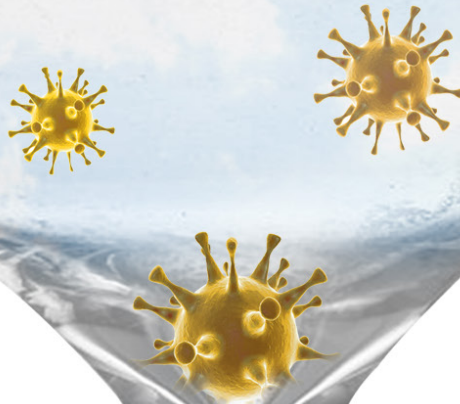


TOUGH TIMES DON'T LAST



ADITYA BIRLA FASHION AND RETAIL LIMITED  
ANNUAL REPORT 2019-2020



**BIG IN  
YOUR LIFE**

TOUGH COMPANIES DO





**Mr. Aditya Vikram Birla**

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.



## Letter to Shareholders

Dear Shareholder,

COVID-19 and the associated lockdowns across countries have triggered a once-in-a-century crisis for the society and the economy in 2020. January now seems like a month of a bygone era — such has been the enormity of change. This is a defining period in human and business history: one that will test the resilience of individuals, societies, corporations, and nations.

Given the fog of uncertainty all around, it is hard to be prescient in these times. But there is little doubt on one reality: companies with quality leadership, sound business fundamentals, and a track record of winning in turbulent times, will emerge as champions in the new global order.

### Global Economy

It has been several months since the pandemic engulfed the world and yet there is a lot of uncertainty with respect to the extent of the economic contraction due to this crisis, and the subsequent pace of recovery.

This year will see an economic contraction, but this 2020 recession is turning out very different from the past recessions. It has been too sudden — almost off the cliff; its spread has been all — encompassing — affecting almost every economy and sector, and the plunge in economic activity levels and employment has been unprecedented.



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On the positive side, this recession is likely to be one of the shortest, assuming no second wave of the pandemic recurs. As present lockdowns around the world get lifted, and businesses reopen, economic activity is likely to bounce back fairly quickly. Around \$9-trillion stimulus from different governments globally will help to support this recovery, along with the monetary actions by Central banks. These policies will also help to restrict the second-order effects like defaults and bankruptcies.

Some scars of the crisis will remain in the form of subdued consumer and business confidence. Some sectors, like airlines and hospitality, will take time to recover fully. And some supply chain disruption effects will linger. The International Monetary Fund (IMF) and other agencies are predicting that it could take about 5-6 quarters for global GDP to inch back to pre-crisis levels, and the global economic trajectory thereafter will be below the Pre-COVID trajectory for the next few years.

As the world emerges from the current crisis, the next few years are likely to be marked by lack of buoyancy in growth, subdued commodity prices and inflation, a cautious trend in project investments, heightened risks of de-globalisation and political uncertainty and increased dependence of financial systems on ultra-loose monetary policy conditions. We will also have to watch out for potential post-COVID changes in consumer behaviour (such as more virtual engagements) and of operating models of organisations (such as work-from-home norms, diversification of supply chain risks, more use of e-commerce).



## Indian Economy

COVID-19 struck India at a time when the underlying economic conditions were subdued on account of heightened global uncertainty and stress in the domestic financial system.

Against this backdrop, a stringent national lockdown to slow the spread of the pandemic started in the last week of FY20 and remained active to varying degrees in different geographies through most of the Q1 of FY21. It is estimated that about 80% of India's GDP originates from districts which were classified under the red and orange zones during the lockdown, where economic activity remained severely constrained. Correspondingly, India's GDP is likely to contract in FY21, which would be the first such instance in over four decades. The contraction is estimated to be particularly severe during Q1.

Responding to this challenge, both the Reserve Bank of India (RBI) and Government of India announced several policy measures to provide relief to the affected sections of the economy, to reduce the possibility of business failures and to support the process of recovery. Government has initiated some remarkable reforms in agriculture, mining and public sector enterprises. Such pragmatic policies – along with the ambitious National Infrastructure Pipeline program that the Government had announced in December 2019 – will support India's medium-term growth rebound. In the interim, however, the Indian economy – like the global economy – will need to navigate through some difficult quarters.

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**In these turbulent and dynamic times, the Group's near-term focus is to hold the ship steady and to see it through the turbulence – by emphasising on conservation of cash, the safety of its teams and assets, and strengthening its business relationships.**

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### **ABG In Perspective**

Over a longer historical arc, the Aditya Birla Group has witnessed dramatic disruptions across periods, businesses, and geographies. And yet, we have come out stronger. Always. A wide range of insights and experiences accumulated over diverse situations, allows the Group to fortify its businesses from both the immediate and the lingering effects of economic pain, caused by the pandemic.

In these turbulent and dynamic times, the Group's near-term focus is to hold the ship steady and to see it through the turbulence – by emphasising on conservation of cash, the safety of its teams and assets, and strengthening its business relationships. The Aditya Birla Group is also closely examining the evolving changes in the business environment and their implications, to position itself well for leveraging the opportunities through and after the economic revival.

As the events began to unfold worldwide in the last quarter of the financial year, we anchored to our core strengths – *our people, our processes, and our agility*. In line with the Group's core philosophy of employee care and wellbeing, swift action was taken to shut down our offices, manufacturing units, retail outlets and branches — where necessary; and recalibrate operations where feasible. Overnight, everyone switched to a new paradigm of work from home and adopted digital technology seamlessly. This is not an easy transition for large, diverse global organisations. But it was made possible due to the adaptability and commitment of our employees, discipline of the leadership, strong processes, and past investments in digital technologies. Our culture of learning hugely supported this quick switch over. A multi-generational workforce was an added advantage; as the younger digital-native employees played a reverse mentor role in guiding the older employees to become digitally savvy; the older employees enabled others to stay calm, focused and productive in difficult times. Continuous listening to employees through pulse surveys and guiding them to *Make*



the Most of the situation led to a productive and winning mindset. A pulse survey conducted with ABGites showed an assuring trend – 86% were confident about delivering their Q1 goals of the new fiscal.

Faced with an unprecedented nationwide lockdown, our group businesses proactively created '*Business Continuity Plans*' working through different scenarios. Our teams engaged deeply and meaningfully with customers and value chain partners to support them better in these extraordinary times.

Over the last few months, business models have been reassessed, to identify strategic and tactical opportunities to improve effectiveness, prune avoidable costs as well as prepare for the new normal. New opportunities are continuously being ideated and explored. For example, Aditya Birla Fashion and Retail has made an emphatic foray into masks, our Chemicals Business is producing disinfectants, and the Fibre Business is manufacturing antibacterial fibre. The pandemic has also accelerated our shift to digitization across businesses. A new wave of digital energy is being unleashed with a clear focus on getting closer to our customers.

Our Group businesses are also leaving no stone unturned in redefining workplace hygiene. Every business has implemented new standards of safe working with guidelines for social distancing and zero-touch interactions. Similar protocols have been created for safe and superior customer engagements. We believe that things will continue to be dynamic and uncertain in the coming months. Even as we open offices and factories with protocols to put employee safety at the forefront and enhance productivity, we will continue to leverage our strength of adaptability and agility. A crisis of such magnitude is a great reminder of our responsibility to give back to society. True to its legacy, ABG has curated a multi-pronged approach to help our communities fight COVID-19, with a commitment of over

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**The reported full-year revenue of the Company stood at ₹ 8,743 Crore, a growth of 8% over the reported revenue of ₹ 8,118 Crore last year. The Company was well on track to record a much higher growth rate, in line with its 9-month growth trajectory of 12%, before the outbreak of the pandemic.**

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₹ 500 crores towards COVID relief measures. This entailed a contribution of ₹ 400 crores to the PM-CARES Fund. In addition, we have also leveraged the capabilities of our apparel business to commence the production of one million triple-layer surgical masks and 1,00,000 coverall garments. Several hundred thousand food packets, provisions and disinfectants have been distributed to the needy across the country. Given the depth of our presence in India, we have also earmarked over 300 beds for COVID-19 patients at our network of hospitals in our units.

This unflinching support to our employees, communities and other stakeholders is core to our DNA and will enable our long-term, sustainable growth.

#### **Your Company's Performance**

Your Company is one of the leading fashion and apparel players in India. It continues to strengthen its leadership position with an evolving portfolio play, proactive adaptation to changing consumer needs, and aggressive thrust on digital. Your Company undertook several transformational initiatives around new market entries, category expansions and accelerated digital transformation that helped it chart a consistent performance trajectory; exhibited well in YTD December results.

However, the outbreak of the COVID-19 pandemic in the initial part of March had a significant impact on our reported results. The reported full-year revenue of the Company stood at ₹ 8,743 Crore, a growth of 8% over the reported revenue of ₹ 8,118 Crore last year. The Company was well on track to record a much higher growth rate, in line with its 9-month growth trajectory of 12%, before the outbreak of the pandemic. This revenue growth was achieved on the back of impressive performance across businesses through most of the year.



The Company was on a healthy profit improvement trajectory and had recorded an EBITDA growth of 19% on a comparable basis for nine months of operations till December 2019. This enabled the company to post strong profits in the first three quarters of the year. However, the outbreak of COVID-19 and the subsequent nationwide lockdown had a significant impact on EBITDA and PBT in FY20.

A largely fixed cost structure, a characteristic of the retail industry, affected our profitability significantly. While in normal times, the model allows the company to leverage its fixed costs, the situation of a sudden and steep shortfall in sales witnessed during this pandemic, made it difficult for the Company to cover these fixed costs in the short term, resulting in losses for the fourth quarter.

For the most part of the year, our businesses delivered a formidable performance in an otherwise tough market, driven by a strong show in the festive and wedding season last year. Lifestyle brands business continued to strengthen its leadership position in the market. The business added a record 400 new stores to their network. The business also carried forward its legacy of being the innovation leader by taking the lead on moving to a 12-season design to market cycle, aiming at a faster go-to-market strategy. The new growth initiatives around women's and kids wear business gained significant momentum, while Peter England small-town format that we launched last year crossed the 200-store milestone.

Pantaloons further consolidated its position as a leading player in the value fashion segment. At normalized levels, the business improved profitability by significantly investing in product innovation aided with simplified pricing architecture, which was reflected in a better sell-through.

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**I believe the new fiscal year will be challenging due to uncertainties related to the pandemic. Our immediate strategic imperatives will be to operate with world-class safety and hygiene standards, optimize cost and cash flows, accelerate digital and omnichannel outreach, and stay watchful of attractive real estate opportunities.**

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With consumer centricity at the core, the business rolled out multiple initiatives around consumer connect, personalized communications, and improved freshness on the back of a new planning system which automates stock replenishments. Similarly, targeted marketing campaigns revitalized brand imagery, enhancing its relevance in the minds of our target customers. The format also introduced new brands and categories to widen the span of our offerings, in line with the evolving needs of our customers.

Your Company has identified innerwear and ethnic wear segments as two priority growth areas. Both these categories are attractive from the perspective of overall size as well as poor penetration of brands. Our play in the innerwear and athleisure space is through our brand Van Heusen. The foray has gained a strong foothold, with the product now selling across 20,000 trade outlets, key departmental stores, and large e-commerce platforms. The brand is known distinctively for its innovative products, premium imagery, and wide range. Taking firm bets on ethnic wear, last year, the Company made two strategic investments – Jaypore and Shantanu & Nikhil to enter this segment.

### **Outlook**

I believe the new fiscal year will be challenging due to uncertainties related to the pandemic. Our immediate strategic imperatives will be to operate with world-class safety and hygiene standards, optimize cost and cash flows, accelerate digital and omnichannel outreach, and stay watchful of attractive real estate opportunities.



The Board of Directors have recently approved ₹ 1,000 Crore of capital raise through a rights issue. As mentioned in our letter of offer, the proceeds of this issuance will be utilized to strengthen the balance sheet, which in the current context will impart considerable might to the Company to move forward.

As the year progresses, and normalcy returns, we should be in a much stronger position to bounce back given our formidable brand portfolio, large distribution network, and the indomitable spirit of our people.

### **Conclusion**

FY20 is not just another fiscal. Never has the transition between two financial years been as tumultuous for the global economy. The pandemic is no doubt, a sobering reminder of how the world can change in unforeseeable ways.

As COVID-19 gets quelled and the global economy reawakens, endurance will pave the way for renewal — for individuals and corporations alike. When we emerge from the coronavirus, I have no doubt that the world will recognise and celebrate corporations that are exemplars of good governance and sustainable growth. You can count on your company as being one of them.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kumar Birla', written in a cursive style.

**Kumar Mangalam Birla**  
Chairman



# FY 2019-20

## HIGHLIGHTS



**₹ 8,788 CRORE**

REVENUE

**₹ 500 CRORE**

EBIDTA

**25,000 +**

EMPLOYEES

**750 +**

CITIES

**3,031**

STORES

**8.1 MILLION SQ. FT.**

RETAIL SPACE





LOUIS PHILIPPE



When details of fine craftsmanship meet the mark of excellence, it gives birth to a Louis Philippe product. Louis Philippe is the name that rises to the occasion of adorning the man who has a fine taste in luxurious fashion.

For more than 30 years, we have celebrated every moment of a man's life with the grandeur it deserves. Be it a wedding or a meeting. From suits to shoes. From polos to denims. From jackets to chinos.

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



  
**LOUIS PHILIPPE**

**457**  
Stores



# 7 LOOKS. 1 SUIT.



INTRODUCING  
**7-IN-1 SUIT**

  
VAN HEUSEN



Van Heusen is India's No. 1 premium lifestyle brand for professionals. With a rich heritage of over 130 years in United States of America, the brand entered India in 1990.

Over a period of its 30-year history in India, Van Heusen has emerged as a fashion authority for the ever-evolving Indian consumer and has established itself as a one-stop destination for the latest trends.

Today, Van Heusen is not only the most preferred workwear brand, but also effortlessly straddles across the entire spectrum of occasions like casuals, ceremonial and party wear.



  
VAN HEUSEN

**410**  
Stores





**Allen Solly**  
Est 1744



Over the years, Allen Solly has revolutionized the workwear expressions to win young India.

Allen Solly reinforced its unconventional workwear core by dressing young India in fashionable and unconventional shirts, trousers and denims.

Allen Solly Women, India's pioneer brand in casual workwear unveiled its fresh range of dresses, in-line with Indian body shapes.

Allen Solly Juniors is about fun and vibrancy and has an interesting product line offering t-shirts, shirts, denim, dresses and accessories.



  
**Allen Solly**  
Est 1744

**345**  
Stores



A full-page photograph of a man with dark hair and a beard, wearing a dark blue suit, a light blue striped shirt, and a blue paisley tie. He is standing in a library with bookshelves in the background. He is holding a small object in his right hand. In the top right corner, there is a logo consisting of a green and red rectangle with a white border containing the text "PETER ENGLAND".

PETER ENGLAND



Peter England's unparalleled range of shirts, trousers, denims, suits & blazers, and t-shirts combine high-fashion, impeccable fits and a wide range of curated looks catering to every versatile occasion of today's young Indian men.

2019 was a milestone year for the brand as it expanded aggressively into Tier 3 and Tier 4 markets. Peter England also refreshed its identity in large towns and cities through its Men's Obsession stores, delivering a young and vibrant shopping experience for all.



**1023**  
Stores





pantaløons



Pantaloons is one of India's "Most Trusted Retail Brands" (Brand Equity Survey 2019) and also emerged as the Most Trusted Fashion Retail brand. Pantaloons, a Division of ABFRL, is India's premier favourite Fast Fashion destination among large format stores. With 342 stores across 155+ towns, Pantaloons caters to the fashion and lifestyle needs of young aspirational Indian consumers in a modern retail environment.

Pantaloons has emerged as a strong brand in the fashion retail industry over the past two decades and is recognised as a pioneering brand across the length and breadth of the country. Pantaloons.com, is the official online store for Pantaloons. The brand's merchandise is also available on all other leading e-commerce portals.



pantaloons

**342**  
Stores





# JAYPORE

Jaypore is India's leading destination of all things Craft and Artisanal across Apparel, Exquisite Jewellery and Beautiful Home Products. India has a rich heritage of handmade crafts and traditional products. Jaypore as a brand is committed to preserve and revive authentic Indian products suited for a modern lifestyle. The brand sources from more than 70 craft clusters and curates these products on its beautiful website and two stores, one each in Delhi and Bangalore. In a very short time, the business has earned high respect among the craft vendor community for showcasing their products in all its glory and among connoisseur customers for making craft accessible. The brand runs an eponymous label called 'Jaypore' and also aggregates other Artisanal brands on its portal. Jaypore ships worldwide and has a global audience.





SHANTANU & NIKHIL

Completing two decades in the Indian couture ambit, Shantanu & Nikhil delineates progressivism and distinctiveness by encapsulating the vibrancy of vintage India and blending it with the glee and excitement of modern India.

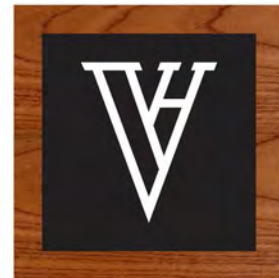
Following an **#Anti-trend** path, Shantanu & Nikhil can be best described as a contemporary disruptor with a strong India-proud sentiment. Representing an amalgamation of Indian decadence and modern grandeur, the brand replaces traditional embroideries and styles with exaggerated neo-drapes, narrative details, and powerful dramatic silhouettes.



SHANTANU AND NIKHIL

Twenty years into its journey, Shantanu & Nikhil as a brand has democratized Indian couture through a modern India narrative that speaks the language of structure and strength in its most inimitable form of luxury. This progressive philosophy over a period has further disrupted to advocate a decisive India-proud sentiment that is young, sartorial, gender-fluid and patriotic-chic. Liberated fashion with an **#IndiaonTheMove** backdrop thus becomes a perfect re-interpretation of all these attributes in our new Bridge-to-Luxury brand vessel called **S&N by Shantanu and Nikhil**. The new brand is a juxtaposition of heritage and spunk, traditional and modern, ceremonial and military exuding modern twists like neo-drape balanced with new-age details.





# VAN HEUSEN

INNERWEAR | ATHLEISURE

Van Heusen Innerwear is India's most innovative and fashionable brand. With style and ultra-comfort at its heart, it's the perfect addition to one's innerwear drawer. Each of the four collections designed for men: Classic, Platinum, Signature and Active; cater to the unique lifestyle demands of a modern-day consumer. The newly launched lingerie collection for women: Cotton Sensation, Luxe and Glam are the embodiments of style, elegance and glamour

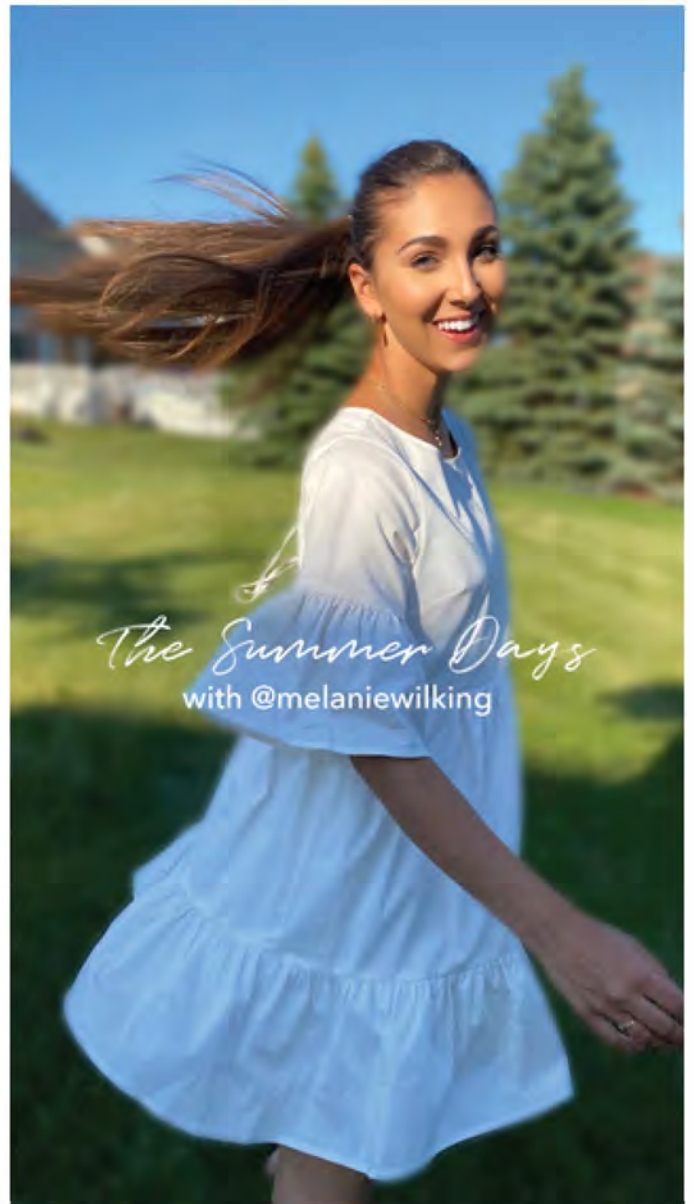


# FOREVER 21

In July 2016, ABFRL acquired the exclusive online and offline rights to the India network of California-based Fast Fashion brand 'Forever 21'. The partnership between Forever 21 and 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.



