuer.

## **NOTE - 25 NON-CURRENT PROVISIONS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Employee benefit obligation		
Provision for gratuity (Refer Note - 43)	27.12	21.59
Provision for pending litigations (Refer Note - 46)	68.72	78.51
Total	95.84	100.10

## Movement of provision for pending litigations during the year:

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening balance	78.51	100.99
Add: provision made during the year	4.53	14.17
Less: provision utilised during the year	(1.58)	(10.25)
Less: provision reversed during the year	(12.74)	(26.40)
Closing balance	68.72	78.51

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# **NOTE - 26 OTHER NON-CURRENT LIABILITIES**

Directors Report

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Deferred income	11.44	12.29
Total	11.44	12.29

# **NOTE - 27 CURRENT FINANCIAL LIABILITIES - BORROWINGS**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Loans repayable on demand from banks		
Cash credit/ Working capital demand loan (Secured)	4.00	235.90
Cash credit/ Working capital demand loan (Unsecured)	-	338.00
Commercial paper (Unsecured)*	-	297.03
Loan repayable on demand (Unsecured)		45.00
Loans repayable on demand from others		
Commercial paper (Unsecured)*	-	595.95
Total current borrowings	4.00	1,511.88
Aggregate secured borrowings	4.00	235.90
Aggregate unsecured borrowings	-	1,275.98

# Details of security

Current borrowings are secured by way of first pari passu charge on the current assets and second pari passu charge on the movable and immovable assets of the respective entities of the Group.

\* Commercial papers are shown net of unamortised discounting charges.

### **NOTE - 28 TRADE PAYABLES**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	26.89	99.39
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,346.55	2,190.53
Total	2,373.44	2,289.92

\* Includes payable to related parties, for terms and conditions with related parties (Refer Note - 48).

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

			₹ in Crore
		As at March 31, 2021	As at March 31, 2020
a.	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	Principal amount due to Micro and Small Enterprises*	27.61	99.39
	Interest due on the above	0.01	0.21
b.	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	0.88	0.86
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	5.08	4.19
e.	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 of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

\* Includes amount due to Creditors for capital supplies/ services amounting to ₹ 0.72 Crore as at March 31, 2021 (March 31, 2020 : ₹ Nil).

The above disclosures are provided by the Group based on the information available with the Group in respect of the registration status of its vendors.

#### NOTE - 29 CURRENT FINANCIAL LIABILITIES - OTHERS

Directors Report

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term borrowings (Refer Note - 23)	318.01	414.22
Refund liabilities	362.31	296.53
Interest accrued but not due on borrowings	99.86	126.97
Interest accrued and due on borrowings	-	0.66
Creditors for capital supplies/ services	12.42	37.19
Book overdraft	1.57	-
Derivative contracts	3.29	-
Deferred consideration for acquisition of subsidiaries	-	3.55
Others	4.04	0.26
Total	801.50	879.38

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## NOTE - 30 CURRENT PROVISIONS

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Employee benefit obligation		
Provision for compensated absences	85.68	84.72
Provision for gratuity (Refer Note - 43)	0.92	3.78
Stock Appreciation Rights (SAR)	0.27	0.23
Provision for contingency*	5.11	-
Total	91.98	88.73

\*Provision for contingency of Sabyasachi Calcutta LLP (a subsidiary of the Company) is created towards differential rate for embroidery charges claimed by Job workers towards job work of earlier years. The claims are under process of settlement.

## NOTE - 31 OTHER CURRENT LIABILITIES

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Advances received from customers	64.29	40.97
Deferred revenue*	10.22	16.53
Other advances received	1.76	1.96
Statutory dues (other than income tax)	37.49	46.68
Deferred income	0.04	0.04
Total	113.80	106.18

### \* Deferred revenue

		< in Crore
	As at March 31, 2021	As at March 31, 2020
As at the beginning of the year	16.53	11.57
Deferred during the year	30.08	49.70
Released to the Consolidated Statement of Profit and Loss	(36.39)	(44.74)
As at the end of the year	10.22	16.53

The deferred revenue relates to the accrual and release of customer loyalty points, according to the loyalty programme of respective businesses. As at March 31, 2021, the estimated liability towards unredeemed points amounts to ₹ 10.22 Crore (March 31, 2020: ₹ 16.53 Crore).

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

## **NOTE - 32 REVENUE FROM OPERATIONS**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from sale of products		
Sale of products	5,174.14	8,676.42
Revenue from redemption of loyalty points (Refer Note - 31)	36.39	44.74
Total revenue from sale of products	5,210.53	8,721.16
Revenue from rendering of services	2.27	3.23
Other operating income		
Scrap sales	10.01	9.25
Export incentives	6.77	7.45
Licence fees and royalties	1.46	2.70
Space on hire	0.56	0.73
Commission income	17.32	43.06
Others	-	0.28
Total	5,248.92	8,787.86

# (a) Right to return assets and refund liabilities:

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Right to return assets	195.51	153.79
Refund liabilities	362.31	296.53

# (b) Contract balances:

₹ in Crore		(b) Contract balances:
As at	As at	
ch 31, 2020	March 31, 2021	
		Contract assets
840.46	730.47	Trade receivables
		Contract liabilities
40.97	64.29	Advances received from customers
16.53	10.22	Deferred revenue
	64.29	Contract liabilities Advances received from customers

#### (c) Reconciliation of revenue as recognised in the Consolidated Statement of Profit and Loss with the contracted price: = : . . . .

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	6,123.02	9,854.00
Less:		
Sales return	495.93	518.73
Discount	367.95	530.88
Loyalty points	10.22	16.53
Revenue as per the Consolidated Statement of Profit and Loss	5,248.92	8,787.86



(d) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss:

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Madura Fashion & Lifestyle		
Revenue from retail operations	1,968.61	2,649.35
Revenue from non-retail operations	1,421.73	2,625.00
	3,390.34	5,274.35
Pantaloons		
Revenue from retail operations	1,788.52	3,460.45
Revenue from non-retail operations	70.06	53.06
	1,858.58	3,513.51
Revenue as per the Consolidated Statement of Profit and Loss	5,248.92	8,787.86

# (e) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss based on geographical segment:

	₹ in Crore
Year ended March 31, 2021	Year ended March 31, 2020
113.59	151.47
5,135.33	8,636.39
5,248.92	8,787.86
	March 31, 2021 113.59 5,135.33

#### NOTE - 33 OTHER INCOME

#### ₹ in Crore Year ended Year ended March 31, 2021 March 31, 2020 Interest income 2.42 5.24 Net gain on sale of current investments 3.29 4.85 Fair value gain on financial instruments at FVTPL 31.50 28.13 Gain on retirement of right-of-use assets (Refer Note - 4a & 45a) 21.74 12.93 Miscellaneous income 14.45 14.15 Total 73.40 65.30

22.25

2,161.34

(362.21)

33.74 1,624.33

614.99

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### **NOTE - 34** COST OF MATERIALS CONSUMED

Year ended March 31, 2021	Year ended March 31, 2020
188.14	125.12
423.69	847.55
611.83	972.67
5.44	1.06
196.02	188.14
421.25	785.59
1,526.72	3,800.77
1,526.72	3,800.77
Year ended March 31, 2021	₹ in Crore Year ended March 31, 2020
	110101131,2020
186.98	146.64
1,952.11	1,621.24
22.25	
	18.38
	18.38
18.38	
18.38 49.57	8.88
	8.88 3.62
49.57	8.88 3.62 0.37
49.57 10.03	8.88 3.62 0.37
49.57 10.03	8.88 3.62 0.37
49.57 10.03	18.38 8.88 3.62 0.37 1,799.13 186.98
	423.69 611.83 5.44 196.02 421.25 1,526.72 1,526.72 d stock-in-trade Year ended March 31, 2021 186.98

Decrease /(Increase) in inventories

Work-in-progress



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# **NOTE - 35 EMPLOYEE BENEFITS EXPENSE**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	758.30	917.93
Contribution to provident and other funds (Refer Note - 43)	51.25	55.32
Share-based payment to employees (Refer Note - 44)	11.70	20.02
Gratuity expense (Refer Note - 43)	15.39	17.09
Staff welfare expenses	28.75	57.72
Total	865.39	1,068.08

#### **NOTE - 36 FINANCE COSTS**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on borrowings	267.84	209.72
Interest expense on lease liabilities (Refer Note - 4b & 45a)	224.91	211.99
Other borrowing costs	7.63	0.19
Fair value impact on financial instruments at FVTPL	2.22	2.81
Total	502.60	424.71

### **NOTE - 37** DEPRECIATION AND AMORTISATION EXPENSE

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (Refer Note - 3)	208.79	229.91
Depreciation on right-of-use assets (Refer Note - 4a & 45a)	732.40	631.64
Amortisation on intangible assets (Refer Note - 5)	21.56	23.76
Total	962.75	885.31

# NOTE - 38 OTHER EXPENSES

OTHER EXPENSES		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Consumption of stores and spares	3.74	5.72
Power and fuel	8.15	11.86
Electricity charges	76.42	132.19
Repairs and maintenance		
Buildings	0.52	0.71
Plant and machinery	9.78	13.27
Others	148.36	176.34
Insurance	11.22	11.09
Rates and taxes	20.05	13.25
Processing charges	51.79	74.76
Commission to selling agents	108.39	86.94
Brokerage and discounts	0.66	0.51
Advertisement and sales promotion	120.07	364.25
Transportation and handling charges	86.57	115.12
Royalty expenses	15.93	21.24
Legal and professional expenses	125.36	125.42
Bad debts written off	1.89	0.06
Allowances for bad and doubtful debts	6.29	9.20
Provision for bad and doubtful deposits and advances	7.93	1.82
Printing and stationery	10.37	17.35
Travelling and conveyance	28.51	99.34
Communication expenses	5.84	6.52
Loss on sale/ discard of property, plant and equipment	0.72	2.77
Bank and credit card charges	27.48	44.78
Payment to auditors (Refer details below)	2.06	2.04
Donation	0.05	-
Foreign exchange loss (net)	8.85	2.71
Information technology expenses	79.13	75.18
Outsourcing, housekeeping and security expenses	258.74	336.60
Corporate Social Responsibility (CSR) expenses (Refer Note - 42)	2.00	3.50
Directors' fees	0.68	0.38
Miscellaneous expenses	27.60	41.86
Total	1,255.15	1,796.78

# Payment to auditors\*:

rayment to additors .		₹ in Crore
	Year ended	Year ended
	March 31, 2021	March 31, 2020
For audit fees (including Limited Review fees)	1.53	1.38
For tax audit fees	0.18	0.18
For other services**	0.22	0.23
For reimbursement of expenses	0.13	0.25
Total	2.06	2.04

\* Includes fees of subsidiaries to other auditors.

\*\*Above excludes fees of ₹ 0.45 Crore paid to auditors of the Company for certification services for Rights Issue, which is considered as part of share issue expenses.

Business Responsibility Report

# NOTE - 39 INCOME TAX EXPENSE

The major components of income tax (income)/ expense are:

# **Consolidated Statement of Profit and Loss:**

# Profit or loss section

	₹ in Crore
Year ended	Year ended
March 31, 2021	March 31, 2020
40.12	0.01
40.12	0.01
(141.66)	110.28
-	21.84
(141.66)	132.12
(101.54)	132.13
	March 31, 2021 40.12 40.12 (141.66) (141.66)

# OCI section

# Deferred tax related to items recognised in OCI during the year

Defended tax related to items recognised in Oci during ti		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Net (gains)/ losses on re-measurement of defined benefit plans	(0.73)	1.27
Net (gains)/ losses on fair value of equity instruments	0.13	0.74
Exchange differences on translation of foreign operations	-	(0.01)
Total	(0.60)	2.00

# Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Accounting Loss before income tax	(837.54)	(32.89)
Tax expense/(credit) at India's statutory income tax rate of 25.17% (March 31, 2020: 25.17%)	(210.81)	(8.28)
Disallowance under Section 43B of the Income Tax Act, 1961	(14.25)	(1.43)
Expenses on which TDS has not been deducted under Section 40(a) (ia) of the Income Tax Act, 1961	(0.23)	(8.81)
Preliminary expenses allowed under Section 35DD of the Income Tax Act, 1961	-	(1.62)
Tax losses (utilised)/ availed	209.81	16.26
Depreciation (net of books and tax)	8.30	(8.92)
Provision for gratuity	1.46	1.49
Ind AS 116 related adjustments (net)	13.88	16.64
Loss on sale of assets	0.18	0.70
Others	(8.34)	(6.03)
	-	-

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax charge (including minimum alternate tax)*	40.12	0.01
Deferred tax expense/ (credit) (Refer Note - 10)		
Relating to origination and reversal of temporary differences	(141.66)	110.28
MAT credit (entitlement)/ write-off	-	21.84
Total	(101.54)	132.13

\* During the year ended March 31, 2020, the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 (Refer Note - 41c). Current Tax for the year ended March 31, 2021, includes a one-time tax of ₹ 39.69 Crore on deemed capital gains on reconstitution of Sabyasachi Calcutta LLP ("the LLP") relating to existing partners arising from the induction of the Company as a partner in the LLP. This is entirely attributable to the Non-Controlling interest in LLP and not to the Company.

#### NOTE - 40 EARNINGS PER SHARE (EPS)

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

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

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

			₹ in Crore
		Year ended March 31, 2021	Year ended March 31, 2020
Loss for calculation of EPS	(A)	(672.51)	(163.01)
Weighted average number of equity shares for calculation of Basic EPS	(B)	81,67,00,886	77,63,00,549
Basic EPS (₹ )	(A/B)	(8.23)	(2.10)
Weighted average number of equity shares outstanding		81,67,00,886	77,63,00,549
Weighted average number of potential equity shares*		2,87,96,459	20,76,441
Weighted average number of equity shares for calculation of Diluted EPS		81,67,00,886	77,63,00,549
Diluted EPS (₹ )	(C)	(8.23)	(2.10)
Nominal value of shares (₹ )		10.00	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

Basic and diluted earnings per share for the year ended March 31, 2020, have been adjusted for the bonus element in respect of Rights issue made during the year ended March 31, 2021.

\*Stock options granted to the employees under various ESOP schemes are considered to be potential equity shares. The same is considered in the determination of diluted earnings per share to the extent that they are not anti-dilutive. The stock options are not included in the determination of basic earnings per share. The details relating to stock options are given in Note - 44.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 41 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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

# (a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash-Generating Unit (CGU) exceeds its recoverable amount, which is 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 off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next three years and have considered 3rd year budget as a base to arrive at the value of perpetuity. The budget do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the value in use for the different CGUs, are disclosed and further explained in Note - 5A.

# (b) Share-based payment

The Group uses the most appropriate valuation model depending on the terms and conditions of the grant, including the expected life of the share option, volatility and dividend yield. For cash-settled transactions, the liability needs to be remeasured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Consolidated Statement of Profit and Loss. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note - 44.

# (c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

During the year ended March 31, 2020, after a detailed evaluation, the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income taxes for the year ended March 31, 2020 based on the rate prescribed in the aforesaid section. Further, management has reviewed the components of deferred tax assets/ liabilities leading to a reassessment of its estimates compared to earlier periods. Such re-measurement and change in rate of tax has resulted in one-time additional tax charge of ₹ 129.59 Crore for the year ended March 31, 2020.

The Finance Act, 2021 has amended section 32 of the Income Tax Act, 1961, whereby effective from April 1, 2020, goodwill of a business is not considered as a depreciable asset and depreciation on goodwill is not allowed as deductible expenditure. Consequent to such amendment, in accordance with the requirements of Ind AS 12 - Income Taxes, the Company has recognised a one-time net deferred tax expense amounting to ₹ 68.84 Crore pertaining to net deferred tax liability ('DTL') arising from difference between the carrying value of goodwill as per books of account and as per updated tax written down value of NIL resulting from the aforementioned amendment.

In view of the amendments introduced by the Finance Act, 2021 to the Income Tax Act, 1961 and considering the opinion received by the Company from a senior legal counsel, as at March 31, 2021, the Company recorded deferred tax asset of ₹ 243.11 Crore on the carry forward unabsorbed depreciation pertaining to goodwill pertaining to earlier years, and consequent deferred tax liability of the same amount pertaining to difference between the carrying value of goodwill as per books of account and as per tax books.

The reversal of the aforesaid DTL and cash outflow on this account is deemed unlikely as the value of associated goodwill is expected to be recovered through value in use.

As at March 31, 2021, the Group has ₹ 1,894.70 Crore (March 31, 2020: ₹ 1,075.59 Crore) of tax losses carried forward as per income tax records of the Group. These losses pertain to unabsorbed business loss as at March 31, 2021 ₹ 641.59 Crore (March 31, 2020: 15.02 Crore) which has an expiry of eight years and unabsorbed depreciation loss as at March 31, 2021 ₹ 1,253.11 Crore (March 31, 2020: ₹ 1,060.57 Crore) which do not have any expiry period. Further details on taxes are disclosed in Notes - 10 and 39.

# (d) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan 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, 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 tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

During the year ended March 31, 2020, based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity and compensated absences had been re-assessed. For the purpose of assessing the attrition rate, the Company considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a reduction of closing gratuity liability by ₹ 14.97 Crore and compensated absence liability by ₹ 18.57 Crore for the year ended March 31, 2020.

Further details about gratuity obligations are given in Note - 43.

# (e) Revenue recognition – Loyalty points

The Group operates a loyalty programme where customers accumulate points for purchases made, which entitle them to discount on future purchases. The Group estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rate basis the Group's historic trends of redemption and expiry period of the points and such estimates are subject to uncertainty. As at March 31, 2021, the estimated liability towards unredeemed points amounts to ₹ 10.22 Crore (March 31, 2020: ₹ 16.53 Crore).

Further details are given in Note - 31.

# (f) Provision on inventories

The Group has defined policy for provision on inventory for each of its business by differentiating the inventory into core and non-core (fashion) and sub-categorised into finished goods and raw materials. The Group provides provision based on policy, past experience, current trend and future expectations of these materials depending on the category of goods.

# (g) Provision for discount and sales return

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

# (h) Impairment allowance for doubtful debts

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off if the same are not collectible. The carrying amount of allowance for doubtful debts under ECL model is ₹ 26.33 Crore (March 31, 2020: ₹ 19.64 Crore). Further details about impairment allowance are given in Note - 16.

# (i) 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.

### (j) Assessment of COVID - 19 impact on operations

COVID-19 pandemic has had a significant impact on the business operations and the financial statements of the Group for the year ended March 31, 2021. 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 financial assets and non-financial assets. The impact of the current surge in COVID-19 pandemic on the overall economic environment is uncertain and may affect the underlying assumptions and estimates used to prepare the Group's financial statements, whereby actual outcome may differ from those assumptions and estimates 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 continues to take various precautionary measures to ensure health and safety of its customers, employees and their families from COVID-19.

#### (k) Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
- (iii) There is no substantive change to other terms and conditions of the lease.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Pursuant to the above amendment, the Company has applied the practical expedient with effect from April 01, 2020.

The Group has accounted the unconditional rent concessions of ₹ 343.72 Crore (March 31, 2020: Nil) during the year ended March 31, 2021. The same has been accounted as a reduction of rent expenses in the Consolidated Statement of Profit and Loss.

#### (l) Valuation of Non - controlling interest Put Option

The fair value of financial liability (put option) arising from acquisition agreements, has been determined at present value of consideration payable, using appropriate valuation model. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of the put option. Such valuation includes assumptions such as discount rate, future cashflow and EBITDA estimates. Such assumptions are reviewed at each reporting date.

#### (m) Going concern

The management has performed an assessment of the Group's ability to continue as a going concern. Based on the assessment, the management believes that there is no material uncertainty with respect to any events or conditions that may cast a significant doubt on the entity to continue as a going concern, hence the consolidated financial statements have been prepared on a going concern basis.