Forever 21 in India offers clothes and accessories for Millennials and Gen Z girls and boys, and all those who feel millennial-age at heart. With growing demand for its trendy street wear and subtle contemporary pieces, the brand has its exclusive website [www.Forever21.in](http://www.Forever21.in) for the Indian market, which reaches out to its customers in over 17000 pin codes of the country. Forever 21 is one of the most searched brands online and occupies a unique position in trend leadership at super affordable prices, making it is one of the most favored brands of Millennials and Gen Z.







**SIMON CARTER**  
L O N D O N

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.





# AMERICAN EAGLE

We make jeans for every body. We stand for individuality, freedom and difference.



We are an inclusive, optimistic and empowering brand that celebrates the individuality of our customers. Our purpose is to show the world that there is real power in the optimism of youth.





# T E D   B A K E R

## L O N D O N

Ted Baker London is known as one of the best sellers of contemporary men's shirts around the world. 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<sup>®</sup>

INDIA'S LARGEST LUXURY RETAILER

The Collective Is India's first and largest multi retail brand, with a team of fashion experts ensuring a unique and stylish 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.





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.



**POLO**  
RALPH LAUREN

"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.





**HACKETT**  
LONDON

A luxury clothing retailer that epitomizes British menswear, with a collection that is both vintage and modern. The home of British menswear, Hackett's collections are built around impeccable tailoring, complemented by luxurious casualwear.

# OUR VISION

“We are committed to give back more than what we take from our ecosystem”

Forever, we've been taking from the Earth.  
Taking, considering it our right to do so.  
Forgetting every time,  
that abundance is not permanent.  
Yes, there was a time when everything was in plenty,  
and to make a choice was never compulsory.  
Back then, every pillar of the ecosystem:  
Environment, Economy, Society,  
balanced each other well.  
But then,  
we took a lot more than we could give,  
and this balance fell apart.  
Let's remind ourselves all over again,  
that resources are decreasing and demands increasing.  
And to keep our ecosystem going,  
we need to give back more than we take from it.  
So let's begin to give back.  
To the Environment we grow in.  
To the Economy we prosper in.  
To the Society we live in.  
Because when we give back, we get back.

Let's preserve our tomorrow.  
Let's protect our planet.  
Let's Re-Earth



## CORPORATE SOCIAL RESPONSIBILITY



Education  
**29,190**  
beneficiaries



Healthcare  
& Sanitation  
**1,24,295**  
beneficiaries



Sustainable  
Livelihood  
**1,186**  
beneficiaries



Water &  
Watershed  
**36,414**  
beneficiaries



Digitalization  
**17,152**  
beneficiaries

“BUILDING POSITIVE IMPACT ON COMMUNITIES AROUND US”





## ENERGY

**2% reduction**  
in purchase of grid electricity by means  
of energy efficiency measures

**25% reduction**  
in purchase of grid electricity by means  
of solar rooftop installations



## CARBON FOOTPRINT

**11.24% reduction**  
in Scope 1 & 2 emissions (MFL)

**2.54% increase**  
in Scope 1&2 emissions (Pantaloons)



## WATER

**42% renewable water**  
sources across our own facilities (MFL)

**82% of water recycled and reused**  
across our facilities (MFL)



## GREEN BUILDING

**"PLATINUM rating"**  
certification awarded to one of our warehousing  
facilities under the Indian Green Building  
Council rating system  
As on March 2020, a total of ~ **10 lakh sq. ft.**  
area of our built footprint has been green  
building certified



## SAFETY

**No fatalities** across our operations



## PACKAGING

**87% Sustainable Packaging**  
using non-pollutant material



## WASH

**99% compliance**  
with WBCSD's WASH (Water, Sanitation  
and Hygiene) pledge



## WASTE

**'Zero Waste to Landfill' (ZWL)**  
across all our facilities

**Traceability Pilot**  
of waste to end destination



## SUSTAINABLE PRODUCTS

**Product Sustainability attribute**  
We have 47% of our products with atleast one  
sustainability attribute

**Sustainable Material**  
Usage of sustainable inputs like Liva Eco Fiber,  
Liva, Recycled Polyester, Bamboo, Tencel,  
Lyocell, Modal & Linen



# BOARD OF DIRECTORS



**MR. ASHISH DIKSHIT**  
Managing Director, 50

is an Electronics & Electrical Engineer from IIT - Madras and holds a Master's Degree in Business Administration from IIM - Bangalore. He is also an alumnus of Harvard Business School through its Advanced Management Program. He has worked in diverse roles across industries and functions over the last 26 years. Mr. Dikshit 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. Earlier, he also 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 Speciality chemicals to consumer businesses such as Telecom, Financial Services and Retail. He was honoured with the Outstanding Leader Award in the year 2011 by the Chairman of the Aditya Birla Group.



**MR. ARUN THIAGARAJAN**  
Independent Director, 75  
(until closing hours of May 10, 2020)

holds a M.Sc. in Electrical Engineering from Royal Institute of Technology, Stockholm and a degree in Business Administration and Information Systems from Uppsala University, Sweden. He has also attended the Advanced Management Programme of the Harvard Business School. He is a Director on the Board of several other companies. Earlier, he served as the Part-time Chairman of ING Vysya Bank Limited, Managing Director of Asea Brown Boveri Limited, Vice-chairman of Wipro Limited and as President of Hewlett-Packard India Private Limited.

*Mr. Thiagarajan has ceased to be an Independent Director of the Company from the closing hours of May 10, 2020.*





**MR. HIMANSHU KAPANIA**  
**Non-Executive Director, 58**  
*(w.e.f. January 1, 2020)*

an alumnus of IIM Bangalore and BIT Mesra, is the former Managing Director of erstwhile Idea Cellular renamed 'Vodafone Idea Limited' after merger with Vodafone India and is presently on the Board of the new mobile company. Mr. Kapania is also the Vice Chairman of 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.

Mr. Kapania 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.

He 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. He is presently Chairman of FICCI Council on 'Telecom, Electronics and Digital Economy' (TED Council).

Mr. Kapania, has been consistently recognized for his leadership skills and is a recipient of many prestigious awards including -'Business Today' and 'Voice & Data' India's Best CEO Award in 2014 & 2015; CNBC India Business Leadership Award in 2015 and ET Telecom Award in 2014 & 2016 etc.



**MR. NISH BHUTANI**  
**Independent Director, 53**  
*(w.e.f. June 5, 2020)*

has over 27 years of experience with digital and technology companies in Silicon Valley, UK and India. He holds a degree in MBA (Honors) from Harvard University, and B.S. and M.S. degrees in Engineering from Stanford University.

He is the 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, he has been in senior leadership roles at companies such as CNET Networks in San Francisco, Lovefilm in London, Saffronart, Myntra, and Vuclip. An avid writer on the topic of digital growth and culture, he has been a columnist for the Mint newspaper on digital practices and AI in the workplace.

*Mr. Bhutani has been appointed as an Independent (Additional) Director of the Company w.e.f. June 5, 2020.*



**MR. SANJEEB CHAUDHURI**  
Independent Director, 67

*(until closing hours of June 5, 2020)*

is a Graduate in Science (Honours) and holds a Master's degree in Business Administration from J. Bajaj Institute of Management Studies, Mumbai. He has over four decades of senior multinational business experience across global banks and consumer companies. Mr. Chaudhuri has served as Group Head, Brand & Global Chief Marketing Officer of Standard Chartered Bank. Prior to that, he was CEO, Retail and Commercial Banking for Citicorp, Europe, Middle East and Africa, in addition to other senior, global leadership positions. Before joining Citigroup, he managed product development, testing and launch of large global brands in senior management roles at Procter & Gamble, Colgate-Palmolive and Unilever. He has extensive governance experience on various European and Asian Supervisory Boards where he has served on various Strategy, Risk and Audit Committees. He has attended many Advanced Management Programmes. He is a visiting Faculty at Wharton Business School and Judge Business School, Cambridge. He is also a Global Mentor at the Centre for Technology Management at Columbia School of Business, New York. Mr. Chaudhuri is also a member of the International Advisory Board of the Open University School of Business and Law, UK.

*Mr. Chaudhuri has ceased to be an Independent Director of the Company from the closing hours of June 5, 2020*



**MS. SUKANYA KRIPALU**  
Independent Director, 59

is a graduate from St. Xavier's College and the Indian Institute of Management, Calcutta. She is a 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. She was also the CEO of Quadra Advisory, a WPP group company. Ms. Kripalu is 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.





**MR. SUNIRMAL TALUKDAR**

**Independent Director, 68**

*(w.e.f. March 11, 2020)*

is a Chartered Accountant from the Institute of Chartered Accountants of India and B.Sc. (Bachelor of Science) from St. Xavier's College, Calcutta University.

He retired as Group Executive President and Chief Financial Officer of Hindalco Industries Limited in 2012.

He 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.



**MR. SUSHIL AGARWAL**

**Non-Executive Director, 57**

is a Qualified Chartered Accountant and holds a Master's degree in Commerce. He is currently the Group Chief Financial Officer for the Aditya Birla Group. He is 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. He 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. He is on the board of several companies and is widely networked. He is familiar with operations in most states in India and several countries abroad through his experience of about 31 years.

In September 2018, he was awarded as the India's Greatest CFO in the 3<sup>rd</sup> edition of 'Asia One' India's Greatest Brands and Leaders Awards 2017-18. In recognition of his stellar contribution, he was awarded as 'Business Leader Corporate CFO' at the 11<sup>th</sup> ICAI Awards 2017. He was also awarded as the 'Asia's Best CFO' in the category 'Best CFO (Mergers and Acquisitions)' at the Golden Globe Tigers Award held in Kuala Lumpur in April 2018. He was honored with the 'Exceptional Contributor Award' in 2000 and 'Outstanding Leadership Award' in 2014 by the Chairman of Aditya Birla Group. He was named among India's best CFOs by Business Today in the category 'Enhancing Competitiveness through M&A' in 2013. He has been consistently recognized for excellence by 'CFO 100' under the category 'Winning Edge in Mergers Acquisitions and Corporate Finance' in 2014, 2015, 2016 and 2017 and under the category 'Winning Edge in Strategy' in 2011.

# KEY EXECUTIVES



**Vishak Kumar**  
Chief Executive Officer  
Lifestyle Brands



**Sangeeta Pendurkar**  
Chief Executive Officer  
Pantaloons



**R Sathyajit**  
Chief Executive Officer  
International Brands



**Sooraj Bhat**  
Deputy Chief Executive Officer  
Pantaloons



**Puneet Malik**  
Chief Executive Officer  
Innerwear Business



**Dr. Naresh Tyagi**  
Chief Sustainability  
Officer



**Chandrashekhar Chavan**  
Chief Human  
Resource Officer



**Praveen Shrikhande**  
Chief Digital and  
Information Officer



**Kedar Apshankar**  
Chief Operating Officer  
Special Projects



**Mr. Swaminathan  
Ramachandran**  
Chief Supply Chain Officer



**Mr. Jagdish Bajaj**  
Chief Financial Officer  
Key Managerial Personnel



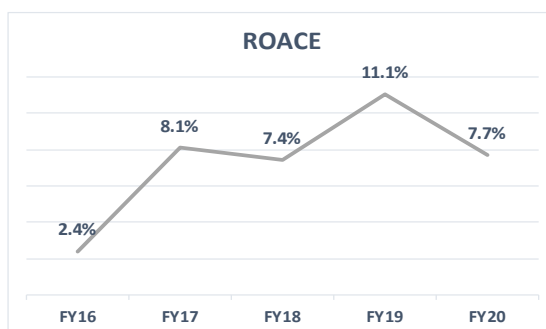
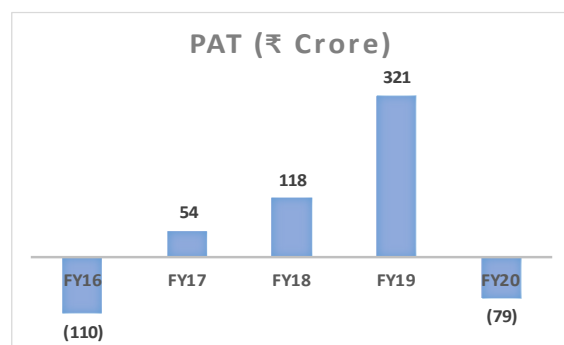
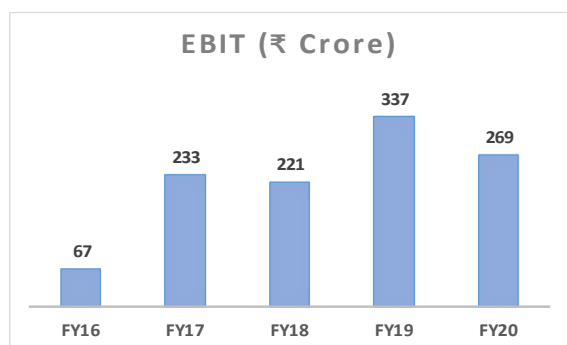
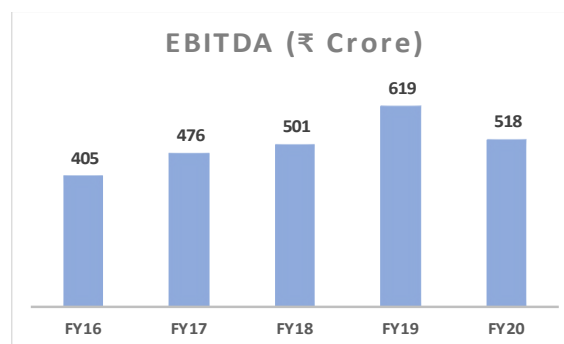
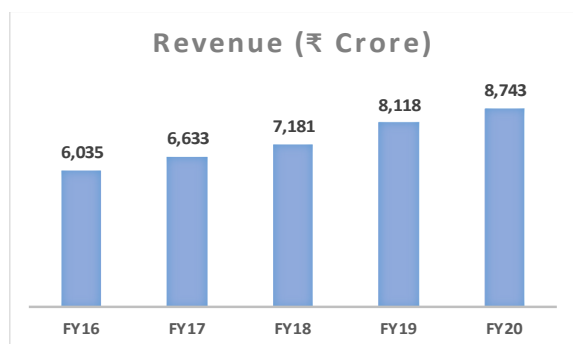
**Ms. Geetika Anand**  
Company Secretary & Compliance Officer  
Key Managerial Personnel



# FINANCIAL HIGHLIGHTS

(Amount in ₹ Crore)

Particulars	FY16	FY17	FY18	FY19	FY20 (Comparable)	FY20
Revenue	6,035	6,633	7,181	8,118	8,743	8,743
EBIDTA	405	476	501	619	518	1,290
EBIT	67	233	221	337	269	414
PBT	(110)	54	49	149	57	(9)
PAT	(110)	54	118	321	(79)	(145)
Revenue Growth		9.9%	8.3%	13.0%	7.7%	7.7%
EBITDA Growth		17.5%	5.4%	23.5%	-59.9%	108.5%
EBITDA%	6.7%	7.2%	7.0%	7.6%	5.9%	14.8%
EBIT%	1.1%	3.5%	3.1%	4.1%	3.1%	4.7%
PBT%	-1.8%	0.8%	0.7%	1.8%	0.6%	-0.1%
PAT%	-1.8%	0.8%	1.6%	4.0%	-0.9%	-1.7%
Capital Employed	2,755	3,003	2,955	3,132	3,862	6,330
Return on Average Capital Employed	2.4%	8.1%	7.4%	11.1%	7.7%	8.7%
Net Debt Equity Ratio	2.0	2.1	1.6	1.2	2.3	4.6



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### Statutory Auditors

M/s. S R B C & CO LLP  
Chartered Accountant  
[ICAI Firm Registration  
No. 324982E/E300003]

### Secretarial Auditors

M/s. Dilip Bharadiya  
& Associates  
Company Secretaries

### Registrar and Share Transfer Agent

Link Intime India  
Private Limited

## Company Details

### Aditya Birla Fashion and Retail Limited

CIN: L18101MH2007PLC233901

#### 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

**Tel.:** +91 - 86529 05000

**Fax:** +91 - 86529 05400

**Email:** [secretarial.abfrl@adityabirla.com](mailto:secretarial.abfrl@adityabirla.com)

**Website:** [www.abfrl.com](http://www.abfrl.com)



## REPORT OF THE BOARD OF DIRECTORS

(INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS)

Dear Members,

Your Company's directors hereby present the Thirteenth Annual Report of the Company together with the audited financial statements of the Company for the financial year ended March 31, 2020 ("year under review/ FY 2019-20").

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

According to International Monetary Fund (IMF), the global economy slowed down from its forecasted growth rate of 3.3% to a real Gross Domestic Product (GDP) growth rate of 2.3% in 2019. This poor performance over the past year can be attributed to prolonged trade disputes and wide-ranging policy uncertainties causing significant disruptions in international supply chains.

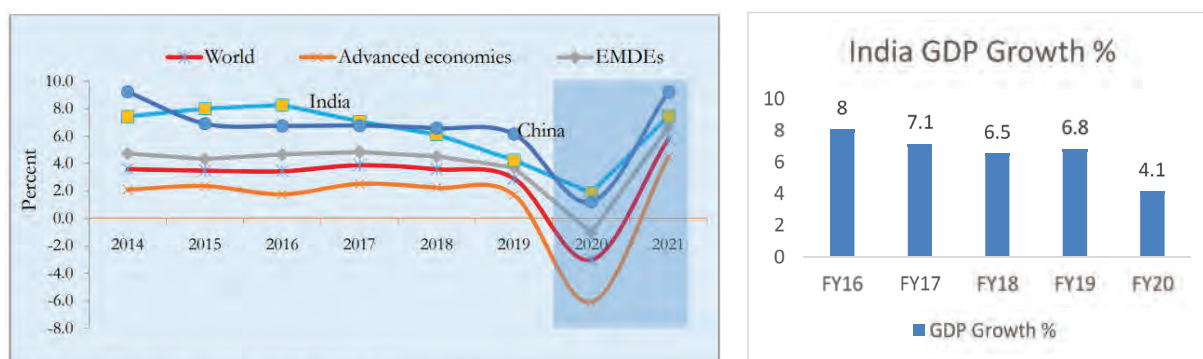
#### Outlook: Global economy

The global economic outlook remained cautious through most of the previous year. While the IMF originally projected the global GDP to rise to 3.6% in 2020, the estimates are being revised downward due to the near-term economic impact of the COVID-19 pandemic. The latest IMF projections hint that the global economy will contract sharply by 3% in 2020. In a baseline scenario - which assumes that the crisis fades in the second half of 2020 - the global economy is estimated to grow by 5.4% in 2021, as economic activity normalizes, backed by policy support.