#### NOTE - 42 DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON

		₹ in Crore
	Year ended March	Year ended March
	31, 2021	31, 2020
a) Gross amount required to be spent by the Group during the year	1.16	1.73
b) Amount approved by the Board to be spent during the year	2.00	3.50

			₹ in Crore
	In Cash	Yet to be paid in Cash	Total
March 31, 2021:			
i) Construction/ acquisition of any asset	-		-
ii) On purposes other than (i) above	2.00		2.00
March 31, 2020:			
i) Construction/ acquisition of any asset	-		-
ii) On purposes other than (i) above	3.50		3.50

	t amount			
Opening Balance as on April 01, 2020	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2021*
-	-	1.16	2.00	-

\* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of section 135(5) Excess amount spent				
Opening Balance as on April 01, 2020	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2021	
-	1.16	2.00	0.84	

#### Details of ongoing projects along with

		In case of section	135(6) (Ongoi	ng Project)		
	3alance as on 01, 2020	Amount required to be spent during the year	•	ent during the vear		Balance as on n 31, 2021
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

### NOTE - 43 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A part of the gratuity plan is funded and another part is managed within the Group, hence the liability has been bifurcated into funded and unfunded.

The Group contributes to the Fund based on the actuarial valuation report. The Group has contributed to the Insurer Managed Fund (managed by Life Insurance Corporation of India), details of which is available in the table of Investment pattern of plan assets. Based on which, the Group is not exposed to any market risk.

The following tables summarise the components of net benefit expense recognised in the Consolidated Statement of Profit and Loss and Consolidated Balance Sheet for the respective plans:

#### Unfunded defined benefit plan

Net benefit expense recognised through the Consolidated Statement of Profit and Loss

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	4.59	4.07
Interest cost on defined benefit obligation	1.62	1.30
Total	6.21	5.37

#### Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
24.07	15.54
4.04	2.60
4.59	4.07
1.62	1.30
(0.05)	(2.36)
0.74	3.42
(2.04)	0.78
(1.35)	1.84
(2.23)	(1.39)
0.31	0.11
31.05	24.07
	March 31, 2021 24.07 4.04 4.59 1.62 (0.05) 0.74 (2.04) (1.35) (2.23) 0.31

### Funded defined benefit plan

# Net benefit expense recognised through the Consolidated Statement of Profit and Loss

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	9.08	11.22
Interest cost on defined benefit obligation	4.26	4.55
Interest on plan assets	(4.16)	(4.05)
	9.18	11.72

Changes in the defined benefit obligation and fair value of plan assets are as follows:

Changes in the present value of the Defined Benefit Obligations (DBO):

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	64.46	58.97
Current service cost	9.08	11.22
Interest cost on defined benefit obligation	4.26	4.55
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	-	(20.74)
Changes in financial assumptions	1.20	12.38
Experience adjustments	(2.44)	2.29
Actuarial (gain)/ loss recognised in OCI	(1.24)	(6.07)
Benefits paid	(4.94)	(5.03)
Liabilities assumed/ (settled)*	(0.24)	0.82
Closing defined benefit obligation	71.38	64.46

\*On account of inter-company transfer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Change in fair value of plan assets

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		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Opening fair value of the plan assets	63.16	52.44
Contributions by the employer	6.77	6.53
Interest income on plan assets	4.16	4.05
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest cost on plan assets	0.30	0.14
Actuarial gain/ (loss) recognised in OCI	0.30	0.14
Closing fair value of the plan assets	74.39	63.16

### Amounts recognised in the Consolidated Balance Sheet

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	₹ in Crore
As at	As at
March 31, 2021	March 31, 2020
71.38	64.46
31.05	24.07
102.43	88.53
74.39	63.16
28.04	25.37
0.92	3.78
27.12	21.59
28.04	25.37
	March 31, 2021 71.38 31.05 102.43 74.39 28.04 0.92 27.12

Gratuity is funded through investments with an insurance service provider, i.e. Life Insurance Corporation of India (LIC). The plan assets under the scheme are administered by LIC. The investments are primarily in low risk assets.

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Group are shown below:

	• · ·	• .
	As at	As at
	March 31, 2021	March 31, 2020
Discount rate		
Funded plan	6.40%	6.60%
Unfunded plan	5.65% to 6.55%	6.55% to 6.80%
Salary escalation rate		
Funded plan		
Management	8.00%	8.00%
Staff	7.00%	7.00%
Workers	5.00%	5.00%

Unfunded plan		
Stores	5.00% to 9.00%	7.00% to 9.00%
HO and Zones	5.00% to 9.00%	8.00% to 9.00%

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

The overall expected rate of return on plan assets is determined based on the market yield prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

A quantitative sensitivity analysis for significant assumptions is as follows:

	0	•		
	As at Mar	ch 31, 2021	As at March 31, 2020	
Sensitivity level				
Discount rate	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	(2.93)	3.15	(2.68)	2.88
Unfunded plan	(1.17)	1.28	(0.97)	1.07
Salary escalation rate	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	3.11	(2.92)	2.86	(2.69)
Unfunded plan	1.21	(1.14)	1.01	(0.95)

The above sensitivity analysis have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

There has been no change from the previous year in the method and assumptions used in preparing the sensitivity analysis.

The maturity profile of the defined benefit obligation are as follows:

	₹ in Crore
March 31, 2021	March 31, 2020
10.81	8.67
39.99	34.46
42.12	36.84
104.40	99.34
197.32	179.31
	10.81 39.99 42.12 104.40

The Group is expected to contribute ₹ 7.44 Crore to the gratuity fund during the year ended March 31, 2022.

The average duration of the defined benefit plan obligation at the end of the reporting period is 4 to 16 years (March 31, 2020: 8 to 17 years).

# Defined contribution plans

Amount recognised as an expense and included in Note - 35 as "Contribution to provident and other funds"

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to Government Provident Fund	37.76	39.21
Contribution to Superannuation Fund	1.15	1.26
Contribution to Employee Pension Scheme (EPS)	4.87	4.95
Contribution to Employee State Insurance (ESI)	6.51	8.99
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	0.08	0.08
Contribution to Labour Welfare Fund (LWF)	0.09	0.12
Contribution to National Pension Scheme (NPS)	0.79	0.71
Total	51.25	55.32

In respect of the Honourable Supreme Court ruling in February 2019 relating to computation of salaries for Provident Fund contribution, there is uncertainty and ambiguity in retrospective application and accordingly the Group will evaluate its position as clarity emerges.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact after the Code becomes effective.

# NOTE - 44 SHARE-BASED PAYMENT

The expense recognised for employee services received during the year is shown in the following table:

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Expense arising from equity-settled share-based payment transactions	11.67	19.80
Expense arising from cash-settled share-based payment transactions	0.03	0.22
Total	11.70	20.02

#### A. Employee share-based payment plans of Holding Company

#### a. Employee Stock Option Plans (Options and RSUs)

#### I. Employee Stock Option Scheme - 2013

During the year ended March 31, 2014, i.e. on July 22, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) ("Committee") and the Board of Directors ("Board") approved the introduction of an Employee Stock Option Scheme, viz., Employee Stock Option Scheme - 2013 ("Scheme 2013") for issue of Stock Options in the form of Options ("Options") and/ or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013.

Accordingly, under the said Scheme 2013, vide its resolution dated October 25, 2013, the Committee commenced granting of options.

	Options			RSUs		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	
No. of Options/ RSUs	8,30,382	11,686	2,59,849	5,000	2,79,544	
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting on December 07, 2016	

#### i) Details of the grants under the Scheme 2013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	Opti	ons		RSUs		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	
Exercise period	5 years from the date of vesting					
Grant date	October 25, 2013	June 10, 2014	October 25, 2013	June 10, 2014	May 11, 2016	
Grant/ exercise price (₹ per share)	102.10	118.20	10.00	10.00	10.00	
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 152.10 NSE - 152.10	
Method of settlement	Equity	Equity	Equity	Equity	Equity	

#### Note:

RSUs – Tranche 3 were granted to employees of Madura Fashion & Lifestyle division of the Company, who were grantees of RSUs of Aditya Birla Nuvo Limited ("ABNL") and had become employees of the Company pursuant to the effectiveness of the Composite Scheme of Arrangement between the Company, ABNL, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956. Accordingly, as per the terms and conditions of the grant, these RSUs vested as per the original vesting schedule of ABNL RSUs, i.e., on December 7, 2016.

#### ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

		As at March	n 31, 2021	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	12,129	102.10	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	12,129	102.10	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	12,129	102.10	-	-
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year		-	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2021			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	N.A.	N.A.	37,840	10.00
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year <sup>#</sup>	N.A.	N.A.	(37,840)	10.00
Lapsed during the financial year	N.A.	N.A.	-	-
Outstanding at the end of the financial year	N.A.	N.A.	-	-
Unvested at the end of the financial year	N.A.	N.A.	-	-
Exercisable at the end of the financial year	N.A.	N.A.	-	-

# The weighted average share price at the date of exercise of these Options was ₹ 141.21.

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	1,36,244	102.10	2,627	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(1,24,115)	102.10	(2,627)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	12,129	102.10	-	-
Unvested at the end of the financial year			-	
Exercisable at the end of the financial year	12,129	102.10	-	
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-		-	

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	N.A.	N.A.	37,840	10.00
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year	N.A.	N.A.	-	-
Lapsed during the financial year	N.A.	N.A.	-	-
Outstanding at the end of the financial year	N.A.	N.A.	37,840	10.00
Unvested at the end of the financial year	N.A.	N.A.	-	-
Exercisable at the end of the financial year	N.A.	N.A.	37,840	10.00

\* The weighted average share price at the date of exercise of these Options and RSUs was ₹ 207.44.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2021, is 2 years (March 31, 2020: 3 years) and for RSUs outstanding as at March 31, 2021, is Nil (March 31, 2020: 2 years).

# iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options				
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	45.93	44.77	45.93	44.77	37.41
Risk-free interest rate (%)	8.58	7.91	8.58	7.91	7.37
Weighted average fair value per Option/ RSU (₹ )	52.96	59.32	95.90	111.75	142.63
Model used	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model

# II. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017

During the year ended March 31, 2018, i.e. on July 25, 2017, the Nomination and Remuneration Committee of the Board of Directors of the Company ("NRC") and the Board of Directors ("Board") approved the introduction of another Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme 2017") for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, under the said Scheme 2017, vide its resolution dated September 8, 2017, the Committee commenced granting of options.

		Opti	ons		RSUs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of Options/ RSUs	37,38,254	14,406	2,88,122	90,039	13,04,558	14,568	1,17,144	30,349
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018
Grant/ exercise price (₹ per share)	178.30	148.10	163.60	150.80	10.00	10.00	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 176.40 NSE - 176.50	BSE - 147.95 NSE - 148.70	BSE - 156.35 NSE - 156.55	BSE - 147.70 NSE - 147.10	BSE - 176.40 NSE - 176.50	BSE - 147.95 NSE - 148.70	BSE - 156.35 NSE - 156.55	BSE - 147.70 NSE - 147.10
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

#### i) Details of the grants under Scheme 2017

#### ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

As at March 31, 2021					
No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)		
25,26,110	178.30	9,84,226	10.00		
-	-	-	-		
-	-	(4,57,317)	10.00		
(8,84,265)	178.30	(14,028)	10.00		
16,41,845	178.30	5,12,881	10.00		
5,63,689	178.30	-	-		
10,78,156	178.30	5,12,881	10.00		
7,203	148.10	7,284	10.00		
-	-	-	-		
-	-	(7,284)	10.00		
(1,801)	148.10	-	-		
5,402	148.10	-	-		
1,800	148.10	-	-		
3,602	148.10	-	-		
	Options 25,26,110 25,26,110 (8,84,265) 16,41,845 5,63,689 10,78,156 7,203 7,203 7,203 - (1,801) 5,402 1,800	No. of Options         Weighted average exercise price (₹ per share)           25,26,110         178.30           25,26,110         178.30           -         -           (8,84,265)         178.30           16,41,845         178.30           5,63,689         178.30           10,78,156         178.30           7,203         148.10           -         -           (1,801)         148.10           5,402         148.10           1,800         148.10	No. of Options         Weighted average exercise price (₹ per share)         No. of RSUs           25,26,110         178.30         9,84,226           -         -         -           -         -         (4,57,317)           (8,84,265)         178.30         (14,028)           16,41,845         178.30         5,12,881           5,63,689         178.30         -           10,78,156         178.30         5,12,881           -         -         -           -         -         -           10,78,156         178.30         5,12,881           -         -         -           -         -         -           -         -         -           -         -         -           10,78,156         178.30         5,12,881           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -           -         -         -		

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		As at March 31, 2021			
	No. of	Weighted	No. of	Weighted	
	Options	average	RSUs	average	
		exercise price		exercise price	
		(₹ per share)		(₹ per share)	
Tranche 3					
Outstanding at the beginning of the financial year	2,16,092	163.60	72,838	10.00	
Granted during the financial year	-	-	-	-	
Exercised during the financial year	-		-	-	
Lapsed during the financial year	(54,023)	163.60	-	-	
Outstanding at the end of the financial year	1,62,069	163.60	72,838	10.00	
Unvested at the end of the financial year	54,022	163.30	-	-	
Exercisable at the end of the financial year	1,08,047	163.30	72,838	10.00	
Tranche 4					
Outstanding at the beginning of the financial year	90,039	150.80	30,349	10.00	
Granted during the financial year	-	-	-	-	
Exercised during the financial year	-	-	-	-	
Lapsed during the financial year	(22,510)	150.80	-	-	
Outstanding at the end of the financial year	67,529	150.80	30,349	10.00	
Unvested at the end of the financial year	45,019	150.80	30,349	10.00	
Exercisable at the end of the financial year	22,510	150.80	-	-	

^The weighted average share price at the date of exercise of these RSUs was ₹ 151.45.

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	No. of	Weighted	No. of	Weighted
	Options	average	RSUs	average
		exercise price		exercise price
		(₹ per share)		(₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	29,80,244	178.30	10,54,637	10.00
Granted during the financial year				-
Exercised during the financial year^^	(3,26,279)	178.30		-
Lapsed during the financial year	(1,27,855)	178.30	(70,411)	10.00
Outstanding at the end of the financial year	25,26,110	178.30	9,84,226	10.00
Unvested at the end of the financial year	14,37,149	178.30	9,84,226	10.00
Exercisable at the end of the financial year	10,88,961	178.30	-	
Tranche 2				
Outstanding at the beginning of the financial year	7,203	148.10	7,284	10.00
Granted during the financial year	-			-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	7,203	148.10	7,284	10.00
Unvested at the end of the financial year	3,601	148.10	7,284	10.00
Exercisable at the end of the financial year	3,602	148.10	-	-

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Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	As at March 31, 2020					
	No. of	Weighted	No. of	Weighted		
	Options	average	RSUs	average		
		exercise price		exercise price		
		(₹ per share)		(₹ per share)		
Tranche 3						
Outstanding at the beginning of the financial year	2,52,107	163.60	84,978	10.00		
Granted during the financial year			-			
Exercised during the financial year^^	(9,004)	163.60	-	-		
Lapsed during the financial year	(27,011)	163.60	(12,140)	10.00		
Outstanding at the end of the financial year	2,16,092	163.60	72,838	10.00		
Unvested at the end of the financial year	1,08,045	163.60	72,838	10.00		
Exercisable at the end of the financial year	1,08,047	163.60		-		
Tranche 4						
Outstanding at the beginning of the financial year	90,039	150.80	30,349	10.00		
Granted during the financial year	-	-	-	-		
Exercised during the financial year	-	-	-	-		
Lapsed during the financial year	-	-	-	-		
Outstanding at the end of the financial year	90,039	150.80	30,349	10.00		
Unvested at the end of the financial year	67,529	150.80	30,349	10.00		
Exercisable at the end of the financial year	22,510	150.80	-	-		

^^The weighted average share price at the date of exercise of these Options was ₹ 227.80.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2021, is 4 years (March 31, 2020: 5 years) and for RSUs outstanding as at March 31, 2021, is 4 years (March 31, 2020: 5 years).

# iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

Options			RSUs				
Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
36.57	36.28	35.32	35.28	36.57	36.28	35.32	35.28
6.70	6.75	7.43	7.43	6.77	6.98	7.54	7.54
77.04	63.85	71.56	65.93	171.41	141.29	156.99	144.20
Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model	Black- Scholes model
	Nil 36.57 6.70 77.04 Black- Scholes	Tranche 1         Tranche 2           Nil         Nil           36.57         36.28           6.70         6.75           77.04         63.85           Black- Scholes         Black- Scholes	Tranche 1         Tranche 2         Tranche 3           Nil         Nil         Nil           36.57         36.28         35.32           6.70         6.75         7.43           77.04         63.85         71.56           Black- Scholes         Black- Scholes         Black- Scholes	Tranche 1         Tranche 2         Tranche 3         Tranche 4           Nil         Nil         Nil         Nil           36.57         36.28         35.32         35.28           6.70         6.75         7.43         7.43           77.04         63.85         71.56         65.93           Black- Scholes         Black- Scholes         Black- Scholes         Black- Scholes         Scholes	Tranche 1         Tranche 2         Tranche 3         Tranche 4         Tranche 1           Nil         Nil         Nil         Nil         Nil         Nil           36.57         36.28         35.32         35.28         36.57           6.70         6.75         7.43         7.43         6.77           77.04         63.85         71.56         65.93         171.41           Black- Scholes         Black- Scholes         Black- Scholes         Black- Scholes         Black- Scholes         Black- Scholes         Scholes	Tranche 1         Tranche 2         Tranche 3         Tranche 4         Tranche 1         Tranche 2           Nil         Nil         Nil         Nil         Nil         Nil         Nil         Nil           36.57         36.28         35.32         35.28         36.57         36.28         36.28           6.70         6.75         7.43         7.43         6.77         6.98         36.28           77.04         63.85         71.56         65.93         171.41         141.29           Black-         Black-         Black-         Scholes         Scholes         Scholes         Scholes         Scholes         Scholes	Tranche 1         Tranche 2         Tranche 3         Tranche 4         Tranche 1         Tranche 2         Tranche 3           Nil         State

# III. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019

During the year ended March 31, 2020, on July 26, 2019, the Nomination and Remuneration Committee and the Board of Directors ("Board"), approved introduction of Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 ("Scheme 2019") through trust route, for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

and of its holding and subsidiary companies. Based on the loan granted by the Company, the Trust has purchased 44,61,261 equity shares as at March 31, 2020. During the year ended March 31, 2021, the Trust purchased additional 2,49,196 equity shares to back the grants made under the Scheme 2019. As on March 31, 2021, the Trust holds 47,10,457 equity shares.

Accordingly, under the said Scheme 2019, vide its resolution dated December 2, 2019, the Committee commenced granting of options.

		Options			Us
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
No. of Options/ RSUs	33,42,876	1,16,360	14,17,684	11,18,385	32,161
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year
Exercise period	5 years from the date of vesting	5 years from the date of vesting			
Grant date	December 02, 2019	December 28, 2020	January 21, 2021	December 02, 2019	December 28, 2020
Grant/ exercise price (₹ per share)	225.25	164.10	173.55	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80	BSE - 173.05 NSE - 173.85	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80
Method of settlement	Equity	Equity	Equity	Equity	Equity

#### Details of the grants under Scheme 2019 i)

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#### Movement of Options and RSUs granted ii)

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

		As at Marc	ch 31, 2021	
	No. of	Weighted	No. of	Weighted
	Options	average	RSUs	average
		exercise price		exercise price
		(₹ per share)		(₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	33,28,332	225.25	11,08,335	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(8,75,718)	225.25	(37,185)	10.00
Outstanding at the end of the financial year	24,52,614	225.25	10,71,150	10.00
Unvested at the end of the financial year	24,52,614	225.25	10,71,150	10.00
Exercisable at the end of the financial year		-	-	-
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	1,16,360	164.10	32,161	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,16,360	164.10	32,161	10.00
Unvested at the end of the financial year	1,16,360	164.10	32,161	10.00
Exercisable at the end of the financial year		-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

		As at March	n 31, 2021	
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	14,17,684	173.55	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(9,091)	173.55	-	-
Outstanding at the end of the financial year	14,08,593	173.55	-	-
Unvested at the end of the financial year	14,08,593	173.55	-	-
Exercisable at the end of the financial year	-	-	-	-

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

		As at March 31, 2020				
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)		
Tranche 1						
Outstanding at the beginning of the financial	-	-	-	-		
year						
Granted during the financial year	33,42,876	225.25	11,18,385	10.00		
Exercised during the financial year	-	-	-	-		
Lapsed during the financial year	(14,544)	225.25	(10,050)	10.00		
Outstanding at the end of the financial year	33,28,332	225.25	11,08,335	10.00		
Unvested at the end of the financial year	33,28,332	225.25	11,08,335	10.00		
Exercisable at the end of the financial year	-	-	-	-		

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2021, is 6 years (March 31, 2020: 7 years) and for RSUs outstanding as at March 31, 2021, is 7 years (March 31, 2020: 8 years).

# iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options			RSUs		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	
Expected volatility (%)	32.88	36.16	36.02	32.88	36.16	
Risk-free interest rate (%)	6.66	5.62	5.62	6.76	6.19	
Weighted average fair value per Option/ RSU (₹)	112.00	84.39	76.78	216.18	158.10	
Model used	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model	

# b. Stock Appreciation Rights (SARs)

**Directors Report** 

The SARs compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.03 Crore (March 31, 2020: ₹ 0.22 Crore) has been taken to the Consolidated Statement of Profit and Loss.

# I. Plan for Stock Appreciation Rights, 2013

On October 25, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) approved a plan, viz. named as "Plan for Stock Appreciation Rights, 2013" ("Plan"), for granting Stock Appreciation Rights ("SARs") to the eligible employees of the Company.

# i) The details of the Plan are as below:

	SARs		
	Tranche 1	Tranche 2	
No. of SARs	3,08,295	10,225	
Method of accounting	Fair value	Fair value	
Vesting plan	Graded vesting-25% every year	Graded vesting-25% every year	
Exercise period	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	
Grant date	October 25, 2013	June 10, 2014	
Grant/ exercise price (₹ per share)	102.10	118.20	
Market price on the date of granting of SARs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	
Method of settlement	Cash	Cash	

# ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at March 31, 2021		As at March 31, 2020	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	-	-	10,613	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	(8,056)	102.10
Lapsed during the financial year	-	-	(2,557)	102.10
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### II. Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019

On February 04, 2019, the Nomination and Remuneration Committee and the Board of Directors of the Company, at their respective meetings had approved the "Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019" ("SARs Scheme 2019"), to grant SARs in the form of "Option SARs" and "RSU SARs", from time to time, to the eligible employees (as defined in the SARs Scheme 2019).

#### The details of the Plan are as below: i)

	SARs		
	Tran	che 1	
	Option SARs	RSU SARs	
No. of SARs	61,226	6,880	
Method of accounting	Fair value	Fair value	
Vesting plan	May 16, 2019 and September 08, 2019	September 08, 2020	
Exercise period	3 years from the date of vesting	3 years from the date of vesting	
Grant date	May 15, 2019	May 15, 2019	
Grant/ exercise price (₹ per share)	178.30	10.00	
Market price on the date of granting	BSE - 192.45	BSE - 192.45	
of SARs (₹ per share)	NSE - 192.80	NSE - 192.80	
Method of settlement	Cash	Cash	

#### Movement of SARs granted ii)

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at N	/larch 31, 2021	As at March 31, 2020	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Option SARs				
Outstanding at the beginning of the financial year	61,226	178.30	-	-
Granted during the financial year	-	-	61,226	178.30
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	61,226	178.30	61,226	178.30
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	61,226	178.30	61,226	178.30
RSU SARs	-	-		
Outstanding at the beginning of the financial year	6,880	10.00	-	-
Granted during the financial year	-	-	6,880	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	6,880	10.00	6,880	10.00
Unvested at the end of the financial year	-	-	6,880	10.00
Exercisable at the end of the financial year	6,880	10.00		-

The remaining contractual life for SARs outstanding as at March 31, 2021 is 2 years (March 31, 2020: 3 years).

#### iii) The following table lists the inputs to the model used for SARs:

	As at Marc	As at March 31, 2021 Tranche 1		h 31, 2020
	Tranc			he 1
	Option SARs	RSU SARs	Option SARs	RSU SARs
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	32.53	31.74	32.53	31.74
Risk-free interest rate (%)	5.88	6.24	5.88	6.24
Weighted average fair value per SAR (₹ )	27.42	144.94	27.42	144.94
Model used	Binomial	Binomial	Binomial	Binomial
	model	model	model	model

The expected life of the share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

### **NOTE - 45** COMMITMENTS AND CONTINGENCIES

#### a) Leases

#### Lease commitments as lessee

The Group has entered into agreements for taking on lease certain residential/ office/ store premises, warehouses, property, plant and equipment on lease and licence basis. The lease term is for a period ranging from 3 to 21 years, with escalation clauses in the lease agreements. Consistent with Industry practice, the Group has contracts which have fixed rentals or variable rentals based on a percentage of sales in the stores, or a combination of both.

# Expenses/ Income recognised in the Consolidated Statement of Profit and Loss

		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Other income		
Gain on retirement of right-of-use assets	21.74	12.93
Rent		
Expense relating to short-term leases	18.32	75.97
Expense relating to leases of low value assets	1.81	9.93
Variable rent*	332.20	401.12
Rent concession	(341.66)	-
Finance cost		
Interest expense on lease liabilities	224.91	211.99
Depreciation and impairment losses		
Depreciation on right-of-use assets	732.40	631.64
Other expenses		
Processing charges	15.52	22.42
Sublease payments received (not shown separately in the Consolidated Statement of Profit and Loss)	0.84	1.41

\* The variable rent varies basis percentage of Net Sales Value (NSV) at the lease premises.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Contractual maturities of lease liabilities

**Directors Report** 

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Within one year	870.05	836.00
After one year but not more than five years	1,846.17	1,881.79
More than five years	138.02	260.16
Total	2,854.24	2,977.95

The initial non-cancellable period of the lease agreement is upto 3 years, beyond which there is an option for the lessee to continue the lease, which the Group expects to continue for a period of 2 to 3 years after the initial non-cancellable period, accordingly 5 – 6 years has been considered as non-cancellable for the purpose of the above disclosure. Post such period, the Group has the option to exit the lease by giving a notice period and the Group assesses its intention to continue considering location and other economic factors associated with the lease arrangement.

Total cash outflow for leases for the year ended March 31, 2021 is ₹ 562.62 Crore (March 31, 2020 is ₹ 1,236.96 Crore).

The Group entered into a sale and leaseback transaction in respect of certain assets such as furniture and fixtures, office equipment etc., in line with its capital expenditure strategy. The assets were sold at fair values with no gains/ losses. Sale proceeds of ₹ 28.65 Crore (March 31, 2020 : ₹ 47.93 Crore) were realised upon sale of such assets. The lease arrangement is for a period of 4-5 years. The same has been recorded as a right-of-use assets with corresponding lease liabilities.

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Lease commitment for short-term leases	8.51	9.95
Lease commitment for leases of low value assets	0.85	3.77
Total	9.36	13.72

# Lease commitments for leases not considered in measurement of lease liabilities

Future Cash Outflows to which the Group is potentially exposed and not reflected in measurement of lease liabilities ₹ in Crore

				k in Crore
	March 31,	2021	March 31,	2020
Increase/ (decrease) in sales	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Rent	16.61	(16.61)	20.06	(20.06)

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# b) Capital commitments

**Directors Report** 

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	21.19	76.12
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	0.07	3.22
Total	21.26	79.34

#### c) Other commitments

Refer Note 47 for commitments towards investment in Goodview Fashion Private Limited.

#### NOTE - 46 CONTINGENT LIABILITIES NOT PROVIDED FOR

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as debts		
Commercial taxes	27.04	29.18
Excise duty	0.50	0.50
Customs duty	2.54	2.54
Bank Guarantees	2.41	-
Textile committee cess	0.75	0.75
Others*	16.29	16.78
Total	49.53	49.75

\* Pertains to claims made by third parties, pending settlement which are considered not tenable.

The Group's pending litigations comprise of claims against the Group primarily for excise duty, comprising various cases demanding duty on reversal of CENVAT credit on sale of capital goods and for commercial taxes, comprising various cases in respect of short fall of Forms F, H, I and C, disallowance of input credit, etc.

The Group has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements. In respect of litigations, where the management's assessment of a financial outflow is probable, the Group has a provision of ₹ 68.72 Crore as at March 31, 2021 (March 31, 2020: ₹ 78.51 Crore).

Bank Guarantee is given by Sabyasachi Calcutta LLP (a subsidiary of the Company) to foreign bank in respect of SBLC facility of USD 300,000 to be availed by M/s Sabyasachi Inc.

Finesse International Design Private Limited (a subsidiary of the Company) received assessment orders under section 153A related to block assessment in Income Tax for the assessment years 2013-14 to 2018-19, the demand of which is ₹ 2.16 Crore. The same is not considered as contingent liability, as Finesse has filed appeal against the same and additionally the liability is to the account of the Promoters as per the Shareholder's Agreement.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# **NOTE - 47 BUSINESS COMBINATIONS/INVESTMENTS**

#### Acquisitions during the year ended March 31, 2020

As per para 18 of Ind AS 103 - Business Combinations, the acquired assets have been fair valued. Fair value of assets has been carried out on "Fair Market Value" basis, which has been done using "appropriate valuation methodologies". The Company recognised and measured the Goodwill acquired in the business combination as per Ind AS 103, by reducing the fair values of net assets acquired from the amount of total consideration paid for acquisition of the business so as to derive the amount attributable to goodwill after recognising any identifiable intangible asset.

The acquisitions during the year ended March 31, 2020 are in line with Company's plan for accelerating play in branded ethnic wear space.

# A. Acquisition of Jaypore E-Commerce Private Limited, TG Apparel & Decor Private Limited and Jaypore Inc.

Pursuant to the approval of Board of Directors on June 10, 2019, the Company has acquired 100% stake in:

- "Jaypore E-Commerce Private Limited" ("Jaypore"), a B2B entity which sells ethnic fashion a) merchandise under its own brand "Jaypore" and of other third-party brands, by entering into a Share Purchase Agreement with its existing shareholders;
- b) "TG Apparel & Decor Private Limited" ("TG Apparel"), a B2C entity which retails ethnic fashion, both online and offline, by entering into a Share Purchase Agreement with its existing shareholders.

W.e.f July 02, 2019, Jaypore and TG Apparel became the wholly-owned subsidiaries of the Company. Consequent to the above, Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore has also become a wholly-owned subsidiary of the Company.

Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore was dissolved on September 21, 2020.

	Fair value recognised o	n acquisition
	₹ in Crore	₹ in Crore
Assets taken over		
Property, plant and equipment	2.67	
Right-of-use assets	11.41	
Other intangible assets	19.52	
Other non-current assets	0.62	
Inventories	3.62	
Cash and cash equivalents	0.51	
Other current assets	9.71	48.06
Liabilities taken over		
Lease liabilities	12.49	
Trade payables	12.36	
Other payables	3.17	
Deferred tax liabilities	3.48	31.50
Total identifiable net assets at fair value		16.56
Purchase consideration transferred		105.00
Goodwill arising on acquisition		88.44

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### Net cash flow on acquisition

**Directors Report** 

·	₹ in Crore
	As at March 31, 2020
Transaction costs of the acquisition (included in cash flows from operating activities)	0.71
Purchase consideration paid in cash (included in cash flows from investing activities)	101.45
Deferred consideration payable*	3.55
Total	105.71

\* Payable in cash post 1 year from the date of acquisition.

The Goodwill of ₹ 88.44 Crore comprises the value of expected synergies and the value derived from selling goods under Jaypore, TG Apparel and Jaypore Inc. business arising from the acquisition, which is not separately recognised. Goodwill is allocated entirely to the Madura Fashion & Lifestyle segment. The Company identified Brand/ Trademarks as acquired intangibles in the business combination. Brand/ Trademarks is amortised over a period of 10 years based on management's estimate of useful life.

#### B. Acquisition of Finesse International Design Private Limited

On July 15, 2019, the Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"). The said acquisition was done through a combination of primary equity infusion and secondary share purchase by way of signing of Share Subscription and Purchase Agreement ("SSPA") and Shareholders' Agreement with Finesse and its shareholders and w.e.f July 26, 2019, Finesse became the subsidiary of the Company.

	Fair value recognised o	n acquisition
	₹ in Crore	₹ in Crore
Assets taken over		
Property, plant and equipment	2.29	
Right-of-use assets	7.28	
Other intangible assets	35.38	
Other non-current assets	1.12	
Inventories	10.31	
Cash and cash equivalents	22.54	
Other current assets	1.35	80.27
Liabilities taken over		
Lease liabilities	8.01	
Trade payables	10.19	
Other payables	9.50	
Deferred tax liabilities	7.80	35.50
Total identifiable net assets at fair value		44.77
Company's share of net assets		22.83
Non-controlling interest		21.94
Purchase consideration transferred		57.85
Goodwill arising on acquisition		35.02

₹ in Crore

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

#### Net cash flow on acquisition

**Directors Report** 

As at March 31, 2020
0.45
57.85
58.30
-

The Goodwill of ₹ 35.02 Crore comprises the value of expected synergies and the value derived from selling goods under Finesse business arising from the acquisition, which is not separately recognised. Goodwill is allocated entirely to the Madura Fashion & Lifestyle Segment. The Company identified Brand/ Trademarks and Non-Compete right as acquired intangibles in the business combination. The Brand/ Trademarks and Non-Compete right are amortised over a period of 10 and 7 years, respectively based on management's estimate of useful life, and terms of the contract.

From the date of acquisition till March 31, 2020, Jaypore, TG Apparel, Jaypore Inc. and Finesse contributed ₹ 45.33 Crore of revenue and ₹ 19.42 Crore of loss to the loss before tax of the Group. If the combination had taken place at the beginning of the year ended March 31, 2020, the Group revenue from operations would have been ₹ 8,805.29 Crore and loss before tax for the Group would have been ₹ 40.88 Crore.

#### Acquisitions during the year ended March 31, 2021

#### C. Acquisition of 51% stake in Sabyasachi Calcutta LLP

On January 27, 2021, the Board of Directors approved the acquisition of 51% stake in Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm ("Sabyasachi" or "the LLP")] by entering into a Framework Agreement. On February 24, 2021, post completion of the customary closing conditions under the Framework Agreement, the Company concluded the acquisition. Considering the terms of the framework Agreement, the LLP is considered as a subsidiary of the Company.

On February 24, 2021, the partners of the LLP signed the LLP Agreement stipulating the capital of the partners and other terms and conditions in line with the aforesaid Framework Agreement as amended by the LLP Agreement and Framework Agreement on May 27, 2021.

	Fair value recognised	Fair value recognised on acquisition		
	₹ in Crore	₹ in Crore		
Assets taken over				
Property, plant and equipment	25.27			
Capital work-in-progress	1.46			
Right-of-use assets	29.54			
Investment Property	1.92			
Other intangible assets (Brand)	606.50			
Inventories	91.32			
Security deposits	3.03			
Trade receivables	1.80			
Cash and cash equivalents	27.23			
Deferred tax asset	4.93			
Other assets	7.03	800.03		
Liabilities taken over				
Borrowings	8.08			
Lease liabilities	30.79			
Trade payables	21.82			
Other payables	42.91	103.60		
Total identifiable net assets at fair value as at February 24, 2021		696.43		

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

As per the LLP Agreement, the agreed capital contribution as on February 24, 2021 is determined to be ₹ 710.63 Crore leading to a goodwill of ₹ 14.20 Crore. The Company invested ₹ 389.84 Crore in the LLP for its share of 51% and as per the LLP Agreement, existing partners (promoters) withdrew ₹ 277.00 Crore, post infusion of capital by the Company. Goodwill is allocated entirely to the Madura Fashion & Lifestyle Segment. Other intangible assets primarily comprise of the Brand and Trademarks ("Sabyasachi") which has been determined by management to have an indefinite life.

As per Framework Agreement, the Company has provided Mr. Sabyasachi Mukherjee, Put Option to sell his entire holding, i.e. 49% to the Company over a period of fourteen years starting from the end of five years from the aforesaid date and thereafter in three tranches, should an initial public offer of the organisation (after conversion to a company) does not take place. The Company has a Call option to purchase the entire holding of Mr. Sabyasachi Mukherjee in case the Put Option is not exercised at the end of fourteen years. In respect of the balance 49% held by promoter of Sabyasachi Calcutta LLP, the Company has accounted the same as non-current financial liability considering the put option. This qualifies as a liability under Ind AS since the Company does not have an unconditional right to not purchase the interest as per the terms of the Agreement. The Non-Controlling Interest has been recorded at the present value of the expected future cash outflows based on an independent valuation performed by the Company's appointed independent valuer. In accordance with Ind AS, the Group has elected an accounting policy choice to recognise the gross liability with a corresponding derecognition of non-controlling interest balance in its consolidated financial statements. Further, the Group has made an accounting policy choice to present any subsequent change in the fair value of gross liability in other equity.

From the date of acquisition till March 31, 2021, Sabyasachi Calcutta LLP contributed ₹ 19.89 Crore of revenue and ₹ 15.26 Crore of loss to the loss before tax of the Group. If the combination had taken place at the beginning of the year ended March 31, 2021, the Group revenue from operations would have been ₹ 5,340.38 Crore and loss before tax for the Group would have been ₹ 837.92 Crore.

# D. Investment in 80% equity stake in Indivinity Clothing Retail Private Limited

On February 24, 2021, the Board of Directors approved the investment of ₹ 63.00 Crore in 80% equity stake in Indivinity Clothing Retail Private Limited ["ICRPL"] by way of entering into 'Share Subscription and Shareholders Agreement' ["SSSA"]. On March 26, 2021, post completion of the customary closing conditions under the said SSSA, ICRPL became a subsidiary of the Company. The balance 20% equity is held by the promoter. ICRPL was incorporated on March 03, 2021 to carry-on the business of manufacture, and sale of apparel, jewellery and accessories.

# NOTE - 47b INTEREST IN JOINT VENTURE

On February 24, 2021, the Board of Directors approved the acquisition of 33.50% stake in Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited] ["GFPL"], by way of entering into a 'Share Purchase and Subscription agreement' ["SPSA"] along with a 'Shareholders Agreement'. On March 19, 2021, post completion of the customary closing conditions under the said SPSA, the Company concluded the acquisition. Considering the terms of the SPSA and Shareholders' Agreement, the investment in GFPL is considered as a Joint Venture.

Below is the joint venture of the Group which have been accounted as per equity method of accounting. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(A) Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited] - Proportion of ownership interest 33.50%

(a) Summarised Balance Sheet	₹ in Crore
	Acquisition Date
Current assets, including cash and cash equivalents	24.89
Non-current assets	122.02
Current liabilities, including tax payable	(27.54)
Non-current liabilities, including deferred tax liabilities	(18.33)
Net Assets	101.04
Group Share in %	33.50%
Group Share before Call option	33.85
Purchase consideration paid by the Company	67.18
Less: Fair value of Call option (Tranche 2)	(4.28)
Net Purchase consideration paid by the Company towards acquistion of equity stake in business	62.90
Goodwill	29.05

(b) Summarised statement of profit and loss	₹ in Crore
	Period ended March 31, 2021
Revenue from operations	1.27
Other income	0.04
Total Income	1.31
Cost of materials consumed	0.17
Changes in inventories of stock-in-trade	(0.44)
Employee benefits expense	0.40
Finance costs	0.09
Depreciation and amortisation expense	0.30
Other expenses	1.81
Total expenses	2.33
Loss before tax for the period	(1.02)
Income tax expense/(credit)	(0.26)
Loss for the period	(0.76)
Other comprehensive income for the period	0.02
Total comprehensive income for the period	(0.74)
Group's share of profit/(loss) after tax for the period	(0.25)

The joint venture had no contingent liabilities as at March 31, 2021 and capital commitments as at March 31, 2021 is amounting to ₹ 0.02 Crore.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

On or after the expiry of 3 years from the Closing Date and till the expiry of 5 years from the Closing Date, the Company has right but not an obligation, to acquire all or such number of Promoter securities from the Key Promoter so as to increase the shareholding to 51%. This is referred to as the Tranche 2 call option. Tranche 2 call option will be exercised by acquiring the said equity shares at a value based on specific formula.