#### Outlook: Indian economy

While the Indian economy registered a slowdown in 2019-20 with GDP growth at 4.4% (based on ICRA ratings) falling from 6.8% in 2018-19, the growth remained in the highest decile (Figure 1) among Emerging Market and Developing Economies (EMDEs). The stress on the financial sector and weak rural demand are some of the contributing factors for this sluggish growth.

**Figure 1 - Growth of real GDP: India and World Economy**



Data Source: World Economic Outlook, April 2020.

Note: EMDE – Emerging Market and Developing Economies

The government had taken various measures to revamp the financial sector, address the Non-Banking Financial Companies (NBFCs) crisis, speed up the resolution process under Insolvency and Bankruptcy Code (IBC) and reduce stress on the real-estate sector. Additionally, the Indian government had cut the corporate tax rate to boost investments and spur growth in the economy.

In response to the COVID-19 pandemic, the Reserve Bank of India (RBI) has undertaken liquidity support measures and cut the key interest rates sharply. The RBI has cut the repo-rate by 110 basis points since April 2019 to ease credit flow in the economy. The government further announced a fiscal package of ₹ 20 lakh crore, which is 10% of the country's GDP. The package, called "Self Reliant India package", was structured around embarking on a path

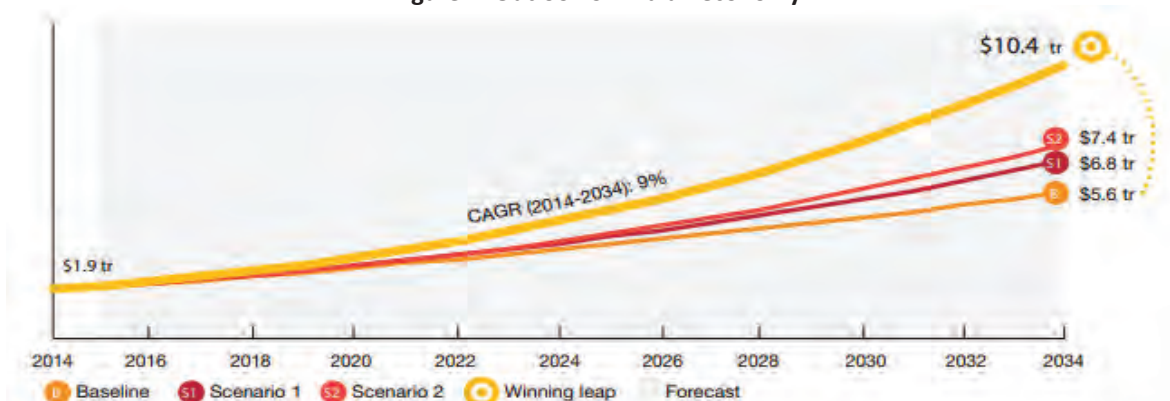
to become self-sufficient. The sought to address issues around liquidity in the market, with focus on the cottage industries and the MSME sector, amongst others.

### Potential opportunity for India

Despite economic challenges, India's long-term growth story remains intact. In a baseline scenario, India's GDP is expected to reach US\$ 5.6 trillion by 2034 (Figure 2) and achieve upper-middle income status on the back of digitization, globalization, favorable demographics and reforms.

India continues to be a favorite destination for foreign investment and the biggest contributor to global economic growth.

**Figure 2: Outlook on Indian economy**



Source: Oxford Economics

### Industry Overview

#### Global apparel market

Global fashion markets are projected to contribute about 2.3% of the world GDP, with the largest share coming from matured markets in developed countries. However, as economic growth shifts from the west to developing nations, the apparel industry too is expected to see a dramatic shift in demand patterns.

Emerging markets such as India and China will soon account for the lion's share of the global demand for fashion products. Given the low penetration level of organized retail and online channels, and backed by favorable factors such as a young demographic with a large population in the working age, these markets are bound to grow at more than double the 5% growth rate projected for global markets.

On the other hand, developed markets have shown matured characteristics, which is reflected in their saturated growth rates. Markets in the United States (US), Europe and other developed countries have already seen deep penetration of organized retail and branded apparel. Online channels too have made significant inroads into these markets, and have challenged players to continuously innovate to stay relevant.

Innovation will play a significant role in delivering short-term sustainability targets and reimagining economic models for fashion companies for longer-term transformation. While 2020 is not expected to be an easy year, global fashion companies would be required to transform their value chain on multiple fronts, while mitigating risks and managing uncertainties.

#### Global consumer trends

Consumers across the globe have changing expectations on values from brands and products. Also, their ways of engagements with brands are changing rapidly. Meaningful engagements in the consumer journey are increasingly moving to a combination of physical and digital world, as more consumers enjoy seamlessness offered by omni-channel retail.

The consumer today is also becoming increasingly sensitive about the environmental impact of production processes, and prefers sustainably produced products. The consumer today wants to associate with brands that are committed to sustainable processes across its supply chain – right from sourcing to packaging of the final product.



Also, there is an increasing set of consumers who prefer highly functional products, wherein it is possible for them to derive greater utility.

Going forward, global fashion players will have to significantly reinvent themselves by transitioning towards a digital-driven ecosystem, and reshape their value chain on levers of sustainability to remain relevant in a fiercely competitive market.

### Indian market

The Indian apparel industry accounts for approximately 4% of the global market. The apparel industry is one of the largest and the most critical sectors for the Indian economy, in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial production in value terms, 2% to the GDP and 15% to the country's export earnings. It presents significant employment opportunities, with an estimated 4.5 Crore in direct labor workforce (~9% of the total Indian workforce) and 6 Crore workforce employed in allied sectors (~12% of the total Indian workforce).

While the Indian apparel sector is expected to grow at a Compound annual growth rate (CAGR) of over 10% in the coming years, the branded apparel sector will witness a faster growth. Favourable demographics resulting in a substantial rise in working age population with higher income and a younger population which is inclined to adopting new trends will be some of the key drivers accelerating the adoption of branded apparel in India. The branded apparel sector is expected to witness increased penetration from the current levels at 48% (FY 2020) to a substantial share of 56% by 2025. In the same period, the share of organized apparel too will rise to 40% (Figure 3).

**Figure 3: Rise of branded Indian apparel and Organized Apparel Retail as a % of Apparel Market**



Source: Indian Fashion Market Report (June 2020), Wazir Advisors

Ratio of contribution for Men's wear: Women's wear: Kids wear stands at 41:38:21 for the apparel industry, whereas globally, the share of women's wear is larger, when compared to men's wear, making it a growth opportunity. The innerwear market in India had a market size of USD 3.5 billion as of 2016, which is expected to grow at 11% CAGR to USD 11.5 billion by 2026. The premium branded innerwear market is currently underpenetrated in India and offers significant opportunity for growth.

### Domestic consumption share favors discretionary spends including apparel industry

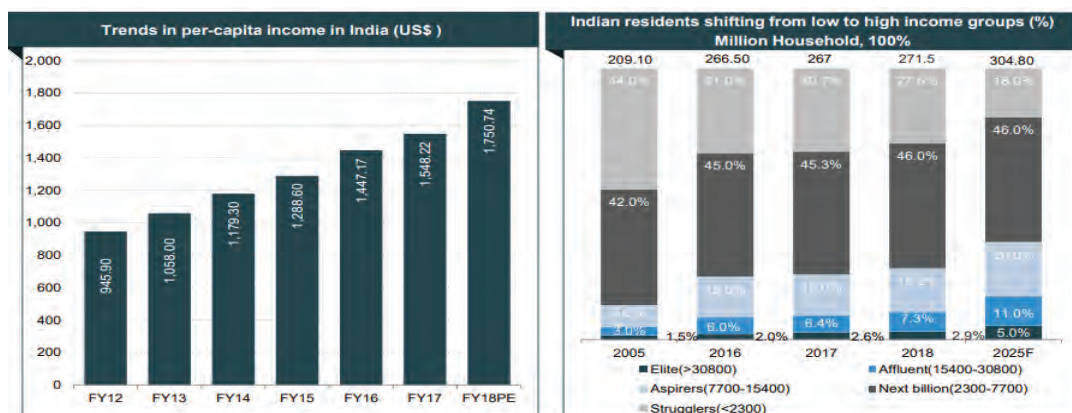
India's domestic consumption share (measured as Private Final Consumption Expenditure – PFCE) to its GDP was 59% in 2018. In comparison, China's domestic consumption share to its GDP was 39% in the same year. High share of private consumption in the GDP not only insulates India from the vagaries of global economy but it also implies that a sustainable high economic growth in India directly translates into a sustained consumer demand for merchandise and services.

In the long-term, as more people are expected to move beyond sustenance living with rising income levels enabled favorably by demographic advantages, India's household consumption expenditure will continue to get altered in favor of discretionary purchases. Therefore, categories such as apparel, jewelry, processed foods and consumer electronics are poised to gain a share from this shift.

### Indian apparel industry continues to present an exciting opportunity

While the global apparel market is dealing with some pressures, India has become a focal point for the fashion industry as its manufacturing sector grows stronger and the middle-class consumer base witnesses a rise in disposable income (Figure 4). These, together with strong economic fundamentals and increasing tech-savviness, make India a lucrative market for the apparel industry. India also continues to present an exciting opportunity, particularly for price-competitive players.

**Figure 4: Increase in middle class consumer base**



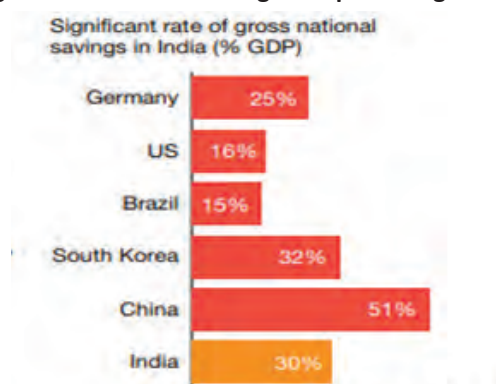
Source: Textile and Apparel (September 2019), IBEF Report

Emerging as one of the fastest-growing apparel markets in the world, India is set to become a USD 107 billion apparel market by 2025 growing at a CAGR of 10%. This growth is expected to be driven by factors such as increase in purchasing power resulting in higher primary discretionary spends, better access and availability of products, deeper brand consciousness, increasing urbanization and improved digitization. The branded apparel market is expected to grow at a CAGR of 12-14% during the same period.

Approximately 78% of the population is in the working-age group of below 45 years. The median age in the country is projected to rise from 27 years in 2015 to 30 years in 2025, which makes the Indian market attractive from a consumption point of view.

On an average, gross national savings in India constitutes 30% and more of the GDP (Figure 5), which supports the overall economy even during periods of inactivity.

**Figure 5: Household savings as a percentage of GDP**



Source: Planning Commission, Government of India

Rapid urbanization in tier 2 and tier 3 cities are opening new opportunities for businesses and influencing the traction for organized retail in the country. This growth is driven by a rise in average consumption per household, which has increased by 3.5x in the last decade and is expected to reach ₹ 335 Lakh Crore by 2028. Internet



penetration in India grew from 4% to 34% between 2007 and 2017. In September 2018, it stood at 88% and 22% in the urban and rural areas, respectively. However, it is still low and bound to rise due to the proliferation of smartphones and the advent of 4G and 5G technologies.

### Key trends in Indian apparel

#### Emphasis on fast fashion/private labels

Both online and offline fashion players are increasing their focus on building private labels/in-house brands due to inherent advantages such as lower concept-to-customer time, faster execution vis-à-vis dealing with third-party brands, better control over quality and pricing, improved margins, and differentiated and exclusive offerings.

#### Women and kids' fashion as growth drivers

The organized retail market for women and kids' fashion is expected to grow at a CAGR of 32% and 30% respectively, during 2017-20. Growing financial independence of women is driving growth in categories related to fashion, beauty and kids, offering promising segments for Retailers to pursue.

#### Value fashion - gaining traction

Value fashion is a promising segment in fashion retail with the possibility of appealing to a wider customer base and reaching more geographies. Popular and mass-priced products constitute over 75% of the total fashion market in India.

#### Enriching customer experience through visual merchandising

Customer experience in fashion retail is driven by exciting window displays, in-store ambiance, coordinated product displays, lighting, music and communication. Growing awareness, coupled with the entry of international players in the industry, is making visual merchandising as an integral proposition in retail. Retailers are leveraging technologies such as augmented reality to increase footfalls and engagement within stores.

#### E-commerce

The Indian e-commerce market penetration is expected to increase as total gross merchandise value is expected to grow from ₹ 1.3 Lakh Crore in 2018 to ₹ 6.5 Lakh Crore by 2025. This will be driven by a wider assortment and convenience. E-commerce, on the other hand, is moving towards Artificial Intelligence (AI)-based solutions, to cater to customized fashion solutions.

#### Rising exports

India's fashion industry has a well-established supply model that propels the growth of this sector, particularly in terms of exports. Sourcing from India is also expected to rise, given its abundant raw material supply and lower average labor cost over other comparable economies.

### 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.

#### Lifestyle brands

The lifestyle brands reported revenue of ₹ 4,626 Crore during the year, recording a growth of 7% over the previous year. The growth is fueled by new store additions, growth in e-commerce channels, product innovation and expansion in new categories. Lifestyle brands recorded a like-to-like (LTL) growth of 4.5% for the full year. The Earnings before interest, tax, depreciation and amortization (EBITDA), however, dropped from ₹ 519 Crore to ₹ 456 Crore in the current financial year.

Lifestyle brands business posted revenue growth of 12% for the first three quarters of the financial year, with EBITDA margin of 11% (against the full year EBITDA margin of 9.9%) and was expected to carry this momentum through the remainder of the year. However, the sudden drop in sales due to the pandemic in the month of March 2020 reflected in the last quarter and subsequently in the full year performance of the business.

**Table: Overview of Key performance indicators – Lifestyle brands**

Lifestyle brands	FY16	FY17	FY18	FY19	FY20
Walk-ins (Crores)	0.83	0.79	0.82	0.79	0.70
% growth	<b>-12%</b>	<b>-11%</b>	<b>-4%</b>	<b>-5%</b>	<b>-8%</b>
Conversion	44%	44%	46%	50%	55%
Average selling price (ASP)	1,582	1,639	1,747	1,714	1,626
Average bill value (ABV)	3,532	3,701	4,211	4,256	4,072
Items per bill	2.2	2.3	2.4	2.5	2.5
LTL volume growth	<b>-4%</b>	<b>-7%</b>	8%	4%	3%
LTL ASP growth	4%	2%	0%	1%	1%
LTL value growth	0%	<b>-5.7%</b>	8.6%	5.3%	4.5%

Your Company's lifestyle brands business houses 4 of India's iconic apparel brands, addressing diverse customer needs in a unique way:

- **Louis Philippe:** To inspire the quest of 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

**Louis Philippe, Van Heusen, Allen Solly and Peter England** continued to dominate in their respective segments. The Business opened a record number of new stores last year, adding over 400 stores to their network. The brands also expanded their loyal customer base to include over 18 million satisfied customers, gaining their trust by providing high-quality products and superb retail experience.

A first in the segment, the business continued to be an 'innovation leader' by moving to a 12-season design to market cycle, ensuring greater freshness in the brand merchandise. This new model allows greater agility in the business' supply chain, enabling it to respond faster to dynamic customer preferences. The business continued to focus on building digital capabilities, enhance innovation and respond swiftly to changing customer needs.

The new growth formats identified by the business, that is the women's and kids wear businesses, and Peter England small town format made a significant mark on the business. The women's and kids wear businesses doubled through the course of last year, proving to be definite game changers in their respective segments. The business also successfully piloted Peter England's small town format, adding more than 200 stores in its first year of operations. This brand format further leveraged the Company's strong distribution network into untapped markets.

### Pantaloons

Pantaloons continued its remarkable turnaround journey through most of the year, crossing many milestones in the process. During the first nine months the business witnessed revenue and EBITDA growth of 13% and 19% respectively over the previous year. The EBITDA margins increased by 50 basis points to 9% as compared to 8.5% last year.

It must be noted that except for March 2020, Pantaloons had a near perfect FY20. The brand further established its position as a leading player in the value fashion segment. The sustained focus on product innovation and brand revitalization allowed the brand to gain traction with its customers. The targeted marketing campaigns revitalized the brand's image, increasing its relevance for its target consumers. The format grew its operational network to 342 stores, picking up the pace of its retail expansion strategy. This year, Pantaloons forayed into new brands and categories such as 'Home' and 'Sarees'.

The business continued on its path to improved profitability by significantly investing in product innovation, which was substantiated by its improved sell-through and commendable EOSS performance. For the financial year 2020 the business reported a revenue growth of 10% at ₹ 3,514 Crore, with EBITDA dropping to ₹ 222 Crore (vis-à-vis ₹ 231 Crore in FY19) due to the sharp decline in sales in the month of March 2020.



**Table: Overview of Key performance indicators - Pantaloons**

Pantaloons	FY16	FY17	FY18	FY19	FY20
Walk-ins (Crores)	4.18	4.68	4.61	7.15	6.97
% growth	5%	0%	-9%	5%	-2.6%
Conversion	22%	23%	23%	24%	25%
ASP	554	525	666	631	655
ABV	1820	1725	1799	1833	1993
Items per bill	3.3	3.3	2.7	2.9	3.0
LTL volume growth	9%	7%	-3%	18%	-2%
LTL ASP growth	-3%	-4%	1%	-3%	5%
LTL value growth	5.9%	3.3%	-2.6%	14.2%	2.7%

**Fast fashion**

In line with the strategy outlined in the previous year, the business successfully transitioned PEOPLE into the Pantaloons format, as a private label brand. Given the synergies in the brand positioning of the two labels, PEOPLE has seen favorable initial success in the Pantaloons stores, appealing to the young customer base of the latter.

Forever 21 retained profitability enhancement as its primary focus for FY20, and in this regard, continued its efforts to optimize its business model. While the year saw its global parent entity face challenges, though the Indian business worked closely with the new parent entity for designing a new operating model that would improve profitability in the future.

**Innerwear, Athleisure and Active wear**

The Innerwear, Athleisure and Active wear categories are the most promising categories in the Company's portfolio, and will continue to be a key strategic area of investment for the organization. Business has grown by 40% last year, and widened its distribution to sell across 20,000 outlets. Market leading product innovations in both men's and women's segment has resulted in greater acceptance among consumers.

Your Company's management has made strategic investments in the past few years to create a separate strategic business unit with an independent team to manage operations. While these investments have impacted profitability in the initial years, it laid a strong foundation for the business. As the business grows, it is strategically poised to deliver improved profitability at scale.

**Global 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, casual denim led brand American Eagle and the iconic British brands Fred Perry, Ted Baker and Hackett London. Your Company continues to focus on expanding its distribution footprint of these iconic brands by launching new stores in premium markets across the country. American Eagle is on the path to become a formidable player in the denim category, given its rising brand prominence and product excellence.

With the addition of these Global brands in its portfolio, your Company will continue its trajectory of building a strong-but-selective play in the emerging super-premium and bridge-to-luxury segments.

**Ethnic wear**

Ethnic wear is the largest segment in the Indian apparel segments, and the management of your Company had identified it as a key segment to include in our portfolio of offerings. Addressing this point, your Company entered the promising ethnic segment through two strategic investments, with Jaypore and Shantanu & Nikhil. Jaypore is an ethnic apparel and lifestyle retailer, making its products available in domestic and international markets through its e-commerce channel. Shantanu & Nikhil are renowned couturiers in the Indian ethnic space.

Moving forward, your Company plans to meaningfully scale its play by expanding these brands' network. Jaypore will be positioned as an omni-channel business by scaling up its offline presence through standalone stores in key markets. The design expertise of Shantanu & Nikhil will be utilized to launch a high-fashion ethnic wear brand to address the fast growing bridge-to-luxury segment, with designer ready-to-wear offerings for both men and women.

### Business strategy

Your Company will continue to build its leadership position through investments in key strategic themes.

#### Building strong brands

To maintain its leadership position, your Company will continue to invest in building strong and vibrant brands that evolve with changing customer needs. In the current context, consumers are likely to opt for trusted brands that ensure a smooth and safe experience on both channels, online and offline. Your Company's consumer-centric framework is based on continuous research, big data, analytics, real-time feedback from retail outlets and customer-loyalty programs. In the long run, your Company stands to benefit from nurturing these brands that have a high-recall value and enjoy the trust of its customers.

#### Strengthening our portfolio

Over the past few years, your Company has taken significant steps to grow its business by entering new business segments, exploring new growth opportunities for its existing core businesses, and leveraging brand and product category extensions. Innovative strategies have kept these brands relevant with the evolving tastes of the customer. Your Company will continuously focus on organic growth of the core businesses, improve their profitability along the way, and make strategic investments in maintaining the iconic stature of its brands. Given the changing operating environment in 2020, strengthening the Company's core propositions would become imperative going toward.

#### Building agile design and supply chain

Your Company works relentlessly to drive agility in the design and supply chain functions. Its systems are now geared to function in the new normal smoothly. The radical shift from a 4-season cycle to a 12-season cycle helped your Company manage its inventory efficiently, thereby bringing flexibility to its buying plans. This has further facilitated the Company to address the newly sought out requirement of producing safe cloth masks in a short turnaround time. Furthermore, your Company re-engineered and re-skilled its workforce for manufacturing lifesaving Personal Protective Equipment (PPEs).

#### Reaching a wider customer base

Your Company has been growing rapidly through its multi-channel distribution strategy, and over last one year, has consummated one of its largest-ever store expansion in the history of your Company. A significant part of this expansion was into tier-3 and tier-4 cities, though Peter England's small town format. The favorable performance of this format allowed the Company to open more than 200 stores in the first year, thereby unlocking potential markets that were previously unpenetrated by branded players.

With the expansion of retail opportunity across India, your Company will continue to explore new markets through its brick and mortar stores alongside strengthening its omni-channel play. Your Company believes that an extensive distribution network across markets will help meet the growing demands for high-quality branded apparel.

Your Company also views e-commerce as an increasingly relevant and significant channel, a fact highlighted by its increasing contribution in the revenues. Your Company's lifestyle brands business recorded ₹ 364 Crore revenue from its e-commerce channel, a growth of 18.7% over the previous year. Your Company's Pantaloons business has given a big boost to its e-commerce capability by launching a revamped website. The business recorded sales of ₹ 38.20 Crore, with a growth of 2.1% over the previous year. Your Company's other brands are also now planning to launch dedicated e-commerce websites and apps to cater to their customer's demands.



## Digital transformation

Digital transformation is significantly disrupting the fashion retail industry globally. Closer home, e-commerce players have rapidly grown over the last 5 years, thereby creating new business models. Several retailers and brands took significant steps towards omni-channel play and increased their focus on brick and mortar stores, while others ramped up their online presence. Domestic apparel players, including your Company, have partnered with various e-commerce marketplaces and are working on enabling delivery from stores for orders received online. Given the strength of your Company's brands and the deep reach of its retail network across the country, this is a significant opportunity for your Company to establish itself as a leading player in the e-commerce. We are realigning our business model and processes in-line with changing consumer preferences for shopping and engagement, to drive future growth and business value. We have several digital initiatives to focus on driving e-commerce, customer experience and customer engagement.

Your Company has followed a brand-led e-commerce strategy that aligns with its offline business model, builds on the strength of its brands and enhances them. The e-commerce stack includes 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 implemented in warehouses and stores, enabling seamless omni-channel capabilities. This year, your Company has launched several brands on multiple marketplace platforms and on-boarded inventory across all its warehouses and majority of its stores, to be available on its websites and marketplaces. Since over 80% of the Company's customers access its brands on mobile devices, it has initiated mobile app development for key online brands. While the e-commerce functionality is standard in the apps, the Company is also introducing 'digital store' capabilities, 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 available in the store, but can be sourced from warehouses or other stores. To achieve this, your Company has added visual AI capabilities on e-commerce properties to help consumers find similar or matching products and even build an entire ensemble.

All the Company's brands have customer-loyalty programs and several of them, such as the Pantaloons 'Green Card Program', are highly acclaimed in the Industry. These programs help the brand build a loyal customer base and provide them with the ability to track customer shopping habits over the years. In the last 5 years, your Company has rolled out an NPS (Net Promoter Score) program called 'Mission Happiness' across all its major brands, which tracks customer satisfaction in stores and post purchase experience. In the last financial year, your Company also introduced a 'Customer-360 Program', where a data warehouse has been set up for all customer transaction and interaction data for over 30 million customers across brands. Your Company has set up the machine learning capability to consume the customer behavior data and come up with personalized recommendations at a customer-segment-of-one, which can then 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 media and WhatsApp, so that customers can be engaged on their most preferred channels.

Your Company expects the digitally enabled hyper-local model to be the next wave of innovation in fashion retail, which it is well-placed to capitalize on, with its strong brands, loyal customer base and a nation-wide store network. Although direct-to-consumer is the major part of the Company's business, it also has a significant indirect model through the distributor-retailer network, particularly in the Innerwear business, which is the fastest growing division in FY20. Your Company has recently rolled out a retailer mobile app and a WhatsApp service channel, enabling it to directly connect with our network of 20,000+ retailers, share product information, market trends and book orders for distributors. Your Company is also implementing a 'Distributor Management Platform' to help distributors leverage technology for managing their businesses and a 'Mobile-Enabled Salesforce Management Platform' to support sales staff in maximizing their productivity.

For the Lifestyle brands business, your Company implemented a digital trade show platform in FY20, replacing seasonal tradeshows, which have been the mainstay of the industry for connecting with the distributor and department store network, ever since the Company started it over 20 years ago. This has helped the Company transform its product development life cycle right from the design stage. It has implemented technology to digitize fabric design and create styles using 3D visualization and rendering. The apparel images are presented on a tablet app to distributors and department store buyers in a monthly booking cycle. This transformation has enabled the Company to move from a 2-season-a-year product life cycle to a continuous product development life cycle, which will result in quick response to fashion trends, lower cost of sampling and faster inventory turns. This initiative has been a game changer in the current situation, when holding physical tradeshows is not going to be possible for quite some time.

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

Your Company is developing a platform to predict success of fabric and styles at the design stage, based on past sales data and granular product attribute information. This will be supplemented with a consumer feedback module and will help in making products that are more likely to succeed. Your Company also plans to implement an advanced analytics solution for pre-season merchandize and assortment planning and dynamic markdown management during season. These initiatives will enable in improving full price sell through and margins at the stores, by making the right product in right quantities and making them available at the right store and at the right time.

### Impact of COVID-19

#### Economic outlook

The global economic outlook has changed dramatically over the past of couple of months of financial year 2019-2020 due to the spread of the COVID-19 pandemic. The pandemic has forced many countries to lock their economies down to control its spread, affecting the global economy significantly. Although the global growth was estimated at 3.3% for 2020, latest projections by the IMF have projected it to contract sharply by 3% in 2020.

The Indian economy, like most other global economies, is also likely to bear the brunt of the adverse impact of COVID-19. The recovery of the Indian economy depends on two major factors: the magnitude and speed at which COVID-19 spreads; and the duration of the pandemic within India and across the globe.

#### Your Company's response to the pandemic

Your Company's response has been principally focused on employee safety and preserving its cash flow. The safety of its employees is the Company's first priority and hence it was among the first few Corporates in the Retail space to shut its offices and factories as precautionary measures. On the cash front, your Company has taken complete cognizance of the situation and is monitoring its cash position almost on a daily basis, focusing on cash conservation and cost optimization.

To respond to the Country's sudden rise in PPEs and masks requirement for medical professionals, your Company modified its manufacturing operations by re-engineering machines and processes to develop these products. Your Company worked with state governments in Karnataka and Odisha, alongside other local authorities to recommence operations in 7 factories in Karnataka and Odisha during the lockdown period.

#### Business Impact of COVID-19

The COVID-19 pandemic has majorly impacted the overall business and consumer sentiment in the country. With the implementation of lockdown, the retail industry has been greatly affected and there has been a massive dip in



sales in the short-term. For your Company too, the sudden drop in sales in March 2020 significantly affected the Company's reported results, given the high fixed cost structure the Company operates with.

The country-wide lockdown has also taken a toll on the supply chain of the Company. However, as India comes out of this strict lockdown, retailers have already planned some initiatives to restore the supply chain. In light of the supply and demand constraints, brands and retailers are working together design an integrated demand-supply planning framework. Given that customers are likely to switch to online shopping channels in the short-term, the scenario will lead to a quick growth in the adoption of omni-channel strategy among many brick and mortar Retailers. Furthermore, when the market opens with new normal way of working, Retailers are gearing up for a post-lockdown scenario by making store environment safe and hygienic for its customers.

Over the past months, your Company has been implementing various steps to mitigate the effect of the pandemic. Your Company's proactive adoption of digital technologies has placed it at a competitive advantage by enabling continued operations despite the lockdown. Your Company continued to develop innovative products during the period and launched essentials such as face masks to meet the new customer demands, leveraging the support of its robust supply chain. The agility and robust planning of the supply chain allowed the Company to quickly adapt production orders, and helped reduce the finished goods inventory. As your Company prepared to resume store operations post lockdown, extensive measures were undertaken to ensure that its Retail Stores offered an even safer shopping destination for the customers. Similar care was taken to ensure a healthy environment at the Company's facilities for the employees to resume work.

In the post-COVID era, where the customers are expected to seek more convenience and experience, the rate of adoption of the omni-channel strategy among the lifestyle fashion players is expected to grow. Over time, brands will move to the hyperlocal model for optimizing cost, time, inventory turns and logistics. Through the Company's e-commerce partnerships and its own e-commerce channels, it is fully prepared to play well under these circumstances. While horizontal marketplaces will ensure immediate access and availability, legacy Lifestyle brands will capitalize on their equity, trust and salience built over the years. Your Company believes that consumers strongly attribute trust, experience and service with organized formats, especially with exclusive brand formats and large format. Hence, these formats would not cede preference even in post-COVID times, as consumers are eager to re-engage with these formats.

### Financial performance and analysis

(Amount in ₹ Crore)

Particulars	Standalone			Consolidated
	Year Ended March 31, 2020	Year Ended March 31, 2020 (Comparable)*	Year Ended March 31, 2019	Year Ended March 31, 2019
Revenue from Operations	8,743	8,743	8,118	8,788
EBITDA <sup>(1) (2)</sup>	1,290	518	619	1,277
Finance Costs <sup>(2)</sup>	423	212	187	425
Depreciation <sup>(2)</sup>	877	249	282	885
Profit/ (Loss) Before Tax <sup>(1) (2)</sup>	(9)	57	149	(33)
Current Tax	-	-	22	0
Deferred Tax Assets/ (Liabilities)	(6)	(6)	194	(3)
Deferred Tax Assets/ (Liabilities) - One time <sup>(3)</sup>	(130)	(130)	-	(130)
Net Profit/ (Loss) After Tax <sup>(1) (2)</sup>	(145)	(79)	321	(165)

\*Comparable refers to pre Ind AS 116 numbers.

## Standalone performance

(Amount in ₹ Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Net Fixed Assets (including CWIP)	738	718
Right-of-use assets	2,174	-
Goodwill <sup>(4)</sup>	1,860	1,860
Deferred Tax Asset <sup>(3) (5)</sup>	195	263
Investments <sup>(6)</sup>	170	4
Net Working Capital <sup>(7)</sup>	1,193	286
Capital Employed	6,330	3,132
Net Worth <sup>(5)</sup>	1,086	1,429
Debt <sup>(8)</sup>	2,776	1,703
Lease Liability	2,467	-

Amounts as at March 31, 2020 are not comparable due to impact of Ind AS 116.

Notes:

- (1) Includes other income of ₹ 65 Crore (Comparable: ₹ 52 Crore) (Previous year: ₹ 65 Crore).  
 (2) Impact of Ind AS 116:

(Amount in ₹ Crore)

Particulars	Year Ended March 31, 2020 (As Reported)	Year Ended March 31, 2020 (Comparable)	Year Ended March 31, 2020 Increase/ (Decrease)
Rent expense	487	1,247	(760)
Finance costs	423	212	210
Depreciation and amortisation expense	877	249	628
Other income	65	52	13
Profit/ (loss) before tax	(9)	57	(66)

- (3) 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.  
 (4) As on March 31, 2020, 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) Impact of Ind AS 116 on Net worth of ₹ 130 Crore (net of straight lining of lease rentals of ₹ 94 Crore and deferred tax of ₹ 70 Crore) as at April 1, 2019.  
 (6) Investments include ₹ 166 Crore towards investments in subsidiaries.  
 (7) Net working Capital

(Amount in ₹ Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Inventory	2,349	1,921
Trade Receivables	840	781
Cash and Bank Balances	265	57
Other Assets	1,098	1,016
Less: Trade Payables	2,273	2,397
Less: Other Liabilities	1,086	1,092
Net Working Capital	1,193	286

- Lower sales than planned in the month of March-20 led to increase in inventory.
  - Higher cash reserves maintained for contingencies during COVID.
- (8) Comprises of non-current borrowings, current borrowings, current maturities of long-term borrowings.



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

Your Company reported revenue growth of 8% at ₹ 8,743 Crore during the year as compared to ₹ 8,118 Crore in the previous year. Comparable EBITDA for the Company, including other income, has seen a negative growth from ₹ 619 Crore in FY19 to ₹ 518 Crore in FY20. The EBITDA margin of the Company shrunk by 170 basis points from 7.6% to 5.9%.

In line with the results reported by our individual businesses for the first nine months, the Company as a whole posted a revenue growth of 12% and an EBITDA growth of 19% on account of overall improved performance across business segments. Under normal circumstances our businesses were expected to end the year on a similar growth trajectory.

Your Company has implemented Ind AS 116 - "Leases", which became mandatory for reporting periods beginning on or after April 1, 2019. Accordingly, the Company has applied the modified retrospective approach as a result of which comparative information are not required to be restated and the reported EBITDA for the year ended March 31, 2020 are not comparable with the previous years.

### Segment performance: Madura Fashion and Lifestyle

Madura Fashion and Lifestyle (MFL) segment includes Lifestyle Brands, Fast Fashion and other Businesses. MFL reported a revenue of ₹ 5,434 Crore recording growth of 8% over the previous year.

MFL is expanding its presence in the retail channel by opening new stores and ends the year with 2,388 exclusive brand outlets ("EBOs") and 294 value stores. MFL's share of revenue from retail channel increased to ~45% from ~43% in the previous year.

### Segment performance: Pantaloons

Pantaloons reported a revenue of ₹ 3,514 Crore recording growth of 10% over the previous year. During the year, it added 34 stores taking the total number of stores to 342 spanning 4.4 million square feet. Pantaloons reaches out to large middle class Indian households with its diversified offerings for men, women and kids.

### Finance cost

Finance cost for the year was ₹ 212 Crore on a comparable basis increased from ₹ 187 Crore in the previous year, in line with the increase in borrowings of the Company. The average borrowing cost for the Company is at 7.5% as compared to 8.0% in the previous year. The reported finance cost of the Company is ₹ 423 Crore due to the impact of Ind AS 116.

### Depreciation

Depreciation during the year reduced from ₹ 282 Crore in the previous year to ₹ 249 Crore on comparable basis. The reported depreciation of ₹ 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 the Directors have not recommended payment of any dividend for the year under review.

### Borrowings

To ensure greater financial flexibility and an optimal financing structure, your Company, at the Twelfth Annual General Meeting held on August 21, 2019, obtained approval of the shareholders by way of a special resolution, to raise funds by issuance of non-convertible debentures for an amount of up to ₹ 1,250 Crore, on private placement basis, within the overall borrowing limits of the Company as approved by the shareholders from time to time.

### Consolidated performance

At consolidated level, your Company reported a revenue of ₹ 8,788 Crore and comparable EBITDA of ₹ 500 Crore with EBITDA margin at 5.7%. However, the reported EBITDA for the financial year stood at ₹ 1,277 Crore.

## Standalone Key financial ratios

Particulars	As at March 31, 2020	As at March 31, 2019
Debtors Turnover Ratio	10.79	12.18
Inventory Turnover Ratio	4.09	4.49
Interest Coverage Ratio <sup>(1)</sup>	1.27	1.80
Current Ratio	0.73	0.83
Debt Equity Ratio <sup>(3)</sup>	2.31	1.15
EBITDA Margin <sup>(2)</sup>	14.8%	7.6%
Operating Profit Margin	4.7%	4.1%
Net Profit Margin <sup>(3)</sup>	-1.7%	4.0%
Return on Net Worth <sup>(3)</sup>	38.1%	23.6%
Return on Average Capital Employed	8.7%	11.1%

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
Debt Equity Ratio	Debt** / 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)

\*\* Debt = Borrowings (excluding Lease Liabilities accounted as per Ind AS 116) - Cash and Bank Balance (includes FD) - Liquid Investments

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

- (1) Interest Coverage Ratio – Ratio has worsened due to decline in profitability on account of COVID-19.
- (2) EBITDA Margin – Ratio has improved on account of impact of Ind AS 116 implementation due to which rent expenses has declined.
- (3) Debt Equity Ratio, Net Profit Margin and Return on Net Worth – Ratios have worsened due to decline in profitability on account of COVID-19, increase in borrowings and reversal of deferred tax assets due to one-time impact of income tax rate change.

## SWOT ANALYSIS

## Strengths

## Home of iconic brands

Your Company is known for building India's iconic apparel brands. These brands have achieved this status with customers by continuously innovating products that are serviced through a large and robust distribution network.



This is further supported by world-class advertising campaigns that help customers resonate deeply with these brands. Your Company's brands are its strongest and most fundamental strategic assets, which are constantly being transformed to evolve with changing customer behaviors. This has further resulted in the brands expanding their portfolio beyond their core segment.

As the world prepares for the new normal, your Company's brands will play an integral role in the lives of its customers. Consumers are more likely to interact with brands that can address their need for protection and safety.

#### High on innovation

Product innovation is a game changer for the organization, backed by a strong team. This innovation is being driven across design, product development and sourcing verticals. Over the years, your Company has made significant investments in design and supply chain, and was a leading player in the market to adopt substantial changes in this regard. Your Company made a transformational change by moving from a conventional 4-season model to a 12-season model. These innovations are further aligned to the Company's ideology of adopting global sustainability practices.

#### Wide distribution network

Your Company has one of the largest distribution networks of apparel business in the country, with over 2,940 stores and over 31,000 points of sale. Your Company is making deep inroads in tier 3 and 4 markets with new strategies such as Peter England's small town format. This move offers a competitive advantage to the Company in underpenetrated markets that holds a significant proportion of the country's wealth.

#### Talent driven organization

Your Company takes pride in its immense talent pool and believes in constantly nurturing and building this talent, which gives it a formidable competitive edge. Building on the principles of a professional, meritocratic and progressive organization, the Company focusses on people development at the core of its business strategy.

Your Company echoes the values of the Aditya Birla Group and is keen on protecting its people, helping them tide through cyclical business changes. The organization has undertaken several programs to ensure the physical and mental well-being of its employees, believing that employee support would be fundamental in recovering from any disruption.

#### Strong leadership and Corporate governance

The leadership team of the Company is proud to have some of finest talent in the industry. Further, most of this talent is home grown and has contributed to many important milestones in the Company's journey of over two decades. Your Company's board of directors include prominent industry stalwarts with rich experience across diverse consumer-facing Industries and multiple geographies.

#### Weaknesses

##### Change in shopping behavior

Your Company has built a strong formidable position for itself in the brick and mortar retail space. While it has been making constant stride in the direction of digital adoption, especially on the customer-facing end, the digital channel still contributes to a small proportion of its overall sales. With e-commerce likely to play an important in the times ahead, as the customers may prefer a less physical shopping style, the Company needs to continue taking significant strides towards increasing its business through this channel.