Also, the agreement stipulates a simultaneous call and put option (the Company holds the call options and has written the put options), whereby, after the expiry of 10 years, in certain specified time periods, the Company can acquire, if it exercises the call option it holds, and will also be required to acquire, if Key Promoter exercises the put options the Company has written, all or such number of equity shares so as to increase its shareholding to 100%. These call and put options are to be exercised by acquiring/selling the said equity shares at fair value. Accordingly, the fair value of the option is Nil.

# NOTE - 48 RELATED PARTY TRANSACTIONS

# Names of related parties and related party relationship with whom transactions have taken place:

# Name of related parties

# Joint Venture

Goodview Fashion Private Limited - with effect from March 19, 2021

# Other related parties in which directors are interested

Aditya Birla Fashion and Retail Jan Kalyan Trust

Grasim Premium Fabric Private Limited (formerly known as Soktas India Private Limited) upto October 20, 2020 and thereafter with effect from February 24, 2021

Aditya Birla Management Corporation Private Limited with effect from July 01, 2019 Indiginus Learning Private Limited with effect from June 05, 2020

# Post-employment benefit plans

Aditya Birla Fashion and Retail Limited - Employees Group Superannuation Scheme Trust Aditya Birla Fashion and Retail Limited - Employees Group Gratuity Fund Trust

# Key Management Personnel ("KMP")

Mr. Kumar Mangalam Birla- Chairman & Non-executive Director with effect from February 24, 2021
Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director with effect from January 01, 2020
Mr. Ashish Dikshit - Managing Director
Mr. Vishak Kumar - Whole-time Director with effect from February 24, 2021
Ms. Sangeeta Pendurkar - Whole-time Director with effect from February 24, 2021
Mr. Arun Thiagarajan - Independent Director upto May 10, 2020
Mr. Bharat Patel - Independent Director upto August 20, 2019

Mr. Nish Bhutani - Independent Director with effect from June 05, 2020

Ms. Preeti Vyas- Independent Director with effect from March 31, 2021

Mr. Sunirmal Talukdar - Independent Director with effect from March 11, 2020

- Mr. Sanjeeb Chaudhuri Independent Director upto June 05, 2020
- Ms. Sukanya Kripalu Independent Director

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Mr. Yogesh Chaudhary - Independent Director with effect from March 17, 2021

Mr. Pranab Barua - Non-Executive Director upto December 31, 2019

Mr. Sushil Agarwal - Non-Executive Director upto March 31, 2021

Mr. Vikram Rao - Non-Executive Director with effect from March 17, 2021

Mr. Jagdish Bajaj - Chief Financial Officer

Ms. Geetika Anand - Company Secretary

# Relative of Key Management Personnel ("KMP")

Ms. Karuna Rao with effect from March 17, 2021

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

					₹ in Crore
	Year ended March 31, 2021		Year ended March 31, 202		
	Joint Venture	KMP and Relative of KMP	Other related parties	KMP and Relative of KMP	Other related parties
Purchase of goods	-	-	7.92	-	32.42
Reimbursement of expenses paid to	-	-	25.36	-	18.81
Consultancy services	-	-	0.10	-	-
Share in loss after tax (including other comprehensive income) of Joint Venture	0.25	-	-	-	-
Contribution to trusts	-	-	10.18	-	11.30
Purchase of property, plant and equipment	-	-	-	-	0.10
Deposits given	-	-	3.48	-	7.70
Repayment of deposit	-	-	5.54	-	-
Investment made in Joint Venture	12.45	-	-	-	-
Remuneration paid to KMP*		9.85	-	16.57	-
Remuneration paid to relative of KMP	-	0.01	-	-	-

\* Includes director sitting fees

#### **Balances outstanding**

-				₹ in Crore
	As at March 31, 2021		As at March	n 31, 2020
	KMP and Relative of KMP	Other related parties	KMP and Relative of KMP	Other related parties
Amounts owed to related parties	-	19.26	-	3.95
Deposits receivable	-	5.64	-	7.70

≠ in Crore

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The above amounts are classified as security deposit receivable and trade payables (Refer Notes - 8 and 28 respectively).

Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing **Obligations and Disclosure Requirements) Regulations, 2015:** 

Disclosure of transactions with the entity belonging to the promoter/ promoter group holding 10% or more shareholding in the Company

#### Transactions during the financial year

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Grasim Industries Limited		
Sale of services	-	0.80
Reimbursement of expenses recovered from	1.53	1.84
Purchase of goods	0.84	4.70
Balances outstanding		
		₹ in Crore
	As at	As at
	March 31, 2021	March 31, 2020
Grasim Industries Limited		

Amounts owed to entity	-	0.57
Amounts owed by entity	0.03	-

No amounts in respect of the related parties have been written off/ back during the year.

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Amount owed to and by related parties are unsecured and interest free and settlement occurs in cash. There have been no guarantees received or provided for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### Compensation of Key Managerial Personnel (KMP) of the Company

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits	6.18	10.24
Post-employment benefits	0.46	0.46
Share-based payment	3.21	5.87
Total	9.85	16.57

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Remuneration paid to managerial personnel for the year ended March 31, 2021 is in excess of the limits available under section 197 of the Companies Act, 2013 ("Act") read with Schedule V of the Act by ₹ 0.56 Crore. The Company shall obtain necessary approvals for the same from the shareholders at the forthcoming general meeting.

#### KMPs interests in the Employee Stock Options and RSUs

**Directors Report** 

Scheme	Grant date	Expiry date	Exercise price (₹ )	As at March 31, 2021	As at March 31, 2020
			-	Number outstanding	Number outstanding
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
Options - Tranche 1	September 08, 2017*	September 07, 2026	178.30	5,76,248	4,68,202
Options - Tranche 3	February 2, 2018*	February 1, 2027	163.60	1,35,058	-
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	67,529	90,039
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
Options - Tranche 1	December 02, 2019*	December 01, 2028	225.25	8,05,911	5,29,092
Options - Tranche 3	January 21, 2021	January 20, 2027	173.55	5,28,250	-
Total			=	21,12,996	10,87,333
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	97,118	97,118
RSUs - Tranche 3	February 2, 2018*	February 1, 2026	10.00	60,698	-
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
RSUs - Tranche 1	December 02, 2019*	December 01, 2027	10.00	2,99,498	1,48,744
Total				4,87,663	2,76,211

\*The above includes Options/RSU's granted to Mr. Vishak Kumar and Ms. Sangeeta Pendurkar who have been appointed as Whole-time Directors with effect from February 24, 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 49 GROUP INFORMATION

**Directors Report** 

The consolidated financial statements of the Group include subsidiaries and joint venture listed in the table below (Refer Note - 47):

Name of the entity	Relationship with Company	Country of incorporation	Principal Activities	Proportion of ownership interest and voting power held by Parent	
				As at March 31, 2021	As at March 31, 2020
Jaypore E-Commerce Private Limited	Subsidiary	India	Retailing	100.00%	100.00%
TG Apparel & Decor Private Limited	Subsidiary	India	Retailing	100.00%	100.00%
Jaypore Inc. (dissolved on September 21, 2020)	Subsidiary	USA	Retailing	100.00%	100.00%
Finesse International Design Private Limited	Subsidiary	India	Manufacturing and retailing	51.00%	51.00%
Sabyasachi Calcutta LLP	Subsidiary	India	Manufacturing and retailing	51.00%	-
Sabyasachi Inc.	Subsidiary	USA	Retailing	51.00%	-
Indivinity Clothing Retail Private Limited	Subsidiary	India	Manufacturing and retailing	80.00%	-
Goodview Fashion Private Limited	Joint Venture	India	Manufacturing and retailing	33.50%	-

### NOTE - 50 SEGMENT INFORMATION

Based on the "management approach", as defined under Ind AS 108 - Operating segments, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates the resources based on the analysis of various performance indicators by business segments. Accordingly, the business of the Group is divided into two business segments, which are as follows:

Segments	Activities
Madura Fashion & Lifestyle	Manufacturing, distribution and retailing of branded fashion apparel and accessories
Pantaloons	Retailing of apparel and accessories

Jaypore, TG Apparel, Jaypore Inc., Finesse, Forever 21, Sabyasachi, Sabyasachi Inc. and Indivinity businesses have been included in Madura Fashion & Lifestyle segment, considering all of these deal into branded apparel and is viewed as branded business.

Prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Year ended March 31, 2021

**Directors Report** 

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Eliminations	Total
Revenue					
External customers	3,390.34	1,858.58	5,248.92	-	5,248.92
Inter-segment	82.83	-	82.83	(82.83)	-
Total revenue	3,473.17	1,858.58	5,331.75	(82.83)	5,248.92

#### Year ended March 31, 2021 and As at March 31, 2021

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Corporate and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation expense	542.58	420.17	962.75	-	962.75
Segment profit/ (loss)	(214.13)	(144.50)	(358.63)	(478.91)	(837.54)
Total assets	5,974.74	3,324.03	9,298.77	872.70	10,171.47
Total liabilities	4,127.35	2,016.08	6,143.43	1,351.77	7,495.20
Other disclosures					
Capital expenditure	740.85	50.77	791.62	-	791.62

#### Year ended March 31, 2020

	, _0_0				₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Eliminations	Total
Revenue					
External customers	5,274.35	3,513.51	8,787.86	-	8,787.86
Inter-segment	205.23	-	205.23	(205.23)	-
Total revenue	5,479.58	3,513.51	8,993.09	(205.23)	8,787.86

#### Year ended March 31, 2020 and As at March 31, 2020

,		- ,			₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Corporate and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation expense	507.10	378.21	885.31	-	885.31
Segment profit/ (loss)	225.92	184.49	410.41	(443.30)	(32.89)
Total assets	5,679.87	3,769.05	9,448.92	316.64	9,765.56
Total liabilities	3,674.45	2,117.50	5,791.95	2,885.82	8,677.77
Other disclosures					
Capital expenditure	385.89	127.80	513.69	-	513.69

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Eliminations' column. All Eliminations are part of detailed reconciliations presented further below.

#### Corporate and eliminations

Directors Report

Finance income and costs are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to these segments as they are also managed on a Group basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from acquisition of subsidiaries.

#### Reconciliation of amounts reflected in the consolidated financial statements:

#### **Reconciliation of profit**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Segment profit/(loss)	(358.63)	410.41
Other unallocable (expenditure)/ income (net)	(0.48)	4.06
Finance costs (Refer Note - 36)	(502.60)	(424.71)
Inter-segment (loss)/ profit on sales (elimination)	24.51	(22.65)
Share in loss of Joint Venture	(0.34)	-
Loss before tax	(837.54)	(32.89)

#### **Reconciliation of assets**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Segment operating assets	9,298.77	9,448.92
Cash and cash equivalents	93.65	249.47
Deferred tax assets (net) (Refer Note - 10)	333.92	194.96
Non-current tax assets (net)	24.89	22.48
Investment in Joint Venture (Refer Note - 6a)	66.93	-
Non-current investments (Refer Note - 6b)	6.66	7.16
Current Investments (Refer Note - 13)	299.53	-
Other corporate assets	171.65	0.17
Inter-segment eliminations	(124.53)	(157.60)
Total	10,171.47	9,765.56

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# **Reconciliation of liabilities**

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Segment operating liabilities	6,143.43	5,791.95
Current borrowings (Refer Note - 27)	4.00	1,511.88
Non-current borrowings (Refer Note - 23)	814.37	856.93
Current maturities of long-term borrowings (Refer Note - 29)	318.01	414.22
Interest accrued but not due on borrowings (Refer Note - 24 and 29)	152.76	187.10
Deferred tax liabilities (net) (Refer Note - 10)	0.31	7.25
Deferred consideration for acquisition of subsidiaries (Refer Note - 29)	-	3.55
Other corporate liabilities	152.14	3.00
Inter-segment eliminations	(89.82)	(98.11)
Total	7,495.20	8,677.77

#### **Geographical segment**

		₹ in Crore
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from customers outside India	113.59	151.47
Revenue from customers within India	5,135.33	8,636.39
Total	5,248.92	8,787.86

# **NOTE - 51**

# FINANCIAL INSTRUMENTS: FAIR VALUE, RISK MANAGEMENT OBJECTIVES AND POLICIES

#### A. Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 are as follows:

As at March 31, 2021

						₹	in Crore	
	FVTPL	FVTPL	FVTPL FVTOCI	Amortised	Total	Fair value		
			cost*	carrying value	Level 1	Level 2	Level 3	
Financial assets								
Investments (Refer Notes - 6b and 13)	344.31	6.66	-	350.97	344.31	-	6.66	
Loans (Refer Notes - 7 and 14)	-	-	9.13	9.13	-	-	-	
Security deposits (Refer Notes - 8 and 15)	-	-	409.85	409.85	-	-	-	
Trade receivables (Refer Note - 16)	-	-	730.47	730.47	-	-	-	
Cash and cash equivalents (Refer Note - 17)	-	-	246.13	246.13	-	-	-	

**Directors Report** 

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

						₹	in Crore
	FVTPL	FVTOCI	Amortised	Total	Fair value		
			cost*	carrying value	Level 1	Level 2	Level 3
Bank balance other than Cash and cash equivalents (Refer Note - 18)	-	-	15.62	15.62	-		-
Other financial assets (Refer Notes - 9 and 19)	-	-	211.63	211.63	-	-	-
Total	344.31	6.66	1,622.83	1,973.80	344.31	-	6.66
Financial liabilities							
Non-current borrowings (Refer Note - 23)	-	-	814.37	814.37	-	-	-
Current borrowings (Refer Note - 27)	-	-	4.00	4.00	-	-	-
Current maturities of long-term borrowings(Refer Note - 29)	-	-	318.01	318.01	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	2,463.40	2,463.40	-	-	-
Deposits	-	-	298.01	298.01	-	-	-
Trade payables (Refer Note - 28)	-	-	2,373.44	2,373.44	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	533.10	533.10	-	-	-
Derivative contracts (Refer Note - 29)	3.29	-	-	3.29	3.29	-	-
Non-controlling interest put option (Refer Note - 24)	374.21	-	-	374.21	-	-	374.21
Total	377.50	-	6,804.33	7,181.83	3.29	-	374.21

#### As at March 31, 2020

#### ₹ in Crore FVTPL FVTOCI Amortised Total Fair value cost\* carrying Level 1 Level 2 Level 3 value Financial assets Investments (Refer Notes - 6b and 13) 7.04 14.20 7.04 7.16 7.16 --Loans (Refer Notes - 7 and 14) --10.56 10.56 \_ \_ \_ Security deposits (Refer Notes - 8 and 15) 409.22 409.22 -----Trade receivables (Refer Note - 16) 840.46 840.46 -\_ \_ \_ \_ Cash and cash equivalents (Refer Note - 17) 266.80 266.80 ----Bank balance other than Cash and cash 0.14 0.14 --equivalents (Refer Note - 18) 171.54 171.54 Other financial assets (Refer Notes - 9 and 19) ---\_ Derivative contracts (Refer Note - 19) 6.82 6.82 6.82 ----7.16 Total 13.86 7.16 1,698.72 1,719.74 13.86

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	FVTPL	FVTOCI	Amortised	Total		Fair value	
			cost*	carrying value	Level 1	Level 2	Level 3
Financial liabilities							
Non-current borrowings (Refer Note - 23)	-	-	856.93	856.93	-	-	-
Current borrowings (Refer Note - 27)	-	-	1,511.88	1,511.88	-	-	-
Current maturities of long-term borrowings (Refer Note - 29)	-	-	414.22	414.22	-	-	-
Lease liabilities (Refer note - 4b)	-	-	2,501.80	2,501.80	-	-	-
Deposits	-	-	263.18	263.18	-	-	-
Trade payables (Refer Note - 28)	-	-	2,289.92	2,289.92	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	525.29	525.29	-	-	-
Total	-	-	8,363.22	8,363.22	-	-	-

\* Carrying value of financial instruments measured at amortised cost equals to the fair value.

The carrying value of investment made in joint venture as at March 31, 2021 is ₹ 66.93 Crore (March 31, 2020: ₹ Nil) measured at cost.

#### Key inputs for level 1 and 3 fair valuation techniques

- a) Derivative contracts:
  - i) Forward contracts: Fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Company (level 1)
- b) Non-controlling interest put option :
  - i) Option contracts: Fair value of option contracts is determined basis valuation performed by independent valuer appointed by the Company (level 3)
- c) Investment:
  - i) Unquoted equity instruments: Valuation has been done by considering the net worth of the company and price to book multiple to arrive at the fair value (level 3)
  - ii) Quoted investments: Valuation has been done based on market value of the investment i.e. fair value (level 1)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Valuation inputs and relationships to fair value

**Directors Report** 

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

# Financial instruments measured at fair value

					₹ in Crore
	Fair Value as at	Significant unobservable	Fair Value as at March 31, 2021		Sensitivity
	March 31, 2021	inputs	Increase by 0.50%	Decrease by 0.50%	
Non-controlling interest put option	374.21	Risk adjusted discount rate	358.48	390.70	Increase in discount rate by 0.50% would decrease the fair value by ₹ 15.73 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 16.49 Crore.
		EBITDA margin projection	382.33	367.38	Increase in EBITDA margin by 0.50% would increase the fair value by ₹ 8.12 Crore and decrease in EBITDA margin by 0.50% would decrease the fair value by ₹ 6.83 Crore.
		Revenue projection	376.17	371.61	Increase in revenue by 0.50% would increase the fair value by ₹ 1.96 Crore and decrease in revenue by 0.50% would decrease the fair value by ₹ 2.60 Crore.

# B. Risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

# i) Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2021, approximately 97% of the Group's borrowings are at a fixed rate of interest (March 31, 2020: 45%).

# Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings taken at floating rates. With all other variables held constant, the Group's profit/ (loss) before tax is affected through the impact on floating rate borrowings, as follows:

	As at March	Arch 31, 2021 As at March 31,		
Basis points (%)	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Increase/ (decrease) on loss before tax				
₹ in Crore	(0.16)	0.16	(7.69)	7.69

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in the prior years.

# ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities denominated in foreign currency.

The Group manages foreign currency risk by hedging its transactions using foreign currency forward contracts. The foreign exchange forward contracts are not designated as cash flow hedges, and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 2 to 6 months. As at March 31, 2021, the Group has hedged Nil (March 31, 2020: Nil) of its receivables in foreign currency and 88% (March 31, 2020: 90%) of its payables in foreign currency.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The following table provide the details of forward contracts outstanding at the Consolidated Balance Sheet date:

As at March 31, 2021	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	2.86	214.71
As at March 31, 2020	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	2.87	213.33

The details of unhedged foreign currency exposure as at the Consolidated Balance Sheet date are as follows:

As at March 31, 2021	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.20	14.62
_	EURO	0.02	1.89
_	GBP	0.06	5.65
	HKD	0.62	5.79
Trade receivables	USD	0.16	12.03
—	EURO	0.05	4.01
—	HKD	0.04	0.38
—	GBP	0.09	9.29
Bank balances	USD	0.00*	0.09
—	CNY	0.01	0.07
—	BDT	0.11	0.09

\* The amount has been rounded off in Crore.

As at March 31, 2020	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.28	21.39
	EURO	0.01	0.88
_	GBP	0.04	3.93
_	HKD	0.16	1.54
Trade receivables	USD	0.21	15.87
_	EURO	0.04	3.01
_	GBP	0.07	6.46
Bank balances	CNY	0.03	0.31
	BDT	0.24	0.21

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Basis points (%)	As at Mar	ch 31, 2021	As at March 31, 2020		
	0.50% increase 0.50% decrease		0.50% increase	0.50% decrease	
Increase/ (decrease) on loss before tax					
₹ in Crore	(0.08)	0.08	(0.11)	0.11	

# b) Credit risk

**Directors Report** 

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Group only deals with parties which has good credit rating given by external rating agencies or based on the Group's internal assessment.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable dues where recoveries are made, these are recognised as income in the Consolidated Statement of Profit and Loss.

The Group is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

# Trade receivables

Customer credit risk is managed by each business unit, subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at March 31, 2021, the Group has 20 customers (March 31, 2020: 12 customers) that owed the Group more than ₹ 5 Crore each and accounts for approximately 86% (March 31, 2020: 79%) of all the receivables outstanding. There are 87 customers (March 31, 2020: 99 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 13% (March 31, 2020: 12%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Group's maximum exposure to credit risk for the components of the Consolidated Balance Sheet as at March 31, 2021 and March 31, 2020, is the carrying amount as provided in Note - 16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# c) Liquidity risk

The Group monitors its risk of shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares and commercial papers. Approximately, 28% of the Group's debt will mature in less than one year as at March 31, 2021 (March 31, 2020: 69%) based on the carrying value of borrowings reflected in the Consolidated financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to various sources of funding.

The below tables summarises the maturity profile of the Group's financial liabilities based on contractual payments.

				₹ in Crore
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	322.01	813.86	-	1,135.87
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	870.05	1,846.17	138.02	2,854.24
Other financial liabilities	483.49	52.90	374.21	910.60
Deposits	130.73	167.28	-	298.01
Trade payables	2,373.44	-		2,373.44
Total	4,179.72	2,880.72	512.23	7,572.67

### As at March 31, 2021

#### As at March 31, 2020

				₹ in Crore
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	1,926.10	856.42	-	2,782.52
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	836.00	1,881.79	260.16	2,977.95
Other financial liabilities	465.16	60.13	-	525.29
Deposits	153.40	109.78	-	263.18
Trade payables	2,289.92	-		2,289.92
Total	5,670.58	2,908.63	260.16	8,839.37

#### Excessive risk concentration

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

The Group is leader in apparels in the country and has a diversified portfolio of brands.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# NOTE - 52 CAPITAL MANAGEMENT

The Group's objective, when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Group is to borrow funds through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

The following table summarises the capital of the Group (debts excludes lease liabilities):

		₹ in Crore
	As at March 31, 2021	As at March 31, 2020
Short-term debts (including current maturities of long-term borrowings)	322.01	1,926.10
Long-term debts	814.37	856.93
Total borrowings	1,136.38	2,783.03
Equity	2,676.27	1,087.79

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings.

The Group has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings taking into consideration the waiver of compliance with one financial covenant by the Trustees of the Debentures issued by the Company.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

# NOTE - 53 ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

### Year ended March 31, 2021 and As at March 31, 2021

Name of the entity	Net assets i.e. minus total		Share in profit/ (loss) Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)			
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit/ (loss)	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
Parent								
Aditya Birla Fashion and Retail Limited	100.31%	2,684.58	88.27%	(649.64)	88.51%	1.60	88.27%	(648.04)
Subsidiaries								
Jaypore E-Commerce Private Limited	-0.98%	(26.14)	2.25%	(16.58)	-4.43%	(0.08)	2.27%	(16.66)
TG Apparel & Decor Private Limited	-0.01%	(0.25)	-0.27%	2.00	0.00%	-	-0.27%	2.00

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Name of the entity	Net assets i.e. minus total		···· · · · · · · · · · · · · ·		ve income	Share in total comprehensive income (TCl)		
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit/ (loss)	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
Finesse International Design Private Limited	0.22%	5.84	1.40%	(10.29)	13.83%	0.25	1.37%	(10.04)
Sabyasachi Calcutta LLP	28.73%	769.00	7.48%	(55.02)	2.08%	0.04	7.49%	(54.98)
Indivinity Clothing Retail Private Limited	2.59%	69.19	0.01%	(0.04)	0.00%	-	0.01%	(0.04)
Adjustments arising out of consolidation	-30.86%	(825.95)	0.87%	(6.43)	0.00%	-	0.88%	(6.43)
Total	100.00%	2,676.27	100.00%	(736.00)	100.00%	1.81	100.00%	(734.19)
Non-controlling Interest in subsidiary		32.48		(63.49)		0.14		(63.35)
Total		2,643.79		(672.51)		1.67		(670.84)

# Year ended March 31, 2020 and As at March 31, 2020

			•					
Name of the entity	Net assets assets mir liabili	us total	Share i	n loss	Share in comprehens (OC	ive income	Share ir compreh income	ensive
	As % of consolidated net assets	₹ in Crore	As % of consolidated loss	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
Parent								
Aditya Birla Fashion and Retail Limited	99.82%	1,085.87	87.98%	(145.19)	103.61%	5.45	87.47%	(139.74)
Subsidiaries								
Jaypore E-Commerce Private Limited	-0.93%	(10.12)	8.30%	(13.69)	-1.71%	(0.09)	8.63%	(13.78)
TG Apparel & Decor Private Limited	-0.21%	(2.25)	0.28%	(0.46)	0.00%	-	0.29%	(0.46)
Finesse International Design Private Limited	1.47%	15.98	1.19%	(1.97)	-1.14%	(0.06)	1.27%	(2.03)
Adjustments arising out of consolidation	-0.16%	(1.69)	2.25%	(3.71)	-0.76%	(0.04)	2.35%	(3.75)
Total	100.00%	1,087.79	100.00%	(165.02)	100.00%	5.26	100.00%	(159.76)
Non-controlling Interest in subsidiary		19.90		(2.01)		(0.03)		(2.04)
Total		1,067.89		(163.01)		5.29		(157.72)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# **NOTE - 54 PREVIOUS YEAR FIGURES**

**Directors Report** 

Previous years' figures have been regrouped/ rearranged wherever necessary to conform to the current year's classification(s). The Company acquired/invested in Sabyasachi Calcutta LLP, Sabyasachi Inc. and Indivinity Clothing Retail Private Limited which forms part of "Madura Fashion & Lifestyle" segment of the Group with effect from February 24, 2021 and March 26, 2021, respectively. During the year ended March 31, 2020, the Company acquired Jaypore E-Commerce Private Limited, TG Apparel & Decor Private Limited, Jaypore Inc. and Finesse International Design Private Limited which forms part of "Madura Fashion & Lifestyle" segment of the Group with effect from July, 2019. Accordingly, the figures for the year ended March 31, 2021 are strictly not comparable to the previous year.

As per our report of even date For S R B C & CO LLP **Chartered Accountants** ICAI Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited

per ADITYA VIKRAM BHAUWALA Partner Membership No.: 208382

ASHISH DIKSHIT (Managing Director) (DIN: 01842066)

Place: Bengaluru Date : May 28, 2021

JAGDISH BAJAJ (Chief Financial Officer)

Place: Bengaluru Date : May 28, 2021 VISHAK KUMAR (Whole-time Director) (DIN: 09078653)

Place: Bengaluru Date : May 28, 2021

**GEETIKA ANAND** (Company Secretary) (M.No.: 23228)

Place: Mumbai Date : May 28, 2021

Place: Bengaluru Date : May 28, 2021

364 Aditya Birla Fashion and Retail Limited

# Notice of 14<sup>th</sup> Annual General Meeting

**NOTICE** is hereby given that the 14<sup>th</sup> Annual General Meeting of the Shareholders of Aditya Birla Fashion and Retail Limited ("the Company") will be held on Thursday, September 9, 2021 at 4:00 p.m. IST through Video Conferencing ("VC") / Other Audio- Visual Means ("OAVM") to transact the following businesses:

# Ordinary business

- 1) Consider and adopt:
  - a) Audited Standalone Financial Statements of the Company for the Financial year ended on March 31, 2021 and the reports of the directors and auditors thereon; and
  - b) Audited Consolidated Financial Statements of the Company for the Financial year ended on March 31, 2021 and the reports of the auditors thereon.
- 2) Consider and appoint Mr. Himanshu Kapania, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) Appointment of Price Waterhouse & Co Chartered Accountants LLP as the Statutory Auditor of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** in accordance with the provisions of Section 139, 141 and 142 of the Companies Act, 2013 and rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee of the Board of Directors and the Board of Directors (hereinafter referred to as "Board"), Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E-300009), be and are hereby appointed as the Statutory Auditor of the Company to hold office for a period of 5 (Five) years i.e. from the conclusion of this Meeting till the conclusion of the 19<sup>th</sup> Annual General Meeting of the Company, at a remuneration of ₹ 1.57 Crore (Rupees One Crore Fifty Seven Lakhs only), excluding applicable taxes and out-of-pocket expenses, and further increment(s) for the remaining tenure of the appointment, as may be approved by the Audit Committee in this behalf."

# **Special business**

4) Fixing remuneration limits for Mr. Ashish Dikshit, Managing Director for the remaining term of 2 years.

To consider and if thought fit, to pass the following resolution, as **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Rules framed thereunder, (including any statutory modifications or reenactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary, approval of the Members be and hereby accorded for the payment of the remuneration to Mr. Ashish Dikshit (DIN: 01842066), Managing Director, for the period of 2 (two) years viz., February 1, 2021 up to January 31, 2023, on the terms and conditions as set out in the Statement annexed to the Notice, with authority to the Board of Directors to alter and vary the terms of his remuneration, subject to the restrictions, if any, contained in the Act or otherwise as may be permissible at law.

**RESOLVED FURTHER THAT** save and except as aforesaid, the resolution as approved by the Shareholders at the Eleventh Annual General Meeting of the Company held on August 28, 2018 w.r.t. approving the appointment of Mr. Ashish Dikshit as the Managing Director of the Company for a period of 5 years (w.e.f. February 1, 2018 to January 31, 2023) shall continue to remain in full force and effect until the completion of his tenure.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board and/ or key managerial personnel and/or officers of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

#### 5) Appointment of Mr. Kumar Mangalam Birla as a Non-Executive Director.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 197 of the Companies Act, 2013 and rules made thereunder, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Mr. Kumar Mangalam Birla (DIN: 00012813) who was appointed as an Additional (Non-Executive) Director of the Company with effect from February 24, 2021 and holds office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company, be and is hereby appointed as a Non-Executive Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

#### 6) Appointment of Ms. Sangeeta Pendurkar as a Whole-time Director of the Company.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 2(51), 2(94), 149, 152, 179, 196, 197, 198 and 203 of the Companies Act, 2013 read with Schedule V and rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Ms. Sangeeta Pendurkar (DIN: 03035271) who was appointed as an Additional Director (Whole-time) of the Company with effect from February 24, 2021, be and is hereby appointed as a Whole-time Director for a term of 5 (five) consecutive years with effect from February 24, 2021 on the terms and conditions as set out in the Statement annexed to the Notice, with authority to the Board of Directors to alter and vary the terms of his remuneration, subject to the restrictions, if any, contained in the Act or otherwise as may be permissible at law.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

#### 7) Appointment of Mr. Vishak Kumar as a Whole-time Director of the Company.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 2(51), 2(94), 149, 152, 179, 196, 197, 198 and 203 of the Companies Act, 2013 read with Schedule V and rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the

recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Mr. Vishak Kumar (DIN: 09078653) who was appointed as an Additional Director (Whole-time) of the Company with effect from February 24, 2021, be and is hereby appointed as a Whole-time Director for a term of 5 (five) consecutive years with effect from February 24, 2021 on the terms and conditions as set out in the Statement annexed to the Notice, with authority to the Board of Directors to alter and vary the terms of his remuneration, subject to the restrictions, if any, contained in the Act or otherwise as may be permissible at law.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

#### 8) Appointment of Mr. Vikram Rao as a Non-Executive Director of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and 197 of the Companies Act, 2013 and rules made thereunder, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Mr. Vikram Rao (DIN: 00017423) who was appointed as an Additional (Non-Executive) Director of the Company with effect from March 17, 2021 and holds office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company, be and is hereby appointed as a Non-Executive Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

#### 9) Appointment of Mr. Yogesh Chaudhary as an Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 197 read with Schedule IV of the Companies Act, 2013 and rules made thereunder ("Act"), Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Mr. Yogesh Chaudhary (DIN: 01040036) who was appointed as an Additional (Independent) Director of the Company with effect from March 17, 2021, and holds office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company and who has submitted a declaration that he meets the criteria for independence as provided in the Act and SEBI Listing Regulations, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years with effect from March 17, 2021.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the

purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

# 10) Appointment of Ms. Preeti Vyas as an Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 197 read with Schedule IV of the Companies Act, 2013 and rules made thereunder ("Act"), Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Ms. Preeti Vyas (DIN: 02352395) who was appointed as an Additional (Independent) Director of the Company with effect from March 31, 2021, and holds office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company and who has submitted a declaration that she meets the criteria for independence as provided in the Act and SEBI Listing Regulations, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years with effect from March 31, 2021.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

# 11) Appointment of Mr. Arun Adhikari as an Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 197 read with Schedule IV of the Companies Act, 2013 and rules made thereunder ("Act"), Regulation 16 (1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Mr. Arun Adhikari (DIN: 00591057) who was appointed as an Additional (Independent) Director of the Company with effect from May 19, 2021, and holds office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company and who has submitted a declaration that he meets the criteria for independence as provided in the Act and SEBI Listing Regulations, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years with effect from May 19, 2021.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

By Order of the Board

-/Sd Geetika Anand Company Secretary & Compliance Officer

Date : May 28, 2021 Place : Mumbai

AGM Notice

# **Explanatory Statement**

The following statement sets out all material facts relating to the businesses mentioned in this notice for the 14<sup>th</sup> Annual General Meeting of the Members of the Company:

# 3) Appointment of Price Waterhouse & Co Chartered Accountants LLP as the Statutory Auditor of the Company.

#### Present Auditor:

The Members of the Company had approved the appointment of M/s. S R B C & CO. LLP, Chartered Accountants [ICAI Firm Registration Number 324982E/ E300003] ("SRBC"), as the Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 9<sup>th</sup> AGM [held on September 7, 2016] until the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company. The present remuneration of SRBC for conducting the audit for the Financial year 2020-21, is ₹ 1.44 Crore (Rupees One Crore Forty-Four Lakhs Only), excluding applicable taxes and out-of-pocket expenses and certification fees, if any. SRBC will complete their present term on conclusion of this AGM in terms of the aforesaid and Section 139 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014. On completion of its present term, SRBC is ineligible for re-appointment pursuant to Section 139, 141(3)(g) and 144 of the Act.

#### Proposed Auditor:

Pursuant to the recommendation of the Audit Committee, the Board of Directors of the Company, recommended for the approval of the Members, the appointment of Price Waterhouse & Co Chartered Accountants LLP [Firm Registration Number: 304026E/E300009] ("PW&Co"), as the Auditors of the Company for a period of 5 (Five) years i.e. from the conclusion of this Meeting till the conclusion of the 19<sup>th</sup> Annual General Meeting of the Company at a remuneration of ₹ 1.57 Crore (Rupees One Crore Fifty Seven Lakhs Only), excluding applicable taxes and out-of-pocket expenses and certification fees, if any, paid in accordance with the provisions of Section 144 of the Act. Any further increment(s) for the remaining tenure of the appointment shall be approved by the Audit Committee in this behalf.

While considering the candidature of PW&Co, the Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found PwC to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

PW&Co is part of Price Waterhouse & Affiliates, which consist of 12 separate, distinct and independent member firmes registered with ICAI. PW&Co:

- a) is primarily engaged in providing audit and assurance services to its clients;
- b) is one of the oldest professional services network of firms with pan India presence;
- c) has more than 2000 staff and more than 75 audit partners in India;
- d) has a valid Peer Review certificate;
- e) has confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and is not disqualified to be appointed as Statutory Auditor in terms of the provisions of the proviso to Section 139(2) and Section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014; and
- f) has provided its eligibility certificate(s) and consent to act as the Statutory Auditor.

None of the directors and/or key managerial personnel of the Company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of PW&Co as the Statutory Auditor, as set out in item no. 3 of the notice, for approval of the shareholders.

# 4) Fixing remuneration limits for Mr. Ashish Dikshit, Managing Director for remaining tenure of 2 years.

At the 11<sup>th</sup> Annual General Meeting held on August 28, 2018, the Members of the Company had appointed Mr. Ashish Dikshit as the Managing Director of the Company for a tenure of 5 (five) years effective from February 1, 2018 to January 21, 2023.

Pursuant to Section II of Part II of Schedule V to the Act, the remuneration payable to Mr. Dikshit was approved for a period of 3 (three) three years w.e.f., February 1, 2018 to January 31, 2021.

The approval of the Members is now being sought for fixing the remuneration payable to him for the period of 2 (two) from February 1, 2021 to January 31, 2023, pursuant to Section 197(1) of the Companies Act, 2013 and as per the details set out below:

#### A. <u>Salary:</u>

- a) Basic Salary: as the Board may determine from time to time, subject however to a ceiling of ₹ 2,10,00,000/- (Rupees Two Crore and Ten Lakh only) per annum.
- b) Special Allowance: as the Board may determine from time to time, subject however to a ceiling of ₹ 2,10,00,000/- (Rupees Two Crore and Ten Lakh only) per annum. This allowance however, will not be taken into account for the calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave encashment.
- c) Annual Incentive Pay: Linked to the achievement of targets, as may be decided by the Board from time to time, subject to a maximum of ₹ 6,00,00,000/- (Rupees Six Crore only) per annum.
- d) Long-term Incentive Compensation (LTIC) including Employee Stock Option, Restricted Stock Units, Stock Appreciation Rights, Phantom Restricted Stock Units as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentives applicable to Senior Executives of the Company/ Aditya Birla Group, in such manner and with such provisions as may be decided by the Board, considering the above.
- B. <u>Perquisites:</u>
  - a) Housing [Company provided (furnished/ unfurnished) accommodation and/or HRA in lieu of Company provided accommodation] / Car or other allowances/ perquisites: Any revision/change in such allowance / perquisite, be adjusted from the existing Special Allowance, subject to the ceiling limit as approved by the Shareholders and as per the policy of the Company of the Company.
  - b) Reimbursement of expenses: At actuals pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
  - c) Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actual (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
  - d) Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
  - e) Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
  - f) Car: Two cars for use of the Company's Business.

- g) Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per policy of the Company. Travelling expenses of Spouse accompanying on any official overseas or inland trip will be governed as per the rules of the Company.
- h) Leave and encashment of leave: As per the policy of the Company.
- i) Personal accident Insurance Premium: As per the policy of the Company.
- j) Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme: As per the policy of the Company.
- k) Gratuity and/or contribution to the Gratuity Fund of Company: As per the policy of the Company.
- Other Allowances/ benefits, perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/ or any other allowance, perquisites as the Board from time to time decide.
- m) Any other one-time/ periodic retirement allowances/ benefits: As may be decided by the Board at the time of retirement.
- C. Subject as aforesaid, Mr. Ashish Dikshit, Managing Director, shall be governed by such other Rules as are applicable to the Senior Executives of the Company, from time to time.
- D. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Ashish Dikshit, Managing Director, will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.
- E. The aggregate of the remuneration and perquisites as aforesaid in any Financial year shall not exceed the limit specified under applicable provisions of the Act or otherwise as may be permissible at law, from time to time.
- F. Though considering the provisions of Section 188 of the Act, Mr. Ashish Dikshit would not be holding any office or place of profit by his being a mere director of the Company's Subsidiaries/ Joint Ventures, approval be and is hereby granted by way of abundant caution for him to accept the sitting fees/ commission paid/ payable to other directors for attending meetings of Board(s) of Directors/ Committee(s) of Subsidiaries/Joint Ventures of the Company or companies promoted by the Aditya Birla Group.
- G. Mr. Ashish Dikshit shall not be subject to retirement by rotation during his continuing tenure as the Managing Director of the Company. So long as Mr. Ashish Dikshit functions as the Managing Director, he shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.
- H. When in any Financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Dikshit in accordance with the applicable provisions of the Act and subject to such approvals as may be required.
- I. Board shall review and recommend the remuneration payable to the Managing Director during the tenure of his appointment, from time to time.