##### Smaller presence in some important segments

Over the last few years, the Indian apparel industry has witnessed rapid growth in the casual, denim and women's wear segments. While the Company's brands have a legacy of offering men's formal wear, it has been able to make tremendous strides in extending offerings within these brands to cover some of these opportunities. The casuals and denims offerings from brands, as well as women's and kid's wear businesses have received favorable response from the customers since their launch, and are now accounting for a meaningful share of revenues. However, to

build a strong and balanced portfolio that addresses these gaps and is aligned to the future configuration of the apparel market, the Company will need to retain its focus on these segments and take strategic steps to enhance these segments.

## Opportunities

### Promising domestic market

The Indian apparel market still promises to be one of the fastest growing apparel markets in the world, and is projected to grow at a CAGR of 10% to reach USD 107 billion by 2025. This growth is expected to be driven by factors such as increased purchasing power, driving growth in primary discretionary spend, better access and availability of products, brand consciousness, increasing urbanization and rising digitization. Growing its significance within this market is the branded apparel segment, which is projected to grow at 13.4% during the same time period. Your Company, with its bouquet of Lifestyle brands cutting across various market segments and its expansive retail network, is well placed to leverage this opportunity.

As the market evolves, it will see the emergence of new categories, which will rapidly gain prominence. Women's formal wear, kids wear, men's casual wear and denims are some such market segments, which have gained significance in the recent past. Your Company has made meaningful investments in these segments, which has resulted in a promising response in the market. Similarly, the Company continues to identify emerging trends and make strategic investments to offer a comprehensive portfolio of brands to its customers.

Rising affluence and increasing global exposure have led to growth in the premium international brands business in India, some of which are being offered by the Company as a part of strategic partnerships.

### Digital-first industry approach

Your Company had identified digital transformation as one of its core strategic areas a few years back, and has tried to adopt technology into various processes, primarily aimed at enhancing the consumer shopping experience. While the Company continues to build its omni-channel play capabilities, it is also creating an engaged digital presence across all media channels, which has become a primary source of brand discovery for customers.

In response to the current pandemic, and the possible long lasting change it may render on the future ways of buying, the Company is working on ramping up its e-commerce play, and is soon launching apps for all its brands, apart from improving the experience of the brand websites. Additionally, your Company is looking at adopting innovating technologies to enable digital trials of garments (to allow non-touch trials of garments) and a gamified shopping experience (to allow shoppers to experience the store remotely leveraging AR technology).

## Threats and risks

### Impact of COVID 19 on the retail sector

The impact of COVID 19 on the fashion and retail sector in the short-term is two-fold. Firstly, restrictions on movement of people implemented to contain the spread of the infection impacts the sale of products. Secondly, the economic pressure felt as an aftermath to the pandemic may change the frequency of apparel purchase, as it is more discretionary in nature.

As a result of the above factors, sector is likely to witness liquidity issues resulting from servicing high-fixed costs under circumstances of potentially volatile revenue for an uncertain period.

### Increased value consciousness

Over the past years, e-commerce has seen a significant impact in consumer's expectations from brands. There has been a focus on seeking higher value money, resulting in heavy discounting in the industry. Mega sales around festivals became a characteristic of the market, thereby shifting a large portion of sales towards these events, stfling profit margins.

In the long-term, increased discounting can pose a big risk in the apparel industry. Apparel players are now focusing on sharpening their core customer proposition with innovative products, attractive pricing and delightful pre and post purchase experience. These initiative will help consumers shift back to a full-price sale regime.



### Commoditization of fashion

While the value fashion space has emerged as a new area of opportunity for apparel players, it is being rapidly swamped by new entrants in the market. The nature of this format however, can commoditize fashion expectations for customers, who are experiencing quality retail for the first time. This can make it difficult for brands to connect with such customers and build a long-term relationship.

### 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 and high-property rates in prime areas has further discouraged developers from investing in commercial spaces, resulting in high rentals and untenable economics for retailers.

### Limited availability of talent

The apparel industry has been facing difficulty in attracting quality talent, as the growth of e-commerce companies and advent of international players in India has lured most talent away from conventional apparel players. The industry experiences demand for talent exceeding 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.

### Outlook – The way forward

As per estimates, the Indian economy is expected to be on its course to be among the top three economies of the world. The economy is expected to show strong resilience to any disruptions in the long-term due to favorable factors such as demographic advantage and high domestic consumption share, which helps insulate the Indian economy from global disruptions.

In the near-term, the policy environment is expected to be stable, with a focus on reviving credit and investments. The government will continue its focus on enhancing ease of doing business, infrastructure development and digital India programs. These investments will help the Economy to recover to past levels of growth. The improving economic scenario is expected to translate into positive consumer sentiment. Key factors driving the India consumption story include a large proportion of young population, rising urbanization, growing affluence, increasing discretionary spending and deeper penetration of digital.

The management believes the new fiscal year will be full of challenges due to uncertainties related to the pandemic. Your Company expects demand to gradually come back to normalcy over the next few quarters. Immediate strategic imperatives will be to operate at heightened intensity on safety and hygiene, optimize cost and cash flows, accelerate digital and omni-channel outreach and stay watchful of attractive real estate opportunities. As the year progresses, and things return to normal, your Company should be in a much stronger position to bounce back given its portfolio of strong brands, innovative processes and a credible workforce.

### Risk management

Effective governance and risk management form the bedrock of a Company's sustained performance. The framework revolves around rigorous implementation of standardized policies and processes and development of strong internal control systems.

Your Company has constituted a Risk Management and Sustainability Committee ("RMSC") for identification, evaluation and mitigation of operational, strategic and external risks. The RMSC is supported by an internal committee, which consists of experts from various business processes and segments. The internal committee assists the RMSC in defining the framework for risk management and compliance and undertakes assessment of risks, adopts the risk mitigation plans and regularly monitors them in a structured and controlled environment. It also reviews developments in the socio-economic environment and identifies internal threats and opportunities, updates the framework and refines processes and systems for mitigation. Details of the composition of the RMSC and the Risk Management Policy, adopted by the board, have been disclosed separately.

The key identified risks are covered as part of threats in the SWOT analysis.

### Internal control systems and their adequacy

Your Company's internal control systems commensurate with the nature of its business and the size and complexity of its operations. These internal control systems, comprising policies and procedures, are designed to ensure sound management of the Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. These systems and procedures, covering all functions and business areas, are periodically reviewed and routinely tested and certified by statutory as well as internal auditors. The audit committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including the strengthening of the Company's risk management policies and systems.

### Human resources

Your Company's **people vision** is to "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.

Your Company has a workforce of 25,000+ employees with a mix of people from different social, economic and geographic backgrounds. It also has a healthy gender diversity with 52.5% of the workforce comprising of women employees. 62.8% of the employees of the Company are in less than 30 years of age group. This has helped us build a huge knowledge capital with varied educational and industry experience.

Your Company has maintained healthy, cordial and harmonious industrial relations at all levels through proactive ER, development initiatives, gender diversity and community development.

### 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 in its repertoire and it is the people behind the brands who have made the brands what they are. The unique employee value proposition of your Company – "**A World of Opportunities**" makes it a preferred employer for professionals in the industry. Your Company is committed to strengthen its employee value proposition in every aspect – career growth, learning and development, rewards and recognition and enrichment of life through healthy work environment and well-being programs.

### Career growth programs

At your Company, the management believes in harnessing the leadership and people capabilities through sharp focus and initiatives on talent development. Your Company has established an active 'Talent Review Process' to take stock of succession planning for key roles in the business. The highlighted employees are reviewed based on performance and potential to assess their readiness for future roles that sets the path for faster growth in the organization. Your Company has created strong ownership and governance on careers through its talent councils, which run at both the apex and business unit levels. The talent councils are chaired by business leaders, who meet at periodic intervals and play a key role in defining the development agenda for the talent pool.

In 2019, a 'Leadership Development Program' was launched to build future-readiness of select high-potential employees from mid-management cadre who are groomed for senior management roles within the organization.

Your Company's 'Hiring and Talent Development' processes are built around promoting internal talent to live up to its employee value proposition. Of the open junior management positions, 46% were filled internally, while 844 store employees were prepared to take up higher roles at retail and regional levels. The organization witnessed 27% role movements at manufacturing sites, to provide employees with a holistic view of functions and operations.

We firmly believe in hiring promising entry-level talent through the Company's 'Young Talent Management Program' (striders) from premier B-schools and fashion institutes (such as National Institute of Fashion Technology) to create a strong future pipeline.



**Learning and development initiatives**

With the emphasis on promoting internal talent, the organization has invested in capability building across functional and leadership domains.

Employees are committed to their learning plans and a host of platforms are available to help them fulfil their learning needs. Various learning institutes such as 'Gyanodaya' - Aditya Birla Group global centre for leadership learning, 'ABFRL University' – an internally run functional and behavioural learning academy and 'Gyanodaya Virtual Campus' (GVC) learning app to promote self-paced learning.

The learning programs focus on classroom training as well as on-the-job development, which is enabled through various business and functional projects.

In FY20, 27 store managers have been identified as India's 'Finest Store Managers', who were given the opportunity to enrol in a well-structured 'General Management Program' in partnership with B-schools such as the IIMs.

Your Company supports employees in building a future for their children through the 'Pratibha Scholarship Programme', where employees' children are granted a scholarship for pursuing graduate and post-graduate education in their chosen field. In addition to this, the Company has 'A World of Opportunities' (AWOO) Foundation, which supports the funding of education for children of workmen and store associates.

**Rewards and recognition programs**

Your Company's initiatives are aligned to drive a culture of meritocracy and ensure market competitiveness. Your Company takes a holistic approach towards its rewards program. This covers monetary (fixed compensation, variable pay and long-term incentive plan) and non-monetary rewards (benefits program, recognition programs, and work-life effectiveness program). CTCs are based on performance in the job and the potential of the employee. Your Company strives to ensure non-discrimination in pay because of gender, age, and experience of the individual.

Your Company's rewards approach lays emphasis on programs that incentivize both short-term and long-term business performance. The remuneration is market competitive and emphasizes on 'Pay-for-Performance' by aligning incentives with business strategies to reward employees who exceed Group, business, and individual goals. The reward policies and programs uphold fairness and consistency as a key measure of success at your Company. Various fairness measures are put in place in scenarios such as maternity leave, inter- or intra-business transfers.

Celebrating success through recognition programmes are at the core of building a vibrant Company culture. In 2019, 'ABFRL Awards' was launched as a platform to recognize and celebrate excellence at work and communicate business results and goals. These awards not only recognize outstanding contributions to your Company but also enable exchange of ideas and learning. Cross-functional teams across businesses present their case studies to an external jury comprising industry luminaries and an audience of employees. Industry doyens are invited for sessions on leadership and discussions on industry best practices. The first edition of the ABFRL awards witnessed 186 individual nominations, 121 team nominations, with 88 final winners across all categories. The winners of ABFRL awards formed the pool of nominees for ABG Chairman's awards.

Your Company's recognition programs also include PACE, GEMS, Retail Oscars, 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.

**Enriched work-life balance**

Your Company's vision is to create a fulfilling and caring workplace, where employees are valued and supported both as an individual and as an employee. Your Company is committed to provide facilities to support employees with work-life challenges while enjoying a fulfilling career. Its initiatives including leave policies, flexible work arrangements, and employee wellness programs aim to help employees maintain a healthy work-life balance. By reviewing the decision powers and the layers in the decision making, your Company has worked at creating a more empowering workplace, leading to faster decision making and market response time. This has led to higher employee productivity and improved work-life balance.

Your Company's 'Annual Employee Engagement Calendars' are available across its offices, factories and stores. These calendars list out events and celebrations planned for employees. Through engagement programmes, your Company encourages a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention and enhanced productivity. Sports event such as 'Retail Olympics' has led to increased employee bonding and competitiveness. Your Company's engagement index in the employee survey witnessed a substantial increase from 80% in 2017 to 85% in 2019.

In a quest to make life simpler for its internal customers (your Company's employees), your Company has embarked on reimagining people processes and provide digital solutions. 'ZOE', your Company's HR Chatbot was introduced to all employees in May 2019 as 24\*7 HR employee partner. Zoe has been enabled to provide with information about our people processes such as payroll information, policy information, links to other internal portals and IJPs, etc. It is also equipped to conduct short internal surveys and helps employees know their colleagues and locate nearby stores of the Company's brands.

In FY20, your Company accelerated its gender diversity agenda to ensure retention and development of women talent in the organization. This agenda included 'Mentorship Programs' with senior leaders and gender sensitization workshops. A 'Diversity Council' has been formalized, comprising thought leaders and influencers to formulate and advocate your Company's 'Diversity and Inclusion Agenda' in the coming year.

Your Company's CSR initiatives encourage employee volunteering for the common good of the community. Over 5,000 employees participated, clocking 24,000+ volunteering hours in FY 2020.

### Sustainability

At Aditya Birla Group, sustainability is fundamental to all its endeavors. It echoes ABG's responsibility towards society, environment, and every stakeholder in constructing a stable and responsible foundation for the enterprise. To further the ambition of becoming the leading Indian conglomerate for sustainable business, the Group has articulated a sustainability framework, which acts as the guiding principle for all the Group companies. Each of the businesses within the conglomerate is aligned to the ABG sustainability framework, which is based on parameters such as the nature of the business and location.

Your Company endeavors to achieve leadership in sustainable fashion and co-create long-term value for stakeholders. Your Company is committed to integrate sustainability in business decisions across our value chain, with an aim to redesign the future of business. While your Company celebrates a leadership position in the fashion segment and continues to grow brand salience and consumer base; it will continue to work towards giving back to the environment through our 'ReEarth' sustainability program.

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. At your Company, the structured sustainability journey through the programme 'ReEarth - For Our Tomorrow' was initiated in FY 2012-13, with ten missions; with each mission having defined annual targets, demarcated responsibilities, prescribed timelines, and an efficient monitoring and evaluation framework.

Your Company has also carried out a future proofing exercise to unveil the risks and opportunities and consequentially prioritize them to facilitate informed near term decision making. The ultimate goal is to develop a robust strategy, stress tested, well-equipped to respond to changing scenarios and use innovative approaches to take advantage of new opportunities.

Your Company reviews progress of sustainability missions and related projects & initiatives, while ensuring all environmental and social risks are well covered to provide strategic inputs in driving sustainability goals.

The focus initially was on own operations: to improve resource efficiencies, ensure health and safety, streamline data management and monitor our facilities and retail stores. Your Company propelled sustainability across the organization by emphasizing on energy, carbon, water, waste, and green building and also partnered with global sustainability forums to exchange insights and gain knowledge on best practices and steer the industry towards greener practices.

The next step was to expand the scope of approach and include upstream and downstream members of the value chain within the purview of sustainability. As a part of upstream operations, Company collaborated with our suppliers, reaching out to them through various platforms and elevating their own sustainability approach. For downstream operations, the Company developed a robust communication and engagement strategy to connect with our customers and actively promote sustainable practices on their end.

What began as a mission-based approach, focusing on own operations, is rapidly maturing in its sustainability journey. Your Company achieved this through product sustainability, renewable resource consumption, supply chain, circularity, and strategic collaboration with global and national organizations along with memberships on global platforms. The sustainability commitment towards people and the planet has helped to do some exceptional work that has won national and global recognition.

Moving into FY20, the Company plans to widen the scope of its sustainability initiatives from operational efficiencies and product life cycle, to developing a product centric approach. For additional information kindly refer Business Responsibility Report which forms part of this Annual Report.

### 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 fairly reflect the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations.

Your directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had 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.

### Compliance with Secretarial Standards

Your directors confirm that during the year under review, the Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### SHARE CAPITAL

#### Equity share capital

The paid-up equity share capital of your Company as at the end of the year under review stood at ₹ 773.95 Crore vis-à-vis ₹ 773.48 Crore as at the end of previous year.

Details of shares allotted during the year under review, are as under:

- (i) Allotment made pursuant to the Employee Stock Option Scheme - 2013 ("*Scheme 2013*")

1,26,742 equity shares of ₹ 10/- each were allotted to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the Scheme 2013.



- (ii) Allotment made pursuant to the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme 2017")

3,39,785 equity shares of ₹ 10/- each were allotted to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the Scheme 2017.

### 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).

Pursuant to the terms of issuance, the due dates for redemption of 8% Redeemable Cumulative Preference Shares and 6% Redeemable Cumulative Preference Shares, were March 30, 2019 and October 13, 2019, respectively.

Considering the fact that the Company did not have distributable profits in terms of Section 123 of the Act (Profit available for distribution post setting off past accumulated losses) and 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 their respective redemption dates by a period of 5 years, more particularly as under:

Class of preference shares	Revised 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 8 times during the year under review. The details of such meetings are disclosed in the Corporate Governance Report forming part of this Annual Report. The maximum gap between any two consecutive meetings was less than 120 (*one hundred and twenty*) days, as stipulated under Section 173(1) of the Act and Regulation 17(2) of the SEBI Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India.

##### (ii) Appointments and resignations

###### a) Resignations/ Retirements

- 1) Mr. Bharat Patel ceased to be an Independent Director of the Company on completion of his 5 (five) year tenure on August 21, 2019.
- 2) Mr. Pranab Barua resigned from the Board of the Company as a Non-Executive Director of the Company w.e.f. closing hours of December 31, 2019, due to retirement from the Aditya Birla Group.
- 3) Mr. Arun Thiagarajan ceased to be an Independent Director of the Company on completion of his 5 (five) year tenure on May 10, 2020.

The Board places on record its appreciation towards valuable contribution made by Mr. Patel, Mr. Barua and Mr. Thiagarajan during their tenure with the Company.

###### b) Appointments

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:

- 1) Mr. Himanshu Kapania as a Non-Executive Director and Vice Chairman of the Board w.e.f. January 1, 2020;
- 2) Mr. Sunirmal Talukdar as an Independent Director of the Company w.e.f. March 11, 2020.

Mr. Kapania and Mr. Talukdar hold office until the date of Annual General Meeting of the Company. Resolutions seeking their appointment alongwith their profile as required under Regulation 36(3) of SEBI Listing Regulations form part of the Notice of Thirteenth Annual General Meeting.

c) Re-appointment

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sushil Agarwal, Non-executive Director of the Company, is due to retire by rotation at the ensuing Thirteenth Annual General Meeting and being eligible, he 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 Thirteenth 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 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 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*").

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 Listing Regulations and are independent of the management.

**B. Committees of the Board**

(i) **Audit Committee**

Your Company has a duly constituted audit committee, with its composition, quorum, powers, role and scope in accordance with Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. Details regarding the composition of the Audit Committee alongwith the dates of meeting and the Terms of Reference of the Committee, is disclosed in the Corporate Governance Report forming part of this Annual Report.

For the year under review, all the recommendations made by the Audit Committee to the Board, were duly accepted by the Board.

Vigil Mechanism

The Board has, on recommendation of its audit committee, duly 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 victimisation 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. [www.abfirl.com](http://www.abfirl.com).

(ii) **Nomination and Remuneration Committee (“NRC”)**

Your Company has a duly constituted NRC, with its composition, quorum, powers, role and scope in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. Details regarding the composition of the NRC alongwith the dates of meeting and the terms of reference of the committee is disclosed in the Corporate Governance Report forming part of this Annual Report.

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 had, on recommendation of the NRC, adopted a Nomination Policy, which inter alia enumerates the Company’s policy on appointment of directors, KMP and senior management. Further, the Board has, on recommendation of NRC, 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. [www.abfirl.com](http://www.abfirl.com).

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.

During the year under review, the Executive Remuneration Policy/ Philosophy of the Company was amended to incorporate the extended scope of NRC pursuant to amendment in the SEBI Listing Regulations, wherein the NRC has to recommend to the Board, all remuneration, in whatever form, payable to the senior management.