Save and except as aforesaid, all other terms and condition of Mr. Ashish Dikshit's appointment as the Managing Director shall continue to remain in full force and effect until the completion of his tenure (i.e. from February 1, 2018 to January 31, 2023), as approved by the Members at the Eleventh Annual General Meeting of the Company held on August 28, 2018.

Details pursuant to Schedule V of the Act is provided separately in **Annexure B** to this notice.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Ashish Dikshit and his relatives, are in any way concerned or interested (financially

or otherwise), in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to payment of remuneration to Mr. Ashish Dikshit as the Managing Director of the Company, as set out in item no. 4 of the notice, for approval of the shareholders.

#### 5) Appointment of Mr. Kumar Mangalam Birla as a Non-Executive Director.

Pursuant to the recommendation of the Nomination and Remuneration Committee of the Board ("NRC"), the Board approved the appointment of Mr. Kumar Mangalam Birla as an Additional (Non-Executive) Director of the Company with effect from February 24, 2021 to hold office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company.

Brief profile of Mr. Kumar Mangalam Birla is provided separately in **Annexure A** to this notice. The Company has received a notice proposing the candidature of Mr. Kumar Mangalam Birla for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Kumar Mangalam Birla and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of Mr. Kumar Mangalam Birla as a Non-Executive Director of the Company, as set out in item no. 5 of the notice, for approval of the shareholders.

#### 6) Appointment of Ms. Sangeeta Pendurkar as a Whole-time Director of the Company.

Pursuant to the recommendation of the NRC, the Board, had approved the appointment of Ms. Sangeeta Pendurkar as a Whole-time Director of the Company with effect from February 24, 2021 for a term of 5 (five) years, subject however to the approval of shareholders of the Company at the 14<sup>th</sup> Annual General Meeting.

Members' approval is sought for the appointment of and remuneration payable to Ms. Sangeeta Pendurkar in terms of the applicable provisions of the Act, more particularly as appended below:

A. <u>Period:</u>

5 Years w.e.f. February 24, 2021 to February 23, 2026 with the liberty to either party to terminate the appointment on three months' notice in writing to the other.

# B. <u>Remuneration for the period of 3 years i.e. from February 24, 2021 up to February 23, 2024:</u>

a) Basic Salary:

₹ 1,42,11,905/- (Rupees One Crore Forty-Two Lakh Eleven Thousand Nine Hundred and Five only) per annum with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 2,88,00,000/- (Rupees Two Crore Eighty-Eight Lakh only) per annum.

b) Special Allowance:

₹49,32,520/- (Rupees Forty-Nine Lakh Thirty-Two Thousand Five Hundred and Twenty only) per annum [which will be restored to ₹1,23,82,520/- (Rupees One Crore Twenty Three Lakh Eighty Two Thousand Five Hundred and Twenty only) effective April 1, 2021] with such increments as the Board may decide from time to time, subject however to a ceiling of ₹2,52,00,000/- (Rupees Two Crore Fifty Two Lakh only) per annum. This allowance however, will not be taken into account for the calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave encashment. c) Annual Incentive Pay:

Linked to the achievement of targets ₹ 72,50,000/- (Rupees Seventy-Two Lakh Fifty Thousand only) per annum [which will be restored to ₹ 1,45,00,000/- (Rupees One Crore Forty-Five Lakh only) effective April 1, 2021], subject to a maximum of ₹ 4,00,00,000/- (Rupees Four Crore only) per annum.

- d) Long-term Incentive Compensation (LTIC) including Employee Stock Option, Restricted Stock Units, Stock Appreciation Rights, Phantom Restricted Stock Units as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentives applicable to Senior Executives of the Company/Aditya Birla Group, in such manner and with such provisions as may be decided by the Board, considering the above.
- C. <u>Perquisites</u>
  - a) Housing: Company provided (furnished/ unfurnished) accommodation and/or HRA in lieu of company provided accommodation as per the policy of the Company.
  - b) House Maintenance: At actuals pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
  - c) Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actual (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
  - d) Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
  - e) Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
  - f) Car: Two cars for use on Company's Business. As per Company Car policy
  - g) Other Expenses: Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per policy of the Company.
  - h) Leave and encashment of leave: As per the policy of the Company.
  - i) Life Insurance: As per the policy of the Company.
  - j) Personal accident Insurance: As per the policy of the Company.
  - k) Contribution towards Provident Fund, Superannuation Fund, National Pension Scheme or Annuity Fund, National Pension Scheme: As per the policy of the Company.
  - l) Gratuity and/or contribution to the Gratuity Fund of Company: As per the policy of the Company.
  - m) Other Allowances/benefits, perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/ or which may become applicable in the future and/ or any other allowance, perquisites as the Board from time to time decide.
  - n) In case the executive is elevated to the next higher level of the Company during the tenure of appointment, the allowances, perquisites and benefits applicable to the level, will also apply to the executive.
  - o) Annual remuneration review is effective July 1<sup>st</sup> each year, as per policy of the Company.
- D. Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.

- E. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Ms. Sangeeta Pendurkar, Whole Time Director will be considered as continuous service with the Company from the date of her joining the Aditya Birla Group.
- F. The aggregate of the remuneration and perquisites as aforesaid in any Financial year shall not exceed the limit from time to time under Sections 197, 198 and other applicable provisions of the Act read with Schedule V thereto or otherwise as may be permissible at law.
- G. Any revision/change in allowance/perquisite relating to Company provided (furnished/ unfurnished) accommodation and/or HRA in lieu of Company provided accommodation/ Car or other allowances/perquisites, will be adjusted from the existing Special Allowance, subject to the ceiling limit as approved by the Shareholders and as per the policy of the Company of the Company.
- H. Though considering the provisions of Section 188 of the Companies Act 2013, and the applicable Rules thereunder, Ms. Sangeeta Pendurkar would not be holding any office or place of profit by his being a mere director of the Company's subsidiaries/ Joint Ventures, approval be and is hereby granted by way of abundant caution for him to accept the sitting fees/commission paid/payable to other directors for attending meetings of Board(s) of Directors/Committee(s) of subsidiaries/Joint Ventures of the Company or companies promoted by the Aditya Birla Group.
- I. Ms. Sangeeta Pendurkar shall not be subject to retirement by rotation during her tenure as the Whole Time Director of the Company. So long as Ms. Sangeeta Pendurkar functions as the Whole Time Director, she shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.
- J. When in any Financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Ms. Sangeeta Pendurkar in accordance with the applicable provisions of the Act and subject to such approvals as may be required.
- K. Board shall review and recommend the remuneration payable to the Whole-time Director during the tenure of her appointment, from time to time.

Brief profile of Ms. Sangeeta Pendurkar is provided separately in **Annexure A** to this notice. Details pursuant to Schedule V of the Act is provided separately in **Annexure B** to this notice. The Company has received a notice proposing the candidature of Ms. Sangeeta Pendurkar for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Ms. Sangeeta Pendurkar and her relatives, are in any way concerned or interested (financially or otherwise), in the proposed Special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to the appointment of Ms. Sangeeta Pendurkar as a Whole-time Director of the Company, as set out in item no. 6 of the notice, for approval of the shareholders.

# 7) Appointment of Mr. Vishak Kumar as a Whole-time Director of the Company.

Pursuant to the recommendation of the NRC, the Board, had approved the appointment of Mr. Vishak Kumar as a Whole-time Director of the Company with effect from February 24, 2021 for a term of 5 (five) years, subject however to the approval of shareholders of the Company at their 14<sup>th</sup> Annual General Meeting.

Members' approval is sought for the appointment of and remuneration payable to Mr. Vishak Kumar in terms of the applicable provisions of the Act, more particularly as appended below:

A. <u>Period:</u>

5 Years w.e.f. February 24, 2021 to February 23, 2026 with the liberty to either party to terminate the appointment on three months' notice in writing to the other.

- B. <u>Remuneration for the period of 3 years i.e. from February 24, 2021 up to February 23, 2024:</u>
  - a) Basic Salary:

₹ 97,69,719/- (Rupees Ninety-Seven Lakh Sixty-Nine Thousand Seven Hundred and Nineteen only) per annum with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 2,04,00,000/- (Rupees Two Crore Four Lakh only) per annum.

b) Special Allowance:

₹ 84,97,917/- (Rupees Eighty-Four Lakh Ninety-Seven Thousand Nine Hundred and Seventeen only) per annum [which will be restored to ₹ 1,51,64,616/- (Rupees One Crore Fifty-One Lakh Sixty-Four Thousand Six Hundred and Sixteen only) effective April 1, 2021] with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 3,24,00,000/- (Rupees Three Crore Twenty-Four Lakh only) per annum.

This allowance however, will not be taken into account for the calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave encashment.

c) Annual Incentive Pay:

Linked to the achievement of targets ₹ 83,33,250/- (Rupees Eighty-Three Lakh Thirty-Three Thousand Two Hundred and Fifty only) per annum [which will be restored to ₹ 1,66,66,500/- (Rupees One Crore Sixty-Six Lakh Sixty-Six Thousand Five Hundred only) effective April 1, 2021], subject to a maximum of ₹ 4,50,00,000/- (Rupees Four Crore Fifty Lakh only) per annum.

- d) Long-term Incentive Compensation (LTIC) including Employee Stock Option, Restricted Stock Units, Stock Appreciation Rights, Phantom Restricted Stock Units as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentives applicable to Senior Executives of the Company/Aditya Birla Group, in such manner and with such provisions as may be decided by the Board, considering the above.
- C. <u>Perquisites</u>
  - a) Housing: Company provided (furnished/ unfurnished) accommodation and/or HRA in lieu of company provided accommodation as per the policy of the Company.
  - b) House Maintenance: At actuals pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
  - c) Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actual (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
  - d) Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
  - e) Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
  - f) Car: Two cars for use on Company's Business. As per Company Car policy

- g) Other Expenses: Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per policy of the Company.
- h) Leave and encashment of leave: As per the policy of the Company.
- i) Life Insurance: As per the policy of the Company.
- j) Personal accident Insurance Premium: As per the policy of the Company.
- k) Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme: As per the policy of the Company.
- l) Gratuity and/or contribution to the Gratuity Fund of Company: As per the policy of the Company.
- m) Other Allowances/benefits, perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/ or which may become applicable in the future and/ or any other allowance, perquisites as the Board from time to time decide.
- n) In case the executive is elevated to the next higher level of the Company during the tenure of appointment, the allowances, perquisites and benefits applicable to the level, will also apply to the executive.
- o) Annual remuneration review is effective July 1<sup>st</sup> each year, as per policy of the Company.
- D. Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- E. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Vishak Kumar, Whole Time Director will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.
- F. The aggregate of the remuneration and perquisites as aforesaid in any Financial year shall not exceed the limit from time to time under Sections 197, 198 and other applicable provisions of the act read with Schedule V thereto or otherwise as may be permissible at law.
- G. Any revision/change in allowance/perquisite relating to Company provided (furnished/ unfurnished) accommodation and/or HRA in lieu of Company provided accommodation/ Car or other allowances/perquisites, will be adjusted from the existing Special Allowance, subject to the ceiling limit as approved by the Shareholders and as per the policy of the Company of the Company.
- H. Though considering the provisions of Section 188 of the Companies Act 2013, and the applicable Rules thereunder, Mr. Vishak Kumar would not be holding any office or place of profit by his being a mere director of the Company's subsidiaries/Joint Ventures, approval be and is hereby granted by way of abundant caution for him to accept the sitting fees/ commission paid/payable to other directors for attending meetings of Board(s) of Directors/ Committee(s) of subsidiaries/Joint Ventures of the Company or companies promoted by the Aditya Birla Group.
- I. Mr. Vishak Kumar shall not be subject to retirement by rotation during his tenure as the Whole Time Director of the Company. So long as, Mr. Vishak Kumar functions as the Whole Time Director, he shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.
- J. When in any Financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Vishak Kumar in accordance with the applicable provisions of the Act and subject to such approvals as may be required.
- K. Board shall review and recommend the remuneration payable to the Whole-time Director during the tenure of his appointment, from time to time.

Brief profile of Mr. Vishak Kumar is provided separately in **Annexure A** to this notice. Details pursuant to Schedule V of the Act is provided separately in **Annexure B** to this notice. The Company has received a notice proposing the candidature of Mr. Vishak Kumar for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Vishak Kumar and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to the appointment of Mr. Vishak Kumar as a Whole-time Director of the Company, as set out in item no. 7 of the notice, for approval of the shareholders.

#### 8) Appointment of Mr. Vikram Rao as a Non-Executive Director of the Company.

Pursuant to the recommendation of the NRC, the Board approved the appointment of Mr. Vikram Rao as an Additional (Non-Executive) Director of the Company with effect from March 17, 2021 to hold office upto the date of the 14<sup>th</sup> Annual General Meeting of the Company.

Brief profile of Mr. Vikram Rao is provided separately in **Annexure A** to this notice. The Company has received a notice proposing the candidature of Mr. Vikram Rao for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Vikram Rao and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of Mr. Vikram Rao as a Non-Executive Director of the Company, as set out in item no. 8 of the notice, for approval of the shareholders.

#### 9) Appointment of Mr. Yogesh Chaudhary as an Independent Director of the Company.

Pursuant to the recommendation of the NRC, the Board, had approved the appointment of Mr. Yogesh Chaudhary as an Independent Director of the Company with effect from March 17, 2021 for a term of 5 (five) years, subject however to the approval of shareholders of the Company at their 14<sup>th</sup> Annual General Meeting.

Brief profile of Mr. Yogesh Chaudhary is provided separately in <u>Annexure A</u> to this notice. A copy of the letter of appointment for independent directors, setting out the terms and conditions of appointment, available on the website of the Company i.e. <u>www.abfrl.com</u>.

The Company has received a notice proposing the candidature of Mr. Yogesh Chaudhary for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Yogesh Chaudhary and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of Mr. Yogesh Chaudhary as an Independent Director of the Company, as set out in item no. 9 of the notice, for approval of the shareholders.

### 10) Appointment of Ms. Preeti Vyas as an Independent Director of the Company.

Pursuant to the recommendation of the NRC, the Board, had approved the appointment of Ms. Preeti Vyas as an Independent Director of the Company with effect from March 31, 2021 for a

term of 5 (five) years, subject however to the approval of shareholders of the Company at their 14<sup>th</sup> Annual General Meeting.

Brief profile of Ms. Vyas is provided separately in **Annexure A** to this notice. A copy of the letter of appointment for independent directors, setting out the terms and conditions of appointment, available on the website of the Company i.e. <u>www.abfrl.com</u>.

The Company has received a notice proposing the candidature of Ms. Vyas for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Ms. Vyas and her relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of Ms. Preeti Vyas as an Independent Director of the Company, as set out in item no. 10 of the notice, for approval of the shareholders.

#### 11) Appointment of Mr. Arun Adhikari as an Independent Director of the Company.

Pursuant to the recommendation of the NRC, the Board, had approved the appointment of Mr. Arun Adhikari as an Independent Director of the Company with effect from May 19, 2021 for a term of 5 (five) years, subject however to the approval of shareholders of the Company at their 14<sup>th</sup> Annual General Meeting.

Brief profile of Mr. Arun Adhikari is provided separately in <u>Annexure A</u> to this notice. A copy of the letter of appointment for independent directors, setting out the terms and conditions of appointment, available on the website of the Company i.e. <u>www.abfrl.com</u>.

The Company has received a notice proposing the candidature of Mr. Arun Adhikari for the office of director under Section 160 of the Act.

None of the directors and/or key managerial personnel of the Company and/or their relatives, except Mr. Arun Adhikari and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed ordinary resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the ordinary resolution with respect to the appointment of Mr. Arun Adhikari as an Independent Director of the Company, as set out in item no. 11 of the notice, for approval of the shareholders.

# Annexure A

#### Details<sup>(1)</sup> of the directors seeking appointment/ re-appointment (as set out in item nos. 2, 5, 6, 7, 8, 9, 10 and 11 of this notice)

in terms of Regulations 26(4) and 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Clause 1.2.5 of Secretarial Standards 2 on General Meetings (SS-2)

Name of Director	Mr. Himanshu Kapania	Mr. Kumar Mangalam Birla
DIN	03387441	00012813
Date of Birth/ Age	April 23, 1961/ 60 years	June 14, 1967 / 54 years
Brief Resume	<ul> <li>Alumnus of IIM, Bangalore and BIT Mesra.</li> <li>Over 34 years of work experience primarily in Management Leadership, Technology, Operations, Sales &amp; Marketing</li> <li>Former Managing Director and presently a Director of Vodafone Idea Limited.</li> </ul>	<ul> <li>MBA from the London Business School</li> <li>Chartered Accountant</li> <li>Chairman of your Company and the Aditya Birla Group</li> <li>In the 25 years that he has been at the helm of the Group, he has accelerated growth, built meritocracy, and enhanced stakeholder value. In the process, he has raised the Group's turnover by over 20 times.</li> <li>Chairs the Boards of the major Group companies in India and globally.</li> <li>Chancellor of Birla Institute of Technology &amp; Science (BITS)</li> <li>Chairman of IIM, Ahmedabad.</li> <li>Director of the G. D. Birla Medical Research &amp; Education Foundation.</li> <li>Serves on the London Business School's Asia Pacific Advisory Board and is a Honorary Fellow of the London Business School.</li> </ul>
Date of First Appointment	January 1, 2020	February 24, 2021
Terms and conditions of appointment / re- appointment	Proposed to be re-appointed as a Non-Executive Director, liable to retire by rotation every year.	Proposed to be appointed as a Non-Executive Director, liable to retire by rotation every year.
Past Remuneration drawn from the Company	₹ 10.25 lakhs	Nil
Remuneration sought to be paid		he Company shall comprise of the meetings of the Board of Directors
Shareholding in the Company	Nil	23,966 Fully Paid-up Equity Shares 10,000 Partly Paid-up Equity Shares

**Directors Report** 

Name of Director	Mr. Himanshu Kapania	Mr. Kumar Mangalam Birla
Relationship with the other Directors, Manager and Other Key Managerial Personnel of the Company	None	None
No. of Board Meetings attended during the FY2020-21	11 out of 11	1 out of 1
List of other Companies in which Directorship is held <sup>(2)</sup>	<ol> <li>Aditya Birla Idea Payments Bank Limited (Under voluntary winding-up)</li> <li>Vodafone Idea Limited</li> <li>Vodafone Idea Manpower Services Limited</li> </ol>	<ol> <li>Aditya Birla Capital Limited</li> <li>Aditya Birla Sun Life AMC Limited</li> <li>Aditya Birla Sun Life Insurance Company Limited</li> <li>Air India Limited</li> <li>Century Textiles and Industrie Limited</li> <li>Grasim Industries Limited</li> <li>Hindalco Industries Limited</li> <li>Ultratech Cement Limited</li> <li>Vodafone Idea Limited</li> </ol>
Chairperson*/ Member of Committee(s) of Board of Directors of the Company <sup>(3)</sup>	Stakeholders Relationship Committee*	Nil
Chairperson*/	Audit C	ommittee
Member of the Committee(s) of Board of Directors	Nil	Nil
	Stakeholders' Rela	ationship Committee
of other Companies in which he is a Member/ Chairperson <sup>(3)</sup>	Vodafone Idea Limited	Nil

Directors Report	Corporate Governance Report	Business Responsibility Report	Financial Statements
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Name of Director	Ms. Sangeeta Pendurkar	Mr. Vishak Kumar
DIN	03321646	09078653
<u>Date of Birth/Age</u> Brief Resume	<ul> <li>January 24, 1966 / 55 years</li> <li>Master of Business Admin: University of Pune and Bachelor of Pharmacy: University of Mumbai</li> <li>CEO of Pantaloons and Jaypore</li> <li>Over 30 years of work experience spanning across four diverse sectors i.e. FMCG, pharmaceuticals, financial services and retail.</li> <li>Former Managing Director of Kellogg - India and South Asia</li> </ul>	<ul> <li>June 23, 1972 / 49 years</li> <li>Alumnus IIM Bangalore and Bi Ranchi</li> <li>Over 25 years of work experience in sales, marketing and retail</li> <li>CEO of Madura Fashion &amp; Lifestyle</li> <li>Former CEO of Aditya Birla Retail Limited</li> </ul>
Date of First	February 24, 2021	February 24, 2021
Appointment	····	
Terms and conditions	Terms and conditions of	Terms and conditions of
of appointment/	appointment, including	appointment, including
re-appointment	remuneration sought to be paid to	remuneration sought to be paid
Remuneration sought	her, are more particularly stated	him, are more particularly stated
to be paid	in the Explanatory Statement for	in the Explanatory Statement for
-	Item no. 6 of this Notice.	Item no. 7 of this Notice.
Shareholding in the	Nil	62,883 fully paid-up equity share
Company		
Relationship with the other Directors, Manager and Other Key Managerial Personnel of the Company	None	None
No. of Board Meetings attended during the FY2020-21	N.A.	N.A.
List of other	1) Tata SIA Airlines Limited	Nil
Companies in which Directorship is held <sup>(2)</sup>	<ol> <li>2) Signify Innovations India Limited</li> <li>3) Grasim Premium Fabric Private Limited (under a Scheme of Amalgamation)</li> <li>4) TG Apparel &amp; Decor Private Limited</li> <li>5) Jaypore E-Commerce Private Limited</li> </ol>	
Chairperson*/ Member of Committee(s) of Board of Directors of the Company <sup>(3)</sup>	Nil	Nil
Chairperson*/	Audit Co	mmittee
Member of the	<ul> <li>Tata SIA Airlines Limited</li> </ul>	Nil
Committee(s) of Board	<ul> <li>Signify Innovations India Limited</li> </ul>	
	<u>Stakeholders' Polat</u>	tionship Committee
• •		
of Directors of other	Nil	Nil
of Directors of other Companies in which	Nil	Nil
of Directors of other	Nil	Nil

**Directors Report** 

Name of Divertor	Ma Vilano Doo	Mr. Vocch Chaudham
Name of Director	Mr. Vikram Rao	Mr. Yogesh Chaudhary
DIN Date of Birth ( Age	00017423	01040036
Date of Birth/ Age Brief Resume	<ul> <li>September 10, 1950 / 70 years</li> <li>BE., (Chemical) and MBA (XLRI)</li> <li>Over 40 years of work experience apparel and retail industry</li> <li>Managing Director of N9 World Technologies Private Limited</li> <li>Former President of Madura Fabrics and Whole-time Director of Aditya Birla Nuvo Limited</li> </ul>	<ul> <li>October 9, 1986 / 34 years</li> <li>MBA from Boston College, USA</li> <li>Currently on the Board of Jaipur Rugs Company Private Limited and provides the strategic direction it needs to explore business opportunities in the domestic and global markets.</li> <li>Vital part of many prestigious associations such as Rajasthan Angel Investors network (RAIN), Intellecap Impact Investment Network (I3N) and Entrepreneurs Organization (EO).</li> </ul>
Date of First Appointment	March 17, 2021	March 17, 2021
Terms and conditions of appointment / re-appointment Past Remuneration	Proposed to be appointed as a Non-Executive Director, liable to retire by rotation every year. Nil	Proposed to be appointed as an Independent Director, for a period of 5 consecutive years. Nil
drawn from the Company	Demuneration to be drawn from	the Company shall comprise of
Remuneration sought to be paid	the Sitting Fees paid for attendir Directors and/or its Committees	
Shareholding in the Company	Nil	Nil
Relationship with the other Directors, Manager and Other Key Managerial Personnel of the Company	Nil	Nil
No. of Board Meetings attended during the FY 2020-21	N.A.	N.A.
List of other Companies in which Directorship is held <sup>(2)</sup>	Nil	Nil
Chairperson*/ Member of Committee(s) of Board of Directors of the Company	Stakeholders Relationship Committee	Nil
Chairperson*/ Member	Audit C	ommittee
of the Committee(s)	Nil	Nil
of Board of Directors	Stakeholders' Rela	ationship Committee
of other Companies in which he is a Member/ Chairperson <sup>(3)</sup>	Nil	Nil

Name of Director	Ms. Preeti Vyas	Mr. Arun Adhikari
DIN	02352395	00591057
Date of Birth/ Age	November 26, 1956/ 64 years	January 20, 1954 / 67 years
Brief Resume	<ul> <li>Graduate from the National Institute of Design</li> <li>Entrepreneur at Vyas Giannetti Creative Private Limited</li> <li>Member of the Indian Design Council</li> </ul>	<ul> <li>B. Tech. (Chemical Engineering) from IIT, Kanpur</li> <li>MBA from IIM Calcutta</li> <li>Advanced Management Program at The Wharton School, University of Pennsylvania, USA</li> <li>Former Director on the Board of Hindustan Unilever Limited</li> </ul>
Date of First Appointment	March 31, 2021	May 19, 2021
Terms and conditions of appointment / re- appointment	Proposed to be appointed as an Independent Director, for a period of 5 consecutive years.	Proposed to be appointed as an Independent Director, for a period of 5 consecutive years.
Past Remuneration drawn from the Company	Nil	Nil
Remuneration sought to	Remuneration to be drawn from	n the Company shall comprise of
be paid		ng the meetings of the Board of
Shareholding in the Company	Nil	Nil
Relationship with the other Directors, Manager and Other Key Managerial Personnel of the Company	Nil	Nil
No. of Board Meetings attended during the FY 2020-21	N.A.	N.A.
List of other Companies in which Directorship is held <sup>(2)</sup>	1) Century Textiles and Industries Limited	<ol> <li>Aditya Birla Capital Limited</li> <li>Aditya Birla Sun Life Insurance Company Limited</li> <li>Ultratech Cement Limited</li> <li>Vodafone Idea Limited</li> <li>Voltas Limited</li> </ol>
Chairperson*/ Member of Committee(s) of Board of Directors of the Company <sup>(3)</sup>	Nil	Audit Committee
Chairperson*/ Member		Committee
of the Committee(s) of Board of Directors of other Companies in which he is a Member/	Nil	<ul> <li>Aditya Birla Sun Life Insurance Company Limited</li> <li>Ultratech Cement Limited</li> <li>Voltas Limited</li> </ul>
Chairperson <sup>(3)</sup>	Stakeholders' Rel	ationship Committee
-	Century Textiles and Industries Limited	

Notes:

Details stated in Annexure A are as on the date of the AGM Notice i.e. May 28, 2021.
In terms of the applicable provisions of the Act and SEBI Listing Regulations, total number of directorships:

consist of directorships in all public limited companies (including deemed public company), whether listed or not;
excludes this company, foreign companies, private limited companies and companies formed under section 25 of the erstwhile Companies Act, 1956 and under section 8 of the Act.

In terms of the applicable provisions of SEBI Listing Regulations, memberships and chairpersonship in committee only includes the Audit Committee and Stakeholders Relationship Committee in other public limited companies (including deemed public company), whether listed or not.

# **Annexure B**

Details of the directors seeking approval for payment of remuneration at the 14<sup>th</sup> Annual General Meeting, as set out in item nos. 4, 6 and 7 of this notice, in terms of Section II Part II of Schedule V of the Companies Act, 2013

Particulars	Mr. Ashish Dikshit	Ms. Sangeeta Pendurkar	Mr. Vishak Kumar
Background details	<ul> <li>Alumnus IIT - Madras, IIM <ul> <li>Bangalore and Harvard</li> <li>Business School.</li> </ul> </li> <li>Worked in diverse roles across industries and functions over the last 25 years.</li> <li>Started his career at Asian Paints before moving to Madura Fashion and Lifestyle Division of the Company, where he worked in its various functions ranging from Sales, Brand Management, Supply Chain and Sourcing over 15 years.</li> <li>Was appointed President of its Lifestyle Business in 2007 and went on to become its CEO in 2012.</li> <li>Also served as the Principal Executive Assistant to the Chairman of Aditya Birla Group</li> </ul>	<ul> <li>Master of Business Admin: University of Pune and Bachelor of Pharmacy: University of Mumbai</li> <li>CEO of Pantaloons and Jaypore</li> <li>Over 30 years of work experience spanning across four diverse sectors i.e. FMCG, pharmaceuticals, financial services and retail.</li> <li>Former Managing Director of Kellogg - India and South Asia</li> <li>Before joining Kellogg India, held senior positions at Coca-Cola India, HSBC Bank, Hindustan Unilever and at Novartis (then Hindustan Ciba-Geigy), where she started her career.</li> <li>Was the Chairperson of the FICCI - Food Processing Committee, for two consecutive years when she was part of the food industry.</li> <li>Currently, an Independent Director on the board of Tata SIA Airlines &amp; on the Board of Signify Innovations India Limited.</li> </ul>	<ul> <li>Alumnus IIM Bangalore and BIT Ranchi</li> <li>Over 25 years of work experience in sales, marketing and retail</li> <li>CEO of Madura Fashion &amp; Lifestyle</li> <li>Joined the Madura business in 1995 as a Management Trainee.</li> <li>Prior to his stint as CEO of Madura, was the CEO of Aditya Birla Retail Limited, where he was instrumental in transforming the "More" Supermarket and Hypermarket business.</li> </ul>
Past Remuneration drawn from the Company as a Director/KMP			Amount in ₹ Crore
FY 20-21	3.07	0.32	0.25
FY 19-20	6.94	N.A.	N.A.
FY 18-19	5.75	N.A.	N.A.
Recognition or awards	<ul> <li>Was honored with the "Outstanding Leader Award" in the year 2011 by the Chairman of Aditya Birla Group.</li> <li>Was honored with Distinguished Alumnus Award in 2019 by the Indian Institute of Technology Madras.</li> </ul>	<ul> <li>Listed as Fortune's most powerful women in business for six consecutive years from 2012 to 2017.</li> <li>One of the top 50 most influential women in India in media and marketing for 2020.</li> <li>Business Today's list of Most Powerful women in Indian Business for 2020.</li> <li>Recognized as the "CEO of the Year" at the ET Prime Women Leadership Awards, 2020.</li> </ul>	<ul> <li>Won multiple accolades for his stellar contribution to the fashion and retail industry.</li> <li>Within the ABG umbrella, in 2014, received the Aditya Birla Group 'Chairman's Award for Outstanding Leader' for his exceptional contribution to the business.</li> <li>In 2015, ABG conferred him with the prestigious 'Aditya Birla Fellow' title.</li> </ul>

Particulars	Mr. Ashish Dikshit	Mr. Vishak Kumar	
Job profile and suitability	Mr. Ashish Dikshit's current term of appointment as a Managing Director of the Company will expire on January 31, 2023. Mr. Dikshit was serving as the Business Head of the Company up until January 31, 2018.	Ms. Sangeeta Pendurkar was serving as the CEO - Pantaloons of the Company w.e.f. December 18, 2017. Considering her experience in the industry in which the Company operates, the Board considers Ms. Pendurkar suitable for the post of Whole- time Director of the Company.	Mr. Vishak Kumar was serving as the CEO - Madura Fashion & Lifestyle Division of the Company w.e.f. November 1, 2016. Considering his experience in the industry in which the Company operates, the Board considers Mr. Kumar suitable for the post of Whole- time Director of the Company.
Remuneration proposed	Stated in the Explanatory Statement for Item no. 4 of this Notice.	Stated in the Explanatory Statement for Item no. 6 of this Notice.	Stated in the Explanatory Statement for Item no. 7 of this Notice.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any	his/her position; (iii) his/her back Birla Group; and (iv) the industry b other corporate bodies in the cou to be fair, just and reasonable. Other than the remuneration reasonable	onsidering (i) the size of the operations of the Company; (ii) role, and responsibilities assigned to in s/her position; (iii) his/her background, competence, experience and his association with the Aditya rla Group; and (iv) the industry benchmarks & remuneration packages of similarly placed personnel of her corporate bodies in the country, the remuneration proposed to be paid to him/her is considered	
	<b>ΔΕΤΛΙΙ Ο ΟΕ Τ</b>	THE COMPANY	
Nature of industry	Apparel and Retail		
Date or expected date of commencement of commercial production	Certificate of Incorporation: A     Certificate of Commencement		
In case of new companies, expected date of commencement of activities as per project approved by financial institutions		N.A.	
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus		N.A.	
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based			Amount in ₹ Crore
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Particulars	FY 2020-21	FY 2019-20
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based	Total income	<b>FY 2020-21</b> 5,253.78	<b>FY 2019-20</b> 8,807.62
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based	Total income Total expenses	<b>FY 2020-21</b> 5,253.78 6,030.22	<b>FY 2019-20</b> 8,807.62 8,816.71
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based	Total income Total expenses Profit/ (loss) before tax	<b>FY 2020-21</b> 5,253.78 6,030.22 (776.44)	<b>FY 2019-20</b> 8,807.62 8,816.71 (9.09)
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based	Total income Total expenses Profit/ (loss) before tax Less: Income tax expense	<b>FY 2020-21</b> 5,253.78 6,030.22 (776.44) (126.80)	FY 2019-20 8,807.62 8,816.71 (9.09) 136.10
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based	Total income         Total expenses         Profit/ (loss) before tax         Less: Income tax expense         Profit/ (loss) after taxes         The Company, being in the app ordinary course of business. Inter - India's largest multi-brand retail	FY 2020-21 5,253.78 6,030.22 (776.44) (126.80) (649.64) varel industry, collaborates with v rnational brands portfolio of the Co er of international brands and select	FY 2019-20 8,807.62 8,816.71 (9.09)
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based on given indicators	Total income         Total expenses         Profit/ (loss) before tax         Less: Income tax expense         Profit/ (loss) after taxes         The Company, being in the app ordinary course of business. Inter - India's largest multi-brand retail collaborated with international b Eagle and Fred Perry etc.         • Accumulated losses of the pre	FY 2020-21 5,253.78 6,030.22 (776.44) (126.80) (649.64) varel industry, collaborates with v rnational brands portfolio of the Co er of international brands and select rrands such as Simon Carter, Ted B	FY 2019-20           8,807.62           8,816.71           (9.09)           136.10           (145.19)           arious international brands in its           ompany comprises "The Collective"           ct mono brands. Company has also
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based on given indicators Foreign investments or collaborations, if any. Reasons of loss or inadequate profits	Total income         Total expenses         Profit/ (loss) before tax         Less: Income tax expense         Profit/ (loss) after taxes         The Company, being in the app ordinary course of business. Inter - India's largest multi-brand retail collaborated with international b Eagle and Fred Perry etc.         • Accumulated losses of the pre         • Adverse impact of COVID-19	FY 2020-21 5,253.78 6,030.22 (776.44) (126.80) (649.64) varel industry, collaborates with v rnational brands portfolio of the Co er of international brands and selec rands such as Simon Carter, Ted B	FY 2019-20 8,807.62 8,816.71 (9.09) 136.10 (145.19) arious international brands in its ompany comprises "The Collective" ct mono brands. Company has also aker, Polo Ralph Lauren, American
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based on given indicators Foreign investments or collaborations, if any. Reasons of loss or inadequate	Total income         Total expenses         Profit/ (loss) before tax         Less: Income tax expense         Profit/ (loss) after taxes         The Company, being in the app ordinary course of business. Inter- India's largest multi-brand retail collaborated with international b Eagle and Fred Perry etc.         • Accumulated losses of the pre- e         • Adverse impact of COVID-19         The Company, has embarked on a measures that is expected to rest of the Company, especially its rep distribution footprint are also ex The Company has also strategica	FY 2020-21 5,253.78 6,030.22 (776.44) (126.80) (649.64) barel industry, collaborates with v rnational brands portfolio of the Co er of international brands and selec rands such as Simon Carter, Ted B evious periods. a series of strategic investments er ult in the improvement in the prese putation as a premium producer, po expected to enable the Company to	FY 2019-20 8,807.62 8,816.71 (9.09) 136.10 (145.19) arious international brands in its ompany comprises "The Collective" ct mono brands. Company has also aker, Polo Ralph Lauren, American hancing portfolio and operational nt position. The inherent strengths owerful brands and deep pan-India o position itself during adversities. f productivity and increase profits
expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus Financial performance based on given indicators Foreign investments or collaborations, if any. Reasons of loss or inadequate profits Steps taken or proposed to be	Total income         Total expenses         Profit/ (loss) before tax         Less: Income tax expense         Profit/ (loss) after taxes         The Company, being in the app ordinary course of business. Inter- India's largest multi-brand retail collaborated with international b Eagle and Fred Perry etc.         • Accumulated losses of the pre- e         • Adverse impact of COVID-19         The Company, has embarked on a measures that is expected to rest of the Company, especially its rep distribution footprint are also ex The Company has also strategica and has put in place measures to The Company is well-positioned	FY 2020-21 5,253.78 6,030.22 (776.44) (126.80) (649.64) arel industry, collaborates with v rnational brands portfolio of the Co er of international brands and selec rands such as Simon Carter, Ted B evious periods. a series of strategic investments er ult in the improvement in the prese putation as a premium producer, po spected to enable the Company to ally planned to address the issue o o reduce cost and improve the bot to leverage the opportunity in th iategories, price points and portfoli	FY 2019-20 8,807.62 8,816.71 (9.09) 136.10 (145.19) arious international brands in its ompany comprises "The Collective" ct mono brands. Company has also aker, Polo Ralph Lauren, American hancing portfolio and operational nt position. The inherent strengths owerful brands and deep pan-India o position itself during adversities. f productivity and increase profits

# **Notes for Members' Attention**

#### 1. Virtual Meeting

In view of the global outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has *vide* its General Circular no. 02/2021 dated January 13, 2021<sup>1</sup> permitted the holding of the Annual General Meeting ("AGM" or "meeting"), through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. Members participating through the VC/OAVM shall be reckoned for the purpose of quorum under Section 103 of the Companies Act, 2013 ("Act").

Further, the Securities and Exchange Board of India ("SEBI") vide its Circular no. SEBI/HO/ CFD/CMD2/CIR/P/2021/11 dated January 15, 2021<sup>2</sup> has granted further relaxations to ensure the AGM is conducted effectively. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM.

The deemed venue for the AGM will be the Registered Office of the Company. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

#### 2. Electronic copy of Annual Report and Notice of the 14th Annual General Meeting

- a) In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.
- b) Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website <u>www.abfrl.com</u>, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at <u>www.bseindia.com</u> and <u>www.nseindia.com</u> respectively and website of Link Intime India Private Limited ("LIIPL") i.e. <u>https://instavote.linkintime.co.in/</u>.

#### 3. Register to receive communications electronically

Members who have not registered / updated their e-mail address or mobile number with the Company but wish to receive all communication (including Annual Report) from the Company electronically may register / update their e-mail and mobile numbers on <a href="http://www.abfrl.com/investors/update-contact-details/">http://www.abfrl.com/investors/update-contact-details/</a>

Members are also encouraged to register / update their e-mail addresses or mobile number with the relevant Depository Participant.

#### 4. Statement under section 102 of the Act

The Explanatory Statement in terms of the provisions of Section 102(1) of the Act, which sets out details relating to special business to be transacted at the meeting forms part of this notice.