**(iii) Risk Management and Sustainability Committee ("RMSC")**

Your Company has a duly constituted RMSC, which is inter alia entrusted with the responsibility of monitoring and reviewing the risk management plan and the cyber security of the Company and such other functions as may be delegated by the Board from time to time.

On March 11, 2020, the Risk Management Committee of the Board of Directors was renamed as the 'Risk Management and Sustainability Committee' to reflect its scope more accurately.

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. Details regarding the composition of the RMSC alongwith the dates of meeting and the terms of reference of the committee is disclosed in the Corporate Governance Report forming part of this Annual Report.

Mr. Jagdish Bajaj, Chief Financial Officer of the Company, is also the Chief Risk Officer of your Company.

**Risk Management Policy**

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 minimisation 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 RMSC, alongwith 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 has, on recommendation of the Audit Committee, also 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.

**(iv) Corporate Social Responsibility Committee ("CSR committee")**

Your Company has a duly constituted CSR committee, with its composition, quorum, powers, role and scope in accordance with Section 135 of the Act. Details regarding the composition of the CSR committee alongwith the dates of meeting and the terms of reference of the committee is disclosed in the Corporate Governance Report forming part of this Annual Report.

**Corporate Social Responsibility Policy ("CSR Policy")**

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. [www.abfrl.com](http://www.abfrl.com).

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 2019-20 is annexed as **Annexure I** to this Report.

#### (iv) **Stakeholders Relationship Committee ("SRC")**

Your Company has a duly constituted SRC, with its composition, quorum, powers, role and scope in accordance with in accordance with Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations. Details regarding the composition, quorum, powers, role and scope of the SRC alongwith the dates of meeting are disclosed in the Corporate Governance Report forming part of this Annual Report.

The Committee specifically looks into interest of shareholders, debenture holders and other security holders. It periodically reviews the status of shareholder grievances and redressal of the same.

Ms. Geetika Anand, Vice President & 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.

#### **C. Key Managerial Personnel**

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

- Mr. Ashish Dikshit, Managing Director;
- Mr. Jagdish Bajaj, Chief Financial Officer; and
- Ms. Geetika Anand, Company Secretary.

#### **D. 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.

#### **E. 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 Options Scheme and Restricted Stock Units

Your Company regards employee stock options 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 'Employee Stock Options Scheme - 2013' ("*Scheme 2013*"), the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017' ("*Scheme 2017*") and '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 and pursuant to the approval of the Board vide a resolution passed at its meeting held on February 4, 2019, the NRC, at its meeting held on May 15, 2019, 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 above SAR Plan 2013 and SAR Scheme 2019, does 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 are annexed as **Annexure III** to this Report.

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 Thirteenth Annual General Meeting.

### F. 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. [www.abfrrl.com](http://www.abfrrl.com).

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 of this Report.

#### G. 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 IV** to this Report and is also available on the website of the Company i.e. [www.abfrl.com](http://www.abfrl.com).

#### H. Strategic initiatives during the year

Your Company entered into a Share Purchase Agreement (“SPA”) dated June 10, 2019 and completed acquisition of Jaypore Ecommerce Private Limited (“Jaypore”) on July 2, 2019, an entity selling ethnic fashion merchandise under its own brand “Jaypore” and certain other third-party brands. Consequent to this acquisition, Jaypore Inc. USA an overseas wholly owned subsidiary of Jaypore has also become a wholly-owned subsidiary of our Company.

Further, we completed the acquisition of TG Apparel & Decor Private Limited (“TG Apparel”), an entity which retails ethnic fashion, both online and offline, by entering into a SPA dated June 10, 2019 and completed acquisition on July 2, 2019.

Our Company entered into a strategic partnership with Finesse International Design Private Limited (“Finesse”) through a Share Subscription and Purchase Agreement dated July 15, 2019 and completed the acquisition on July 26, 2019 for acquisition of 51% stake in Finesse.

Accordingly, Jaypore, Jaypore Inc, USA, TG Apparel and Finesse became subsidiaries of our Company. These investments were made to foray into the large and growing branded ethnic wear space in line with our portfolio expansion strategy.

#### I. Subsidiaries, joint ventures, associate companies

During the year the Company acquired Jaypore, Jaypore Inc, USA, TG Apparel and acquired 51% stake in Finesse resulting in these entities becoming the subsidiaries of our Company

Your Company does not have any material subsidiary as defined under Regulation 16(1)(c) of SEBI Listing Regulations.

The Financial Statements of your Company’s subsidiaries and related information have been placed on the website of your Company viz. [www.abfrl.com](http://www.abfrl.com).

Pursuant to the provisions of Section 129(3) of the Act, read with the Companies (Accounts) Rules, 2014, a statement containing the salient features of financial statements of the Company’s subsidiaries in Form No. AOC-1 is annexed as **Annexure V** to this Report.

Your Company has formulated a Policy for determining Material Subsidiaries. The said policy is available on the website of the Company i.e. [www.abfrl.com](http://www.abfrl.com).

Further, no company became/ ceased to be an associate of the Company. Also, the Company did not become a part of any joint venture during the year under review.

#### J. 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 VI** to this Report.

**K. 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 a part of this Annual Report.

**L. Auditors and Auditors report****(i) Statutory Auditor**

M/s. S R B C & CO LLP, Chartered Accountants (ICAI Registration No. 324982E/E30003), were appointed as the Statutory Auditors of the Company at the 9<sup>th</sup> AGM, for a term of 5 years i.e. till the conclusion of the 14<sup>th</sup> AGM.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the financial statements of the Company for financial year 2019-20, 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 VII** 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.

**M. Material changes and commitment affecting financial position of the company****Rights Issue:**

The Board of Directors of your Company at its meeting held on May 27, 2020 *inter alia* considered and approved the raising of funds by way of Rights Issue for an amount not exceeding ₹ 1,000 crore (*the "said Issue"*), subject to such approvals, as may be required under applicable laws.

Your Company evaluated various options and is of the view that rights issue would be an equitable mode of fund raising as it gives its shareholders an equal opportunity to participate in the growth of the Company.

Your Company intends to raise capital to meet its objectives of reducing its leverage, strengthening its balance sheet and for general corporate purposes, including working capital.

Your Company intends to complete the said Issue at the earliest, subject to market conditions and other factors, including receipt of any regulatory approvals.

**N. 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:

- 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, 2020, 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 preferential allotment or qualified institutions placement as per Regulation 32(7A) of SEBI Listing Regulations.

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.
- Your Company does not engage in commodity hedging activities.

**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 27, 2020, 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 VIII** to this Report.

**EXTRACT OF 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, an extract of the Annual Return in Form no. MGT-9 is annexed as **Annexure IX** to this Report and is also available on the website of the Company i.e. [www.abfrl.com](http://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:

- Two Awards from **Frost & Sullivan** and **TERI** at **Sustainability 4.0 Awards 2019** for
  - o **Sustainable Corporate of the Year**
  - o **Merit in Micro Manufacturing Initiative**
- Won the **6<sup>th</sup> Indian Green Building Council (IGBC) Green Champion Award** under the '**Pioneer in large scale adoption of green buildings in Industrial sector**' category.
- Awarded with the '**Platinum Standard**' for the **Attibele (LBRD) Warehouse**, rated by CII for its '**Green Building Mission**'.
- Secured **8<sup>th</sup> position globally** in the **Dow Jones Sustainability Indices (SAM Corporate Sustainability Assessment)** in the **Textile, Apparel and Luxury Goods Sector**. The SAM CSA methodology is used, among others, to select companies for the Dow Jones Sustainability Indices (DJSI).
- Won **two Golden Globe Tigers Awards 2019** in the following categories:
  - o **Best Sustainability Report**
  - o **Excellence in CSR Leadership**
- Won the '**CSR Project of the Year Award**' for its Village Development Project at the **Corporate Social Responsibility Summit and Awards 2019**.
- Received the '**CII SCALE (Supply Chain and Logistics Excellence) National Award 2019**' in the **Garments and Textiles** category.
- Received the '**Best IBP (Integrated Business Planning) Process**' in the **Apparel Industry** at the **ISCM Demand Planning Forecasting Awards 2019**.
- Received the '**Unnatha Suraksha Puraskara**' by the **National Safety Council Karnataka Chapter 2019** for its factories – **Crafted Clothing Limited, Haritha Apparels Limited and Europa Garments Limited**.
- Won the '**Best Overall Performance Award 2019**' from Super Dry for **Madura Garments Exports**.
- Internal Magazine "InTouch" awarded with:
  - o **Silver** at the **Fulcrum Award** for the **Best Use of Internal Communications 2019**.
  - o **First prize for Best Newsletter (English)** at **The Public Relations Society of India (PRSI) National Awards 2019**.
  - o **Crystal Award for Best Digital Newsletter** at the **Public Relations Council of India (PRCI) Excellence Awards 2019**.
  - o **Best Internal Publication** at the **CORP COM & PR Excellence Awards 2019**.

#### Madura Fashion & Lifestyle division:

- Quality Team from Madura Fashion & Lifestyle won two awards at the **NCQC 2019**
  - o **Par Excellence Award for Shirt Packaging Standardization Process**
  - o **Excellence Award for its Quality app**
- Louis Philippe awarded the '**Best Men's Formal Wear Brand**' at the **Myntra Tech Threads, 2019**.
- Simon Carter won the '**IMAGES Most Admired Fashion Design Concept of the Year, Store Design**' at the **20<sup>th</sup> Annual IMAGES Fashion Awards**.

Pantaloons

- Recognized as the **“Most Trusted Fashion Retailer”** by **Brand Equity Most Trusted Brands - Retailers 2020**.
- Awarded Silver for **“Best Use of Entertainment Channel - The Style Stage of Swaggers”** at **Exchange4Media Primetime Awards 2020**.
- Pantaloons awarded **“Best use of Analytics - Mission Happiness”** by Aditya Birla Group at its **Mission Happiness Meet 2020**.
- Received the **“Segment of One Marketing Silver Award”** by Aditya Birla Group at its **Customer Centricity Conference 2020**.
- Won **“The Social Media Campaign of the Year 2019 - Girls, #Make Your Move”** at The **National Awards for Marketing Excellence**.
- Won two awards by **Inkspell, Masters of Modern Marketing in 2019**
  - o **“The Best Direct marketing campaign for its Trip Down Memory Lane Campaign”**
  - o **“The Best ATL Campaign - Pujo”** by a Retail enterprise
- Awarded **“The Best Loyalty Program Fashion & Beauty (Greencard)”** by **Marketing Magazine APAC at The Loyalty & Engagement Awards 2019**.
- Awarded Silver for its Direct Marketing campaign **“It’s not always about discounts & offers – Goa Cruise”** by **The Advertising Club, Bangalore at the Big Bang Awards 2019**.

**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 : Mumbai  
Date : May 27, 2020

**Ashish Dikshit**                      **Sukanya Kripalu**  
Managing Director              Independent Director

**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.

**ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20**

1	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be taken and a reference to the web link to the CSR Policy and projects or programmes	:	<ul style="list-style-type: none"> <li>To actively contribute to the social and economic development of the communities in which the Company operates. In doing so, build a better, sustainable way of life for the weaker sections of society, to contribute effectively towards inclusive growth and raise the country's human development index.</li> <li>Projects of the Company focus on education, healthcare &amp; sanitation, sustainable livelihood, water and digitization epitomising a holistic approach to inclusive growth.</li> <li>The Company's CSR Policy can be accessed on <a href="http://www.abfirl.com">www.abfirl.com</a>.</li> </ul>
2	Composition of the CSR Committee	:	<ul style="list-style-type: none"> <li>Mr. Himanshu Kapania, Chairperson</li> <li>Mr. Sanjeeb Chaudhuri, Member</li> <li>Mr. Sushil Agarwal, Member</li> </ul> <p><b>Permanent Invitees:</b></p> <ul style="list-style-type: none"> <li>Mrs. Rajashree Birla, Chairperson - Aditya Birla Centre for Community Initiatives and Rural Development</li> <li>Dr. Pragnya Ram, Group Executive President, Corporate Communication and CSR</li> <li>Mr. Ashish Dikshit, Managing Director</li> </ul>
3	Average net profit of the Company for the last three Financial Years	:	Average Profit of ₹ 87.17 Crore during the three immediately preceding financial years.
4	<i>Prescribed CSR expenditure (2% of the amount as mentioned in point 3 above)</i>	:	₹ 1.73 Crore
5	Details of CSR expenditure during the year <ul style="list-style-type: none"> <li>Total amount to be spent for the FY</li> <li>Amount unspent, if any</li> <li>Manner in which amount spent during the Financial Year 2018-19</li> </ul>		As per the provisions of Section 135 of the Companies Act, 2013, a company is required to spend, in every Financial Year, at least 2% of the average net profit of the Company made during the three immediately preceding Financial Years or where the Company has not completed the period of three Financial Years since its incorporation, during such immediately preceding Financial Years in pursuance of its CSR Policy.
6	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount on CSR		CSR expenditure incurred by the Company, during FY 2019-20, is tabled below:



(Amount in ₹ Crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or Activities identified	Sector in which project is covered	Projects or Programmes: 1) Local Area or Others 2) Specify the State and District where the projects or programmes are undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on Projects or Programmes Subheads: 1) Direct expenditure on projects / programmes 2) Overheads	Cumulative expenditure upto Reporting Period	Amount Spent: Direct or through Implementation Agency
1	a. School Education Project	Education	Karnataka (Bangalore Urban / Rural District and Ramnagar),	0.79	0.64	1.32	Aditya Birla Fashion and Retail Jan Kalyan Trust
	b. Education Support Project			0.60	0.68		
2	a. Preventive Health Care	Health Sanitation	Tamil Nadu (Krishnagiri district) /	0.09	0.07	0.27	
	b. Curative Health Care		Maharashtra (Panvel) and	0.07	0.07		
	c. Health Infrastructure		Odisha (Khordha district)	0.05	0.13		
3	Water	Water		0.64	0.64	0.64	
4	Digitisation	Digitisation		0.32	0.29	0.29	
5	Skill development and Sustainable livelihood	Sustainable livelihood		0.57	0.57	0.57	
6	Others	Institutional Building, Social Causes and others		0.36	0.29	0.29	
<b>Total</b>				<b>3.50</b>	<b>3.39</b>	<b>3.39</b>	
7	Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.			:	The implementation and monitoring of CSR Policy are in compliance with CSR objectives and Policy of the Company.		

Place : Mumbai  
Date : May 27, 2020Ashish Dikshit  
Managing Director  
DIN: 01842066Himanshu Kapania  
Chairperson of the CSR Committee  
DIN: 03387441

**ANNEXURE II****INFORMATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE CHAPTER XIII OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014****(i) Percentage increase in the median remuneration of employees in the Financial Year 2019-20:**

Median remuneration of employees of the Company as at the end of the year under review was ₹ 1,66,273 which increased by ~ 7.80% over the previous year's median remuneration of ₹ 1,52,237.

**(ii) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20; and****(iii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the Financial Year 2019-20:**

Sr. no.	Name	Designation	Remuneration for the financial year 2019-20 (Amount in ₹ Lakh)	Percentage increase/ (decrease) in remuneration in the financial year 2019-20 (%)	Ratio of remuneration of each director to median remuneration of employees
<b>Non-executive/ Independent Directors</b>					
1	Mr. Arun Thiagarajan <sup>(1)</sup>	Independent Director	6.65	62.20	3.60
2	Mr. Bharat Patel <sup>(1)&amp;(2)</sup>	Independent Director	3.35	N.A.	1.82
3	Mr. Himanshu Kapania <sup>(1)&amp;(4)</sup>	Vice Chairman & Non-executive Director	2.05	N.A.	1.11
4	Mr. Pranab Barua <sup>(1)&amp;(3)</sup>	Non-executive Director	3.85	N.A.	2.09
5	Mr. Sanjeeb Chaudhuri <sup>(1)</sup>	Independent Director	7.40	80.49	4.01
6	Ms. Sukanya Kripalu <sup>(1)</sup>	Independent Director	7.30	78.05	3.96
7	Mr. Sunirmal Talukdar <sup>(1) &amp;(5)</sup>	Independent Director	0.90	N.A.	0.49
8	Mr. Sushil Agarwal <sup>(1)</sup>	Non-executive Director	6.05	(10.87)	3.30
<b>Executive Director</b>					
9	Mr. Ashish Dikshit	Managing Director	694.47	20.83	417.67
<b>Key Managerial Personnel</b>					
10	Mr. Jagdish Bajaj	Chief Financial Officer	229.25	46.57	137.87
11	Ms. Geetika Anand	Company Secretary	82.54	4.04	49.64

**Notes:**

- (1) The remuneration paid to directors (other than Mr. Dikshit) comprises sitting fees paid for attending the meetings of the board and/ or its committees.
- (2) Retired as an Independent Director w.e.f. conclusion of Twelfth AGM i.e. August 21, 2019. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.
- (3) Resigned as a Non-executive Director w.e.f. closing hours of December 31, 2019. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.
- (4) Appointed as Vice Chairman & Non-executive Director w.e.f. January 1, 2020. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.
- (5) Appointed as Non-executive Director w.e.f. March 11, 2020. Hence, percentage increase/ decrease in remuneration in the year under review is not applicable.
- (6) Retired as an Independent Director on conclusion of 5 (five) year tenure on May 10, 2020.

**(iv) Number of permanent employees of the Company:**

As on March 31, 2020, there were ~ 25,347 permanent employees of the Company.

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

The total remuneration of managerial personnel of the Company (i.e. the Managing Director) increased by ~20.83% while the average remuneration of the employees of the Company other than managerial personnel increased by ~11.47%. However, such increase is not comparable for the reasons as mentioned in notes to point no. (ii) and (iii) above.

**(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is hereby affirmed that the remuneration paid to:

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



**ANNEXURE III****DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AS ON MARCH 31, 2020**

As on March 31, 2020, the Company has the following Schemes:

1. Employee Stock Option Scheme 2013 ("*Scheme 2013*");
2. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("*Scheme 2017*");
3. Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019 ("*SARs Scheme 2019*"); and
4. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 ("*Scheme 2019*").

Accordingly, the disclosures pertaining to stock options granted by the Company under the aforesaid Schemes and as required under the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2015, along with similar disclosures pertaining to SARs granted as aforesaid are provided herein below:

**A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India ("*ICAI*") or any other relevant accounting standards as prescribed from time to time.**

The disclosures are provided in the note 43 to the Standalone financial statements of the Company for the year ended March 31, 2020.

**B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations, in accordance with 'Indian Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.**

₹ 1.88 per share.