<sup>&</sup>lt;sup>1</sup> General Circular no. 02/2021 dated January 13, 2021 read with General Circular no. 20/2020 dated May 5, 2020, General Circular no. 14/2020 dated April 8, 2020 and General Circular no. 17/2020 dated April 13, 2020 (collectively referred to as "MCA Circulars")

<sup>&</sup>lt;sup>2</sup> Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 read with Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 (collectively referred to as "SEBI Circulars")

Directors Report Corporate Governance Report Business Responsibility Report Financial Statements

Also, relevant details with respect of Directors seeking appointment/re-appointment at the AGM, in terms of regulations 26(4) and 36 of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standards on General Meetings (SS-2), are set out in **Annexure A**, which also form part of this notice.

#### 5. Proxy

The AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

#### 6. Authorised Representative

Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting.

The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through its registered e-mail address to Mr. Dilip Bharadiya at <u>dilipbcs@gmail.com</u> with a copy marked to the Company Secretary at <u>secretarial@abfrl.adityabirla.com</u>, not less than 48 (forty eight) hours before the commencement of the AGM i.e. by 4:00 p.m. IST on Tuesday, September 7, 2021.

#### 7. Document open for inspection

Relevant documents referred to in the accompanying notice and the statement pursuant to Section 102(1) of the Act, are uploaded on the website of the Company at: <a href="http://www.abfrl.com/investors/annual-general-meeting/">http://www.abfrl.com/investors/annual-general-meeting/</a>.

Documents required to be kept open for inspection by the Members at the AGM in terms of the applicable laws, shall be made available on <u>https://instameet.linkintime.co.in</u>.

### 8. E-voting

Pursuant to Section 108 of the Act, rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, Regulation 44 of SEBI Listing Regulations and the MCA Circulars, the Company is pleased to provide the facility to Members to exercise their right to vote, on the resolutions proposed to be passed at AGM, by electronic means.

The Company has engaged the services of LIIPL to provide the remote e-voting facility on InstaVote and the e-voting system on the date of the AGM on InstaMeet.

The Company has appointed Mr. Dilip Bharadiya (holding membership no. FCS 7956), Proprietor of M/s. Dilip Bharadiya & Associates, Company Secretaries, to act as the Scrutinizer and to scrutinize the entire e-voting process (i.e. remote e-voting and e-voting at the AGM) in a fair and transparent manner.

# Cut-off date<br/>[for determining the Members entitled to vote on the<br/>resolutions set forth in this notice]: Thursday, September 2, 2021Remote e-voting period<br/>[During this period, members<br/>of the Company as on the cut-<br/>off date may cast their vote by<br/>remote e-voting]: 9:00 a.m. IST, Monday, September 6, 2021: 5.00 p.m. IST, Wednesday, September 8, 2021<br/>[The remote e-voting module shall be disabled for<br/>voting thereafter by LIIPL]

#### Remote e-voting : Important Dates

**Remote e-voting : Procedure** 

	Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password.	
3.	After successful authentication, you	After successful login of Easi / Easiest the user
	will be able to see e-Voting services.	will be also able to see the E Voting Menu.
	Click on "Access to e-Voting" under	The Menu will have links of e-Voting service
	e-Voting services and you will be able	provider i.e. NSDL, KARVY, LINK NTIME, CDSL.
	to see e-Voting page.	
4.	Click on company name or e-Voting	Click on e-Voting service provider name to
	service provider name and you will be	cast your vote.
	re-directed to e-Voting service provider	
	website for casting your vote during the	
	remote e-Voting period or joining virtual	
	_ meeting & voting during the meeting.	
5.		ne user
э.	Option to register is available at	Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>
	https://eservices.nsdl.com.Select"Register Online for IDeAS "Portal or click at	nups.//web.cusiinuia.com/myedsi/Registration/EdsiRegistration
	https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp	ve Method
6.	Visit the e-Voting website of NSDL. Open	The user can directly access e-Voting page by
	web browser by typing the following	providing demat Account Number and PAN No.
	URL: <u>https://www.evoting.nsdl.com/</u>	from a link in <u>www.cdslindia.com</u> home page.
7.	Once the home page of e-Voting system	· · · · · · · · · · · · · · · ·
	is launched, click on the icon "Login"	
	which is available under 'Shareholder/	(Skip step)
	Member' section.	
8.	A new screen will open. You will have	
	to enter your User ID (i.e. your sixteen	
	digit demat account number hold with	(Skip step)
	NSDL), Password/OTP and a Verification	
	Code as shown on the screen.	
9.	After successful authentication, you	
	will be redirected to NSDL Depository	(Skip step)
	site wherein you can see e-Voting page.	
10.	Click on company name or e-Voting	The system will authenticate the user by
	service provider name and you will be	sending OTP on registered Mobile & Email
	redirected to e-Voting service provider	as recorded in the demat Account. After
	website for casting your vote during the remote e-Voting period or joining virtual	successful authentication, user will be provided links for the respective ESP where

meeting & voting during the meeting. the E Voting is in progress.

#### (1) Depository: For Individual Shareholders holding securities in demat mode

Corporate Governance Report

with NSDL

is launched, click on the "Beneficial

Step For Shareholders holding securities For Shareholders holding securities with

**Registered User** 

The URL for users to login for NSDL The URL for users to login to Easi / Easiest are IDeAS facility: https://eservices.nsdl.com https://web.cdslindia.com/myeasi/home/login

Myeasi. Once the home page of e-Services Login through their user id and password.

CDSL

or www.cdslindia.com and click on New System

**Directors Report** 

no.

1

2.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against Company name or e-Voting service provider – InstaVote and you will be redirected to e-Voting website of InstaVote for casting your vote during the remote e-Voting period to cast your vote without any further authentication.

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <u>evoting@nsdl.co.in</u> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <u>helpdesk.evoting@cdslindia.com</u> or contact at 022-23058738 or 22-23058542-43

# (2) InstaVote: For Individual Shareholders holding securities in physical mode and Institutional shareholders.

Step no.	I	For first time users of InstaVote OR shareholders holding shares in physical mode	For shareholders holding shares in demat form and existing user of InstaVote
1.	Оре	en the internet browser and launch the URL: <u>https://inst</u> .	avote.linkintime.co.in/
2.		k on "Sign Up" under 'SHARE HOLDER' tab and register n your following details: -	
	Α.	User ID: Enter your User ID	
	(i)	For members holding : 16 digits beneficiary ID, shares in demat account held with CDSL	
	(ii)	For members holding : 8 Character DP ID followed shares in demat account by 8 digit client ID, held with NSDL	
	(iii)	For members holding : Event Number followed shares in physical form by the Folio number registered with the Company	
	В.	<b>PAN</b> : Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.	
	C.	<b>Date of Birth (DOB) / Date of Incorporation (DOI)</b> : Enter the DOB / DOI (As recorded with your DP / Company - in DD/MM/YYYY format)	(Skip step)
	D.	<b>Bank Account Number:</b> Enter your Bank Account Number (last four digits), as recorded with your DP/Company.	

Step no.	For first time users of InstaVote OR shareholders holding shares in physical mode	For shareholders holding shares in demat form and existing user of InstaVote
	<ul> <li>(i) For members holding : Shall provide either 'C' or shares in demat account 'D', above held with CDSL</li> </ul>	
	<ul> <li>(ii) For members holding : Shall provide 'D' above shares in demat account held with NSDL</li> </ul>	
	<ul> <li>(iii) For members holding : Shall provide their folio shares in physical form but have not recorded 'C' and 'D' above</li> </ul>	
3.	Set the password of your choice [The password should contain minimum 8 characters, at least one special Character (@!#\$&*), at least one numeral, at least one alphabet and at least one capital letter].	(Skip step)
4.	Click on 'confirm' and your password will be generated.	(Skip step) [Use your existing password]
5.	Then click on 'Login' under the Shareholder tab.	
6.	Enter your User ID, Password and Image Verification (CAPT	CHA) Code and click on 'Submit'.
7.	After successful login, you will be able to see the notification	n for e-voting.
8.	Select 'View' icon and the e-voting page will appear.	
9.	Refer the Resolution description and cast your vote by sele Against'. (If you wish to view the entire Resolution details, click on	
10.	After selecting the desired option i.e. Favour / Against, click be displayed. If you wish to confirm your vote, click on 'Yes 'No' and accordingly modify your vote.	
11.	Once the vote on a resolution is cast by the member, suc change it subsequently.	h member shall not be allowed to

#### **Remote e-voting : Points to remember**

Shareholders to select respective EVSN'S and vote depending upon their shareholding fully 1. paid-up or party paid-up or both.

<b>Equity Shares</b>	EVSN
Fully paid up	210228
Partly paid up	210229

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to 2. log on the e-voting system of LIIPL at https://instavote.linkintime.co.in/ and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- 3. If you have forgotten the password:
  - Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
  - Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholders/ members is having valid e-mail address, Password will be sent to his / 4. her registered e-mail address.

- 5. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 6. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".
- 7. Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In addition, shareholder will also be provided with a facility to attend the AGM through VC/OAVM through the LIIPL e-Voting system. The members who have cast their vote by remote e-voting prior to the AGM will be entitled to and may attend the AGM but shall not be entitled to cast their vote again.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <u>https://instavote.linkintime.co.in</u>, under Help section or send an e-mail to <u>enotices@linkintime.co.in</u> or contact on: - Tel: 022 –4918 6000.

#### 9. Attending the AGM through InstaMeet

Shareholder will be provided with a facility to attend the AGM through VC/OAVM through InstaMeet. The meeting shall be opened 30 (Thirty) minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.

Please note that the attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.

Members desiring to attend the AGM through VC/OAVM are requested to refer to the detailed procedure given below.

#### Attend the AGM through VC/OAVM : Procedure

Step	For	For all shareholders		
no.				
1.	Ope	n the internet browser and launch the URL: <u>https://instameet.linkintime.co.in</u>		
2.	Sele	Select the "Company" and 'Event Date' and register with your following details: -		
	A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No			
		<ul> <li>(i) For members holding shares in demat : 6 digits beneficiary ID, account held with CDSL</li> </ul>		
		(ii) For members holding shares in demat : 8 Character DP ID followed by 8 digit account held with NSDL client ID,		
		(iii) For members holding shares in : Folio number registered with the physical form Company		
	<b>B. PAN:</b> Enter your 10-digit Permanent Account Number (PAN) (Members who hav not updated their PAN with the Depository Participant (DP)/Company shall use th sequence number provided to you, if applicable.			
	С.	Mobile No.: Enter your mobile number.		
	D.	E-mail ID: Enter your e-mail ID, as recorded with your DP/Company.		
3.	Click	"Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).		
4.	Shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.			
	5			

Directors Report Corporate Governance Report Business Responsibility Report Financial Statements

In case shareholders/ members have any queries regarding login, they may send an e-mail to <u>instameet@linkintime.co.in</u> or contact on: - Tel: 022-49186175.

#### 10. Speaker registration for the AGM

- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 (seven) days prior to meeting i.e. Thursday, September 2, 2021 mentioning their name, demat account number/folio number, e-mail ID, mobile number at secretarial@abfrl.adityabirla.com.
- 2. Only those shareholders who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.
- 3. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
- 4. Shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application by clicking on the link <a href="http://www.webex.com/downloads.html/">www.webex.com/downloads.html/</a> (Members may also refer a tutorial video available on <a href="http://www.youtube.com/watch?v=U2C9BVtGVrk">www.youtube.com/watch?v=U2C9BVtGVrk</a>).
- 5. Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.
- 6. Please note that the Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- 7. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 (seven) days prior to meeting i.e. Thursday, September 2, 2021 mentioning their name, demat account number/folio number, e-mail ID, mobile number at <u>secretarial@abfrl.adityabirla.com</u>. These queries will be replied to by the Company suitably by e-mail.

### **11.** E-voting during the AGM through InstaMeet

- 1. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- 2. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- 3. Shareholders who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

#### E-voting during the AGM : Procedure

Step	For all shareholders	
no.		
1.	On the Shareholders VC page, click on the link for e-Voting "Cast your vote".	
2.	Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered e-mail ID) received during registration for InstaMEET and click on 'Submit'.	
3.	After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.	
4.	Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'.	
5.	Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently	

In case shareholders/ members have any queries regarding login/ e-voting, they may send an e-mail to <u>instameet@linkintime.co.in</u> or contact on: - Tel: 022-49186175.

#### 12. Other information related to e-voting

- a. A person, whose name is recorded in the register of members or in the register of beneficial owners of the Company, as on the cut-off date i.e. Thursday, September 2, 2021 only shall be entitled to avail the facility of e-voting, either through remote e-voting and voting at the AGM. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- b. Members who have cast their vote by remote e-voting prior to the AGM will be entitled to attend the AGM and their presence shall be counted for the purpose of quorum. However, they shall not be entitled to cast their vote again. In case a member casts his vote by more than one mode of voting including remote e-voting, then voting done through remote e-voting shall prevail and other shall be treated as invalid.
- c. Voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, September 2, 2021.
- d. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holds shares as of the cut-off date may follow the procedure for remote e-voting as enumerated in detail hereinabove. They may also refer to the FAQs and e-voting manual available at <a href="https://instavote.linkintime.co.in/">https://instavote.linkintime.co.in/</a> (under help section) or write an e-mail to <a href="mailto enotices@linkintime.co.in">enotices@linkintime.co.in</a> or secretarial@abfrl.adityabirla.com.
- e. Every client ID no./folio no. will have one vote, irrespective of number of joint holders. However, in case the joint holders wish to attend the meeting, the joint holder whose name is higher in the order of names among the joint holders, will be entitled to vote at the AGM.
- f. The members may also update their mobile number and e-mail ID in the user profile details of their respective client ID no./folio no., which may be used for sending future communication(s).

#### 13. General Instructions

a. Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

- b. Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
- c. Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.
- d. At the AGM, the Chairperson shall, at the end of discussion on the resolutions on which voting is to be held, allow e-voting at the AGM.
- e. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 2 working days of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- f. The results alongwith the consolidated Scrutinizer's Report shall be declared by means of:
  - (i) dissemination on the website of the Company i.e. <u>www.abfrl.com</u> and website of LIIPL i.e. <u>https://instavote.linkintime.co.in/;</u> and
  - (ii) communication to BSE Limited and National Stock Exchange of India Limited, thereby enabling them to disseminate the same on their respective websites.

### 14. Correspondence

Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or RTA, quoting their folio number or DP ID - client ID, as the case may be.

### 15. Information for Non-Resident Indian Shareholders

Non-resident Indian shareholders are requested to immediately inform the Company/ RTA, if shares are held in physical mode or to their DP, if the holding is in electronic mode, regarding change in the residential status on return to India for permanent settlement and/or the particulars of the NRE account with a bank in India, if not furnished earlier.

### 16. Information related to Investor Education and Protection Fund ("IEPF")

The Members, whose unpaid or unclaimed amounts have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on <u>www.iepf.gov.in</u>.

#### 17. MEMBERS ARE REQUESTED TO PLEASE READ THE "COMPANY'S RECOMMENDATIONS TO THE SHAREHOLDERS" PROVIDED IN THE "GENERAL SHAREHOLDER INFORMATION" SECTION OF THE ANNUAL REPORT FOR 2020-21.

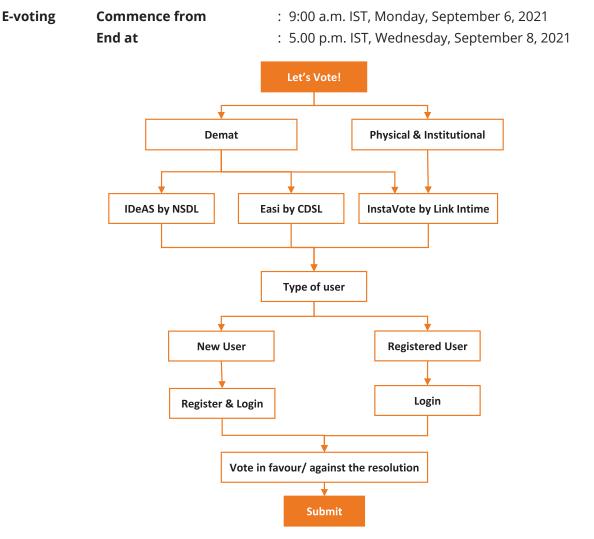
By Order of the Board

Date : May 28, 2021 Place : Mumbai -/Sd Geetika Anand Company Secretary & Compliance Officer

## **Important Dates**



# Virtual Guide



#### Attend AGM: Thursday, September 9, 2021

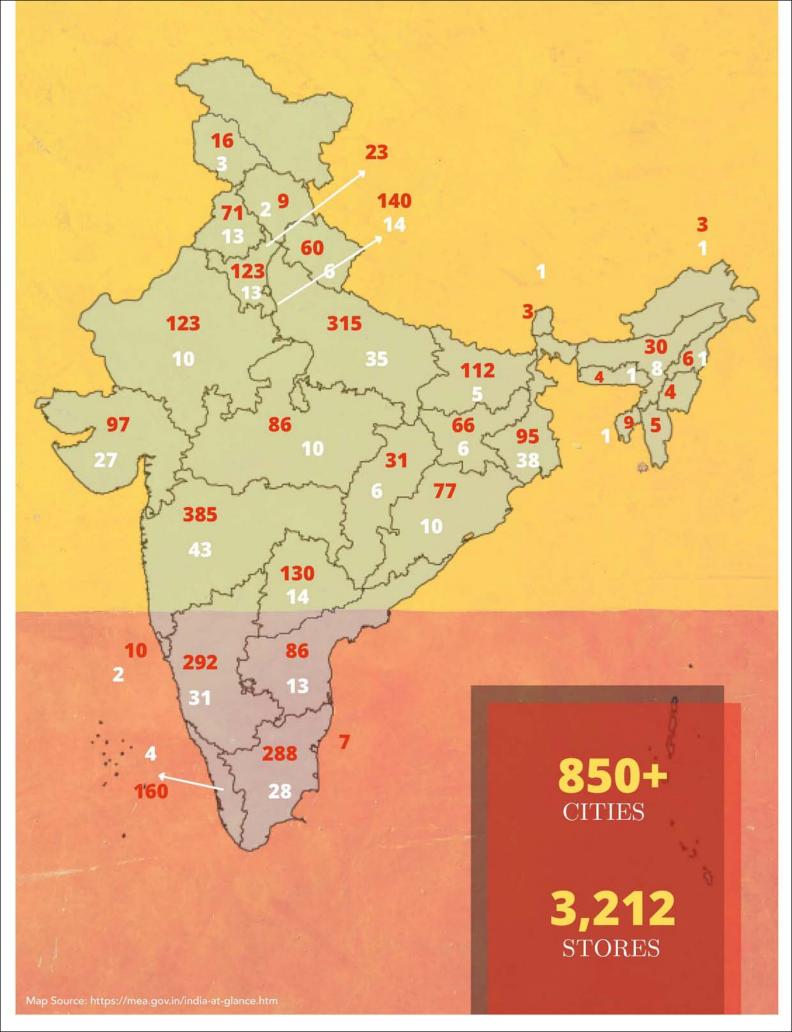
- 1) Open <u>https://instameet.linkintime.co.in</u> **Or** Webex Application, if you are a speaker
- Register for the event and log in [Please use Tablets/ Laptops connected through broadband for better experience]
- 3) Mark your attendance and attend the AGM Proceeds [Meeting shall begin at the 4 p.m.]
- 4) Vote at the AGM
   [Only if you have not cast your vote on the Resolutions through remote e-voting]
- 5) Meeting concludes

**Results** The results along with the consolidated Scrutinizer's Report shall be declared on the website of :

- a) the Company i.e. www.abfrl.com
- b) Link Intime India Private Limited i.e. https://instavote.linkintime.co.in/; and
- c) BSE Limited and National Stock Exchange of India Limited i.e. <u>www.bseindia.com</u> and <u>www.nseindia.com</u> respectively.

#### NOTES

#### NOTES





#### **Registered Office:**

Piramal Agastya Corporate Park, Building 'A', 4<sup>th</sup> and 5<sup>th</sup> Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070 CIN: L18101MH2007PLC233901 Tel.: +91 86529 05000 Fax: +91 86529 05400

Website: www.abfrl.com E-mail: secretarial.abfrl@adityabirla.com