**C. (i) Details related to Scheme 2013 of the Company:**

Sr. no.	Particulars	Scheme 2013				
		Options		RSUs		
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
(i)	<b>Description of the Scheme/ Plan that existed at any time during the year, including the general terms and conditions</b>					
	(a) Date of shareholder's approval	August 23, 2013				
	(b) Total number of options/RSUs approved	17,68,300				
	(c) Date of Grant	October 25, 2013	June 10, 2014	October 25, 2013	June 10, 2014	May 11, 2016
	(d) Vesting requirements	1) Options and SARs granted, will vest not earlier than 1 ( <i>one</i> ) year and not more than 5 ( <i>five</i> ) years from the date of grant, at the rate of 25% of the options and SARs getting vested each year.  2) RSUs granted shall vest at the end of 3 ( <i>three</i> ) years from the grant date. However, RSUs granted under Tranche 3, pursuant to the Composite Scheme, were vested as per the original vesting schedule i.e. 3 ( <i>three</i> ) years from the date of original grant by Aditya Birla Nuvo Limited.  Further, the vesting is subject to meeting of the performance conditions fixed by the NRC, from time to time.				
	(e) i. Exercise price	₹ 102.10	₹ 118.20	₹ 10	₹ 10	₹ 10

Sr. no.	Particulars	Scheme 2013				
		Options		RSUs		
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
	(d) ii. Pricing formula	<b>Options:</b> <u>Tranche 1</u> - The closing price of the equity shares of the Company on National Stock Exchange of India Limited ("NSE") on October 24, 2013 (a day prior to the grant date) was fixed as the exercise price for each option. <u>Tranche 2</u> - The closing price of the equity shares of the Company on NSE on June 9, 2014 (a day prior to the grant date) was fixed as the exercise price for each option. <b>RSUs:</b> The face value of the equity shares of the Company was fixed as the exercise price for each RSU, granted under Tranche 1, 2 and 3.				
	(f) Maximum term	5 (five) years from the date of vesting.				
	(g) Source of shares	Primary				
	(h) Variation in terms	Nil				
(ii)	<b>Method used to account - Intrinsic or fair value</b>	Fair Value Method				
(iii)	<b>As the company has opted for expensing of the options using the fair value of the options and RSUs</b>					
	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value	N.A.				
	The impact of this difference on profits and on EPS of the Company					
(iv)	<b>Movement during the year</b>					
	Number of options and RSUs outstanding at the beginning of the period	1,36,244	-	2,627	-	37,840
	Number of options and RSUs granted during the year	-	-	-	-	-
	Number of options and RSUs forfeited/ lapsed during the year	-	-	-	-	-
	Number of options and RSUs vested during the year	-	-	-	-	-
	Number of options and RSUs exercised during the year	1,24,115	-	2,627	-	-
	Number of shares arising as a result of exercise of options and RSUs	1,24,115	-	2,627	-	-
	Money realized by exercise of options and RSUs, if Scheme is implemented directly by the Company	₹1,26,72,141.5	-	₹26,270	-	-
	Loan repaid by the Trust during the year from exercise price received	N.A.				
	Number of options and RSUs outstanding at the end of the year	12,129	-	2,627	-	37,840
	Number of options and RSUs exercisable at the end of the year	12,129	-	2,627	-	37,840

Sr. no.	Particulars	Scheme 2013					
		Options		RSUs			
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	
(v)	Weighted-average exercise prices ("WAEP") and weighted-average fair values ("WAFV") of options and RSUs						
	Where exercise price is less than the market price of the stock	N.A.		WAEP = ₹ 10 WAFV = ₹ 95.90	WAEP = ₹ 10 WAFV = ₹ 111.75	WAEP = ₹ 10 WAFV = ₹ 142.63	
	Where exercise price equals the market price of the stock	WAEP = ₹ 102.10 WAFV = ₹ 52.96	WAEP = ₹ 118.20 WAFV = ₹ 59.32	N.A.			
	Where exercise price is more than the market price of the stock	N.A.					
(vi)	Employee wise details (name of employee, designation, number of options and RSUs granted during the year, exercise price) of options and RSUs granted to						
	(a)	Senior Managerial Personnel	Nil				
	(b)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil				
	(c)	Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil				
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options and RSUs including the following information		Method: Black Scholes				
			Significant Assumptions used to estimate the fair value are as follows:				
			i) Expected dividend yield;				
			ii) Expected volatility; and				
			iii) Risk-free interest Rate				
			Note:				
			1. The fair value of options & RSUs needs to be considered as on the grant date.				
			2. Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock on NSE based on the price data of the last three years upto the date of grant as the Company was listed for a few months prior to the date of grant.				
	(a)	The weighted-average values of share price	₹ 52.96	₹ 59.32	₹ 95.90	₹ 111.75	₹ 142.63
		Exercise price	₹ 102.10	₹ 118.20	₹ 10	₹ 10	₹ 10
		Expected volatility	45.93 %	44.77 %	45.93 %	44.77 %	33.41 %
		Expected life	Period upto the vesting date + Average of the exercise period corresponding to each vesting				



Sr. no.	Particulars	Scheme 2013				
		Options		RSUs		
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
	Expected dividends	Nil				
	Risk-free interest rate	8.58%	7.91%	8.58%	7.91%	7.37%
	Any other inputs to the model	N.A.				
(b)	The method used and assumptions made to incorporate the effects of expected early exercise	Not applicable, as the Scheme does not provide for early exercise.				
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	<p>Expected volatility of the Company's stock price is based on the comparable peer company's stock price on NSE, based on the price data of the last 3 (<i>three</i>) years upto the date of grant as the Company was listed only for a few months prior to the date of grant.</p> <p>The expected volatility reflects the assumptions that the historical volatility over a period similar to the life options and RSUs is indicative of future trends, which may not necessarily be the actual outcome.</p>				
(d)	Whether and how any other features of the Options, RSUs and SARs grant were incorporated into the measurement of fair value, such as a market condition	<p>Following factors have been considered: -</p> <ol style="list-style-type: none"> <li>The closing price of the Company's share on NSE on the date previous to the grant date.</li> <li>In view of accumulated losses of previous years, the Company has not declared any dividend. Accordingly, no adjustment is made to the aforesaid closing price for the expected dividend yield over the expected life of the Options and RSUs.</li> <li>Yield of Subsidiary General Ledger ("SGL") transactions in government dated securities (<i>i.e. Government securities issued by RBI on behalf of Government of India in dematerialized form</i>) for various maturities representing the risk-free interest rate.</li> <li>The expected life of the Options and RSUs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.</li> <li>The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options and RSUs is indicative of future trends, which may not necessarily be the actual outcome.</li> <li>Options and RSUs exercise price for each Tranche.</li> </ol>				

## C. (ii) Details related to Scheme 2017 of the Company

Sr. No.	Particulars	Scheme 2017							
		Options				RSUs			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
(i)	Description of the Scheme, Plan that existed at any time during the year, including the general terms and conditions								
	(a) Date of shareholder's approval	August 23, 2017							
	(b) Total number of options/RSUs approved	1,15,73,960							
	(c) Date of grant	September 8, 2017	October 27, 2017	February 2, 2018	April 18, 2018	September 8, 2017	October 27, 2017	February 2, 2018	April 18, 2018
	(d) Vesting requirements	(i) Options granted, will vest not earlier than one year, within a period of 5 ( <i>five</i> ) years from the grant date, at the rate of 25% of the options getting vested each year (ii) RSUs granted shall vest at the end of 3 ( <i>three</i> ) years from the grant date. Further, vesting is subject to meeting of the performance conditions fixed by the NRC, from time to time.							
	(e) i. Exercise price	₹ 178.30	₹ 148.10	₹ 163.60	₹ 150.80	₹ 10	₹ 10	₹ 10	₹ 10
	(f) ii. Pricing formula	<b>Options:</b> <u>Tranche 1</u> - The closing price of the equity shares of the Company on NSE on September 7, 2017 ( <i>a day prior to the grant date</i> ) was fixed as the exercise price for each option. <u>Tranche 2</u> - The closing price of the equity shares of the Company on NSE on October 26, 2017 ( <i>a day prior to the grant date</i> ) was fixed as the exercise price for each option. <u>Tranche 3</u> - The closing price of the equity shares of the Company on NSE on February 1, 2018 ( <i>a day prior to the grant date</i> ) was fixed as the exercise price for each option. <u>Tranche 4</u> - The closing price of the equity shares of the Company on NSE on April 17, 2018 ( <i>a day prior to the grant date</i> ) was fixed as the exercise price for each option. <b>RSUs:</b> The face value of the equity shares of the Company was fixed as the exercise price for each RSU.							
	(g) Maximum term	5 ( <i>five</i> ) years from the date of vesting.							
	(h) Source of shares	Primary							
	(i) Variation in terms	Nil							
(ii)	Method used to account - Intrinsic or fair value	Fair Value Method							
(iii)	As the company has opted for expensing of the options using the fair value of the options and RSUs								
	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value	N.A.							
	The impact of this difference on profits and on EPS of the Company								
(iv)	Movement during the year								
	Number of Options and RSUs outstanding at the beginning of the period	29,80,244	7,203	2,52,107	90,039	10,54,637	7,284	84,978	30,349
	Number of Options and RSUs granted during the year	-	-	-	-	-	-	-	-

Sr. No.	Particulars	Scheme 2017							
		Options				RSUs			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
	Number of Options and RSUs forfeited/ lapsed during the year	1,27,855	-	27,011	-	70,411	-	12,140	-
	Number of Options and RSUs vested during the year	7,33,002	1,801	54,023	22,510	-	-	-	-
	Number of Options and RSUs exercised during the year	3,30,781	-	9,004	-	-	-	-	-
	Number of shares arising as a result of exercise of Options and RSUs	3,30,781	-	9,004	-	-	-	-	-
	Money realized by exercise of options and RSUs (INR), if Scheme is implemented directly by the Company	₹5,81,75,546	-	₹14,73,054	-	-	-	-	-
	Loan repaid by the Trust during the year from exercise price received	N.A.							
	Number of options and RSUs outstanding at the end of the year	25,26,110	7,203	2,16,092	90,039	9,84,226	7,284	72,838	30,349
	Number of options and RSUs exercisable at the end of the year	10,88,967	3,602	1,08,047	22,510	9,84,226	-	-	-
(v)	Weighted-average exercise prices (“WAEP”) and weighted-average fair values (“WAFV”) of options and RSUs								
	Where exercise price is less than the market price of the stock	N.A.				WAEP = ₹ 10 WAFV = ₹ 171.41	WAEP = ₹ 10 WAFV = ₹ 141.29	WAEP = ₹ 10 WAFV = ₹ 156.99	WAEP = ₹ 10 WAFV = ₹ 144.20
	Where exercise price equals the market price of the stock	WAEP = ₹ 178.30 WAFV = ₹ 77.04	WAEP = ₹ 148.10 WAFV = ₹ 63.85	WAEP = ₹ 163.60 WAFV = ₹ 71.56	WAEP = ₹ 150.80 WAFV = ₹ 65.93	N.A.			
	Where exercise price is more than the market price of the stock	N.A.							
(vi)	Employee wise details (name of employee, designation, number of options and RSU granted during the year, exercise price) of options and RSUs granted to								
	(a) Senior Managerial Personnel	Nil							
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil							



Sr. No.	Particulars	Scheme 2017							
		Options				RSUs			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
	(c) Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil							
(vii)	<b>A description of the method and significant assumptions used during the year to estimate the fair value of Options and RSUs including the following information</b>	<p>Method: Black Scholes</p> <p>Significant assumptions used to estimate the fair value are as follows:</p> <p>i) Expected Dividend Yield;</p> <p>ii) Expected Volatility; and</p> <p>iii) Risk-free Interest Rate</p> <p>Note:</p> <p>1. The fair value of Options and RSUs needs to be considered as on grant date.</p> <p>2. Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock on NSE based on the price data of the last three years upto the date of grant as the Company was listed for a few months prior to the date of grant.</p>							
	(a) The weighted-average values of Share price	₹ 77.04	₹ 63.85	₹ 71.56	₹ 65.93	₹ 171.41	₹ 141.29	₹ 156.99	₹ 144.20
	Exercise price	₹ 178.30	₹ 148.10	₹ 163.60	₹ 150.80	₹ 10	₹ 10	₹ 10	₹ 10
	Expected volatility	36.57%	36.28%	35.32%	35.28%	36.57%	36.28%	35.32%	35.28%
	Expected life	Period upto the vesting date + Average of the exercise period corresponding to each vesting							
	Expected dividends	Nil							
	Risk-free interest rate	6.70%	6.75%	7.43%	7.43%	6.77%	6.98%	7.54%	7.54%
	Any other inputs to the model	N.A.							
	(b) The Method used and assumptions made to incorporate the effects of expected early exercise	Not applicable, as the Scheme does not provide for early exercise.							
	(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last 3 (three) years upto the date of grant as the Company was listed only for a few months prior to the date of grant. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options and RSUs is indicative of future trends, which may not necessarily be the actual outcome.							

Sr. No.	Particulars	Scheme 2017							
		Options				RSUs			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
	(d) Whether and how any other features of the Options and RSUs grant were incorporated into the measurement of fair value, such as a market condition	<p>Following factors have been considered:-</p> <p>i. The closing price of the Company's share on NSE on the date previous to the grant date.</p> <p>ii. In view of accumulated losses of previous years, the Company has not declared any dividend. Accordingly, no adjustment is made to the aforesaid closing price for the expected dividend yield over the expected life of the Options and RSUs.</p> <p>iii. Yield of Subsidiary General Ledger ("SGL") transactions in government dated securities (i.e. Government securities issued by RBI on behalf of Government of India in dematerialized form) for maturity with a term equal to the average expected life of the options and RSUs has been taken as the risk free interest rate.</p> <p>iv. The average expected remaining life of the Options and RSUs as on the valuation date, i.e. the period upto the vesting date plus the average of the exercise period correspondence to each vesting.</p> <p>v. Implied volatility of the Company's stock price on NSE is based on the price data of previous years up to the date of valuation to commensurate with the expected term of the Options/RSUs.</p> <p>vi. Option and RSU exercise price has been adopted as represented by the Management of the Company.</p>							

## C. (iii) Details related to Scheme 2019 of the Company

Particulars related to Scheme 2019 of the Company			
Sr. No.	Particulars	Scheme 2019	
		Options	RSUs
		Tranche 1	Tranche 1
(i)	Description of the Scheme, Plan that existed at any time during the year, including the general terms and conditions		
	(a) Date of shareholder's approval	August 21, 2019	
	(b) Total number of options/RSUs approved	60,53,000	
	(c) Date of grant	December 2, 2019	December 2, 2019
	(d) Vesting requirements	(i) Options granted, will vest not earlier than one year, within a period of 5 (five) years from the grant date, at the rate of 25% of the options getting vested each year. (ii) RSUs granted shall vest at the end of 3 (three) years from the grant date. Further, vesting is subject to meeting of the performance conditions fixed by the NRC, from time to time.	
	(e) i. Exercise price	₹ 225.25	₹ 10
	(f) ii. Pricing formula	<b>Options:</b> Tranche 1 - The closing price of the equity shares of the Company on NSE on December 1, 2019 (a day prior to the grant date) was fixed as the exercise price for each option. <b>RSUs:</b> The face value of the equity shares of the Company was fixed as the exercise price for each RSU.	
	(g) Maximum term	5 (five) years from the date of vesting.	
	(h) Source of shares	Secondary acquisition	
	(i) Variation in terms	Nil	
(iii)	Method used to account for Intrinsic or fair value	Company has calculated the employee compensation cost using the Fair Value Method of accounting to account for options and RSUs issued.	
(iv)	As the company has opted for expensing of the options using the fair value of the options and RSUs		
	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value	N.A.	
	The impact of this difference on profits and on EPS of the Company		

Sr. No.	Particulars	Scheme 2019	
		Options	RSUs
		Tranche 1	Tranche 1
(v)	<b>Movement during the year</b>		
	Number of Options and RSUs outstanding at the beginning of the period	-	
	Number of Options and RSUs granted during the year	33,42,876	11,18,385
	Number of Options and RSUs forfeited/lapsed during the year	14,544	10,050
	Number of Options and RSUs vested during the year	-	-
	Number of Options and RSUs exercised during the year	-	-
	Number of shares arising as a result of exercise of Options and RSUs	-	-
	Money realized by exercise of options and RSUs (INR), if Scheme is implemented directly by the Company	-	-
	Loan repaid by the Trust during the year from exercise price received	-	-
	Number of options and RSUs outstanding at the end of the year	33,28,332	11,08,335
	Number of options and RSUs exercisable at the end of the year	-	-
(vi)	<b>Weighted-average exercise prices ("WAEP") and weighted-average fair values ("WAFV") of options and RSUs</b>		
	Where exercise price is less than the market price of the stock	N.A.	WAEP = ₹ 10 WAFV = ₹ 216.18
	Where exercise price equals the market price of the stock	N.A.	
	Where exercise price is more than the market price of the stock	WAEP = ₹ 225.25 WAFV = ₹ 112.00	N.A.
(vii)	<b>Employee wise details (name of employee, designation, number of options and RSU granted during the year, exercise price) of options and RSUs granted to</b>		
	(a) Senior Managerial Personnel		
	• Mr. Ashish Dikshit, Managing Director	4,09,092	1,13,065
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year		
	• Ms. Sangeeta Pendurkar, Chief Executive Officer, Pantaloons Division	2,72,728	75,377
	• Mr. Vishak Kumar, Chief Executive Officer, Madura Fashion & Lifestyle Division	2,72,728	75,377



Sr. No.	Particulars	Scheme 2019	
		Options	RSUs
		Tranche 1	Tranche 1
	(c) Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	
(viii)	<b>A description of the method and significant assumptions used during the year to estimate the fair value of Options and RSUs including the following information</b>	<p>Method: Black Scholes</p> <p>Significant assumptions used to estimate the fair value are as follows:</p> <p>iv) Expected Dividend Yield;</p> <p>v) Expected Volatility; and</p> <p>vi) Risk-free Interest Rate</p> <p>Note:</p> <p>1. The fair value of Options and RSUs needs to be considered as on grant date.</p> <p>2. Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock on NSE based on the price data of the last three years upto the date of grant as the Company was listed for a few months prior to the date of grant.</p>	
	(a) The weighted-average values of Share price	₹ 112	₹ 216.18
	Exercise price	₹ 225.25	₹ 10
	Expected volatility	32.88%	32.88%
	Expected life	Period upto the vesting date + Average of the exercise period corresponding to each vesting	
	Expected dividends	Nil	
	Risk-free interest rate	6.66%	6.76%
	Any other inputs to the model	N.A.	
	(b) The Method used and assumptions made to incorporate the effects of expected early exercise	Not applicable, as the Scheme does not provide for early exercise.	
	(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last 3 (three) years upto the date of grant as the Company was listed only for a few months prior to the date of grant. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life Options and RSUs is indicative of future trends, which may not necessarily be the actual outcome.	
	(d) Whether and how any other features of the Options and RSUs grant were incorporated into the measurement of fair value, such as a market condition	<p>Following factors have been considered:-</p> <p>i. The closing price of the Company's share on NSE on the date previous to the grant date.</p> <p>ii. In view of accumulated losses of previous years, the Company has not declared any dividend. Accordingly, no adjustment is made to the aforesaid closing price for the expected dividend yield over the expected life of the Options and RSUs.</p> <p>iii. Yield of Subsidiary General Ledger ("SGL") transactions in government dated securities (i.e. Government securities issued by RBI on behalf of Government of India in dematerialized form) for maturity with a term equal to the average expected life of the options and RSUs has been taken as the risk free interest rate.</p> <p>iv. The average expected remaining life of the Options and RSUs as on the valuation date, i.e. the period upto the vesting date plus the average of the exercise period correspondence to each vesting.</p> <p>v. Implied volatility of the Company's stock price on NSE is based on the price data of previous years up to the date of valuation to commensurate with the expected term of the Options/RSUs.</p> <p>vi. Option and RSU exercise price has been adopted as represented by the Management of the Company.</p>	

**D. Details related to Employee Stock Purchase Scheme: Not applicable****E. Details related to SAR**

Sr. No.	Particulars	Scheme 2013		SARs Scheme 2019	
		Option SARs	Option SARs	Option SARs	RSU SARs
		Tranche 1	Tranche 2	Tranche 1	Tranche 1
(i)	Description of the Scheme, Plan that existed at any time during the year, including the general terms and conditions				
(a)	Date of shareholder's approval	N.A.			
(b)	Date of NRC Approval	October 25, 2013		February 4, 2019	
(c)	Total number of SARs approved under the SAR scheme by NRC	3,18,520		23,14,792	
(d)	Date of Grant	October 25, 2013	June 10, 2014	May 15, 2019	May 15, 2019
(e)	Vesting requirements	Option SARs granted, will vest not earlier than one year, within a period of 5 (five) years from the grant date, at the rate of 25% of the options getting vested each year. Further, vesting is subject to meeting of the performance conditions fixed by the NRC, from time to time.		Option SARs under the SARs Scheme 2019 have been granted to compensate the loss incurred to an employee due to the lapse of Options under any previous Scheme, in case of transfer to a Group Company. Vesting is subject to meeting of the performance conditions fixed by the NRC, from time to time.	
(f)	i. SAR price	₹ 102.10	₹ 118.20	₹ 178.30	₹ 10
(d)	ii. Pricing formula	<b>Options SARs:</b> <u>Tranche 1</u> - The closing price of the equity shares of the Company on NSE on October 24, 2013 (a day prior to the grant date) was fixed as the exercise price for each option. <u>Tranche 2</u> - The closing price of the equity shares of the Company on NSE on June 9, 2014 (a day prior to the grant date) was fixed as the exercise price for each option.		<b>Option SARs:</b> <u>Tranche 1</u> - The closing price of the equity shares of the Company on NSE on September 7, 2017 (a day prior to the original grant date) was fixed as the exercise price for each option <b>RSUs SARs:</b> The face value of the equity shares of the Company was fixed as the exercise price for each RSU.	
(g)	Maximum term	5 (five) years from the date of vesting.		3 (three) years from the date of vesting.	
(h)	Method of settlement (whether in cash or equity)	Cash			
(i)	Choice of settlement (with the company or the employee or combination)	Company: Cash Employee: Cash			
(j)	Source of shares	N.A.			
(k)	Variation in terms	Nil			
(ii)	Method used to account -Intrinsic or fair value	Fair Value Method			

Sr. No.	Particulars	Scheme 2013		SARs Scheme 2019	
		Option SARs	Option SARs	Option SARs	RSU SARs
		Tranche 1	Tranche 2	Tranche 1	Tranche 1
(iii)	<b>As the company has opted for expensing of the options using the fair value of the options and RSUs</b>				
	Difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value			N.A.	
	The impact of this difference on profits and on EPS of the Company				
(iv)	<b>Movement during the year</b>				
	Number of Options and RSUs outstanding at the beginning of the period	10,613	-	-	-
	Number of Options and RSUs granted during the year	-	-	61,226	6,880
	Number of Options and RSUs forfeited/ lapsed during the year	2,557	-	-	-
	Number of Options and RSUs vested during the year	-	-	61,226	-
	Number of Options and RSUs exercised during the year	8,056	-	-	-
	Number of options and RSUs outstanding at the end of the year	-	-	-	-
	Number of options and RSUs exercisable at the end of the year	-	-	-	-
(v)	<b>Employee wise details (name of employee, designation, number of options and RSUs granted during the year, exercise price) of options and RSUs granted to</b>				
	(a) Senior Managerial Personnel			Nil	
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year			Nil	
	(c) Identified employee who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant			Nil	



## F. Details related to General Employee Benefit Scheme / Retirement Benefit Scheme: Not applicable

## G. Details related to Trust

Sr. no.	Particulars	Details	
(i)	General information on all schemes		
	1. Name of the Trust	ABFRL Employee Welfare Trust	
	2. Details of the Trustee(s)	a) Mr. Hemant Kadel; b) Mr. Anil Rustogi; c) Mr. Ramesh Mitragotri; and d) Mr. Sanjeeb Chatterjee	
	3. Amount of loan disbursed by company / any company in the group, during the year	Company: ₹ 1,00,51,19,103	
	4. Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Company: ₹ 1,00,51,19,103	
	5. Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil	
	6. Any other contribution made to the Trust during the year	Nil	
(ii)	Brief details of transactions in shares by the Trust		
	(a) Number of shares held at the beginning of the year;	Nil	
	(b) Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	44,61,261 through secondary acquisition at weighted average cost of acquisition of ₹ 224.51 per share.	
	(c) Number of shares transferred to the employees / sold along with the purpose thereof;	Nil	
	(d) Number of shares held at the end of the year.	44,61,261	
(iii)	In case of secondary acquisition of shares by the Trust	Number of Shares	As a percentage of paid-up equity capital as at March 31, 2019
	Held at the beginning of the year	Nil	N.A.
	Acquired during the year	44,61,261	0.57
	Sold during the year	Nil	N.A.
	Transferred to the employees during the year	Nil	N.A.
	Held at the end of the year	44,61,261	0.57

## **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 V****FORM AOC – 1****PURSUANT TO FIRST PROVISIO 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 financial statement of  
subsidiaries/associate companies/joint ventures**

Part “A” – Subsidiaries:

₹ in Crore

Sr. No.	Particulars	Name of the subsidiary companies			
		Jaypore E-Commerce Private Limited	TG Apparel & Decor Private Limited	Jaypore Inc., USA*	Finesse International Design Private Limited
1	Date since when subsidiary was acquired	July 02, 2019	July 02, 2019	July 02, 2019	July 26, 2019
2	Reporting period	2019-20	2019-20	2019-20	2019-20
3	Reporting Currency	INR	INR	USD	INR
4	Share capital	6.14	0.01	-	1.24
5	Reserves & surplus	(15.61)	(2.26)	(0.65)	14.74
6	Total assets	20.59	11.89	0.02	55.85
7	Total liabilities	30.06	14.14	0.67	39.87
8	Investments	-	-	-	7.04
9	Turnover	19.90	23.20	0.09	21.75
10	Loss before taxation	(13.99)	(0.46)	(0.03)	(4.37)
11	Provision for taxation	(0.33)	-	-	(2.40)
12	Loss after taxation	(13.66)	(0.46)	(0.03)	(1.97)
13	Proposed Dividend	-	-	-	-
14	% of shareholding	100%	100%	100%	51%

\*Converted into Indian Rupees at the closing exchange rate USD 1 = INR 75.39, average exchange rate USD 1 = INR 70.88

Part “B” - Associates and Joint Ventures: Nil

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 27, 2020

**SUKANYA KRIPALU**  
(Director)  
(DIN: 06994202)

Place: Mumbai  
Date : May 27, 2020

**JAGDISH BAJAJ**  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020



**ANNEXURE VI****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 taken during the financial year 2019-20**

- 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.
- Operational improvement measures have also been taken at the manufacturing units of the company (MFL Division) to increase the efficiency in energy utilization such as installation of VFDs (Variable Frequency Drives), and conversion to energy efficient lighting/ LED (Light-Emitting Diode) lights at the shop floor, LED streetlights and Solar LED at the select units.
- Conversion of CDM (Ceramic Discharge Metal-Halide) to LED lights has also been completed at retail stores of your company which resulted into energy savings.
- As the result of these initiatives taken, your Company has saved more than 14 Lakh units of energy during the year which resulted in reduction of ~ 1200 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.

**Steps taken by the Company for utilizing alternate sources of energy**

- Indian Green Building Council rating system is followed by your company for green building rating and during FY 2019 -20 Attibele Apparel Warehousing facility is recognized as “Platinum” rated building making it first apparel warehouse in India to achieve Platinum standard.
- Solar rooftop plant of capacity 2MWp has been operational round the year across 5 facilities (i.e. 4 factories and 1 warehouse) enabling us to generate more than 25 Lakh units (kWh) which resulted in reduction of ~ 2068 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.
- Conversion of a Diesel-based boiler to Biomass-based boiler has also been completed at one of our manufacturing units which has contributed to reduction of ~ 24 tCO<sub>2</sub> (tons of Carbon Dioxide) emissions.
- Further, usage of ~ 4,800 Tons of briquettes (biomass) in the boilers, as 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 ₹ 42 Lakhs on energy conservation measures, which includes conversion to energy efficient LED lights at retail stores.

**B. TECHNOLOGY ABSORPTION**

There has been no import of technology in the financial year 2019-20.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Foreign exchange earnings for the year under review: ₹ 144 Crore (*vis-à-vis* ₹ 155 Crore during the previous year).
- Foreign exchange outgo for the year under review: ₹ 778 Crore (*vis-à-vis* ₹ 699 Crore during the previous year).

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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

To,

The Members,

**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 (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

On account of ongoing pandemic of COVID-19 and consequent lockdown as directed by the Central and State Government(s), the process of audit has been modified. Documents /records /returns / registers /minutes relating to the period January 1, 2020 to March 31, 2020 were made available to us by the Company in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on March 31, 2020 (“period under review”), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure - A**, for the period under review, according to the applicable provisions of:
  - (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder and the Companies Act, 1956 (to the extent applicable);
  - (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, to the extent applicable;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - (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 Internal Auditor for systems and mechanism formed by the Company for compliances under other applicable Laws. The list of other laws applicable to the Company is given in **Annexure - B**.
3. We have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The 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"), from time to time and the provisions of SEBI Listing Regulations.

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

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board/Committee Meetings. Agenda and detailed notes on agenda were sent at least 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 decision is 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 ("Composite Scheme"), the allotment of 37,82,178 Equity Shares of Rs. 10/- each ("said shares"), pertaining to 3,475 Non-Resident Shareholders of ABNL holding shares on repatriation basis ("NRE Shareholders") was kept pending until receipt of applicable regulatory approval(s).

As reported in the last year's report, the Company had allotted 37,65,325 Equity Shares of Rs. 10/- each to 3,471 NRE Shareholders. Out of the said shares, 16,853 Equity Shares held by 4 OCBs remain pending for allotment until receipt of regulatory approvals.

#### **We further report that**

During the year under review, the Company has:

- i. allotted 1,26,742 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. allotted 3,39,785 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 2017.
- iii. has entered into a Share Purchase Agreement ("SPA") dated June 10, 2019 with the existing shareholders of:-
  - a. Jaypore E-Commerce Private Limited and
  - b. TG Apparel & Décor Private Limited.



Post receipt of closing conditions under the said SPA, the entities above stated have become the wholly owned subsidiaries of the Company w.e.f. July 2, 2019.

- iv. has signed Share Subscription and Purchase Agreement (“SSPA”) and a Shareholders Agreement (“SHA”) dated July 15, 2019 with Finesse International Design Private Limited (“FIDPL”) and its shareholders. Post receipt of closing conditions under the said SSPA and SHA, FIDPL has become subsidiary of the Company w.e.f. July 26, 2019.

This report is to be read with our letter of even date, which is annexed as **Annexure - C** to this report.

For **DILIP BHARADIYA & ASSOCIATES**

**DILIP BHARADIYA**

Proprietor

FCS No.: 7956, C P No.: 6740

UDIN : F007956B000284947

Place: Mumbai

Date : May 27, 2020

**Annexure - A****List of documents verified:**

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the Financial Year ended March 31, 2019.
3. Minutes and Attendance Registers of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management and Sustainability Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and ABFRL Acquisition Committee (dissolved on May 11, 2020), held during the period under review.
4. Circular Resolutions approved by the Board of Directors and its Committees from time to time.
5. Minutes of General Body Meetings held during the period under review.
6. Statutory Registers viz.
  - Register of Members;
  - Register of Debenture holders and other security holders;
  - Register of Directors and Key Managerial Personnel and their Shareholding;
  - Register of Employee Stock Options;
  - Register of loans, guarantee, security and acquisition made by the Company;
  - Register of Renewed and Duplicate Share Certificates;
  - Register of Charge;
  - Register of Contracts with Related Party and contracts and bodies, etc. in which directors are interested.
7. Agenda papers submitted to all the Directors / Members for the Board and Committee Meetings.
8. Declarations received from the Directors of the Company pursuant to the provisions of Sections 184(1), 164(2), 149(3) and 149(7) of the Act.
9. Intimations received from Directors under the Code of Conduct for Trading in Listed or Proposed to be Listed Securities of Aditya Birla Fashion and Retail Limited.
10. Structured Digital Database in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.
11. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act, alongwith the attachments thereof, during the period under review.
12. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of the SEBI Listing Regulations.

**Annexure - B****List of applicable laws to the Company**

1. Acts prescribed related to Retail activities;
2. 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.;
3. Local Municipal Corporation Act & Bye Laws (city-wise);
4. Shops and Establishment Act & Rule (State wise);
5. Legal Metrology Act, 2009;
6. Acts prescribed under prevention and control of pollution;
7. Acts prescribed under Environmental protection;
8. Acts as prescribed under Direct Tax and Indirect Tax including GST and others;
9. Land Revenue laws of respective States;
10. Labour Welfare Act of respective States;
11. Local laws as applicable to various stores as per the respective Municipal Authority.

**Annexure - C**

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) 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**

Place: Mumbai

Date : May 27, 2020

**DILIP BHARADIYA**

Proprietor

FCS No.: 7956, C P No.: 6740



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

To,

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, 2020. 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, 2020 and verified that the Board composition is in conformity;
  - 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**

6. 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 the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

**Restriction on Use**

7. 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.
8. 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**

**DILIP BHARADIYA**

Proprietor

FCS No.: 7956, C P No.: 6740

UDIN : F007956B000284936

Place: Mumbai

Date : May 27, 2020

**ANNEXURE IX**

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019**  
*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)*  
*of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

- (i) **CIN** : L18101MH2007PLC233901
- (ii) **Registration date** : April 19, 2007
- (iii) **Name of the Company** : Aditya Birla Fashion and Retail Limited
- (iv) **Category & sub-category of the Company** : Company Limited by shares and Indian Non-Government Company
- (v) **Address of the registered office and contact details** : 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, Maharashtra, India.  
Tel.: +91 8652905000; Fax: +91 8652905400
- (vi) **Whether listed company** : Yes
- (vii) **Name, address and contact details of Registrar and Transfer Agent, if any** : Link Intime India Private Limited  
C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083  
Tel: (022) 49186000; Fax: (022) 49186060

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company:

Name and description of the main products/ services	NIC code of the product/ service	% to total turnover of the Company
Branded fashion apparels and accessories	1410	59.81%
Retail sale of clothing, footwear and leather articles in specialised stores	4771	40.19%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. no.	Name and address of the Company	CIN / GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	Finesse International Design Private Limited	U74900DL2007PTC164203	Subsidiary	51	2(87)
2	Jaypore E-Commerce Private Limited	U51900DL2012PTC289276	Subsidiary	100	2(87)
3	TG Apparel & Decor Private Limited	U51109DL2015PTC288706	Subsidiary	100	2(87)
4	Jaypore Inc., USA*	-	Step-down Subsidiary	100	2(87)

\* Representing aggregate % of voting power held by the Company and / or its subsidiaries

**IV. SHAREHOLDING PATTERN** *(Equity share capital breakup as percentage of total equity)***(i) Category-wise shareholding:**

Category of the shareholders		No. of shares held at the beginning of the year <sup>(1)</sup>				No. of shares held at the end of the year <sup>(1)</sup>				% change during the year <sup>(2)</sup>
		Demat	Physical	Total	% of total shares <sup>(2)</sup>	Demat	Physical	Total	% of total shares <sup>(2)</sup>	
A. Promoters										
1	Indian									
a)	Individual/ HUF	7,08,254	-	7,08,254	0.09	7,08,254	-	7,08,254	0.09	(0.00)
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	45,64,55,863	-	45,64,55,863	59.01	45,64,55,863	-	45,64,55,863	58.98	(0.04)
e)	Banks/ FI	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)		45,71,64,117	-	45,71,64,117	59.10	45,71,64,117	-	45,71,64,117	59.07	(0.04)
2	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks/ FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)		-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1)+(A)(2)		45,71,64,117	-	45,71,64,117	59.10	45,71,64,117	-	45,71,64,117	59.07	(0.04)
B. Public shareholding										
1	Institutions									
a)	Mutual Funds	13,07,63,182	39,204	13,08,02,386	16.91	14,29,19,844	39,204	14,29,59,048	18.47	1.56
b)	Banks/ FI	3,45,908	44,754	3,90,662	0.05	4,73,392	36,289	5,09,681	0.07	0.02
c)	Central Government	12,01,080	-	12,01,080	0.16	45,82,518	-	45,82,518	0.59	0.44
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	84,46,140	29,437	84,75,577	1.10	2,10,48,570	29,437	2,10,78,007	2.72	1.63
g)	FIs including Foreign Portfolio Investors	7,61,28,344	19,209	7,61,47,553	9.84	6,52,54,510	19,209	6,52,73,719	8.43	(1.41)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify):									
i.	Foreign Banks	12,816	23,201	36,017	0.00	12,816	23,201	36,017	0.00	-
ii.	UTI	-	86,944	86,944	0.01	-	86,944	86,944	0.01	-
iii.	Alternate Investment Funds	4,58,125	-	4,58,125	0.06	5,05,423	-	5,05,423	0.07	0.01
Sub-total (B)(1)		21,73,55,595	2,42,749	21,75,98,344	28.13	23,47,97,073	2,34,284	23,50,31,357	30.37	2.24
2	Non-institutions									
a)	Bodies Corporate:									
i.	Indian	2,55,88,061	1,02,329	2,56,90,390	3.32	1,02,32,938	99,923	1,03,32,861	1.34	(1.99)
ii.	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i.	Individual shareholders holding nominal share capital upto ₹ 1 Lakh	4,29,26,318	74,73,506	5,03,99,824	6.52	3,97,13,319	68,44,846	4,65,58,165	6.02	(0.50)



Category of the shareholders	No. of shares held at the beginning of the year <sup>(1)</sup>				No. of shares held at the end of the year <sup>(1)</sup>				% change during the year <sup>(2)</sup>
	Demat	Physical	Total	% of total shares <sup>(2)</sup>	Demat	Physical	Total	% of total shares <sup>(2)</sup>	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,37,80,457	4,11,898	1,41,92,355	1.83	1,29,87,430	2,96,829	1,32,84,259	1.72	(0.12)
c) Others:									
i. Non Resident Indians (Repat)	18,84,572	15,15,511	34,00,083	0.44	13,73,628	14,39,863	28,13,491	0.36	(0.08)
ii. Non Resident Indians (Non-repat)	15,92,468	92,044	16,84,512	0.22	15,24,025	81,534	16,05,559	0.21	(0.01)
iii. Foreign nationals	1,34,592	5,740	1,40,332	0.02	1,00,319	5,740	1,06,059	0.01	(0.00)
iv. Clearing members	11,08,742	-	11,08,742	0.14	7,66,065	-	7,66,065	0.10	(0.04)
v. Trusts	1,81,184	15,364	1,96,548	0.03	1,79,795	15,364	1,95,159	0.03	(0.00)
vi. HUF	18,53,088	-	18,53,088	0.24	16,09,634	-	16,09,634	0.21	(0.03)
vii. NBFCs registered with RBI	53,125	-	53,125	0.01	20,000	-	20,000	0.00	(0.00)
<b>Sub-total (B)(2)</b>	<b>8,91,02,607</b>	<b>96,16,392</b>	<b>9,87,18,999</b>	<b>12.76</b>	<b>6,85,07,153</b>	<b>87,84,099</b>	<b>7,72,91,252</b>	<b>9.99</b>	<b>(2.78)</b>
<b>Total public shareholding (B) = (B)(1)+(B)(2)</b>	<b>30,64,58,202</b>	<b>98,59,141</b>	<b>31,63,17,343</b>	<b>40.90</b>	<b>30,33,04,226</b>	<b>90,18,383</b>	<b>31,23,22,609</b>	<b>40.35</b>	<b>(0.54)</b>
<b>C. Shares held by custodian for GDRs and ADRs</b>									
<b>Total shares held by custodian for GDRs and ADRs (C)</b>	-	-	-	-	-	-	-	-	-
<b>D. Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)</b>									
Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	44,61,261	-	44,61,261	0.58	0.58
<b>Total Shares held by Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,61,261</b>	<b>-</b>	<b>44,61,261</b>	<b>0.58</b>	<b>0.58</b>
<b>Grand total (A+B+C+D)</b>	<b>76,36,22,319</b>	<b>98,59,141</b>	<b>77,34,81,460</b>	<b>100.00</b>	<b>76,49,29,604</b>	<b>90,18,383</b>	<b>77,39,47,987</b>	<b>100.00</b>	<b>(0.00)</b>

Notes:

(1) Beginning of the year -&gt; As on April 1, 2019; End of the year -&gt; As on March 31, 2020; and During the year -&gt; From April 1, 2019 upto March 31, 2020

(2) The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.

**(ii) Shareholding of Promoter and Promoter Group**

Sr. no.	Name of the promoter/ entity part of the promoter group	Shareholding at the beginning of the year <sup>(1)</sup>			Cumulative shareholding at the end of the year <sup>(1)</sup>			% change in shareholding during the year
		No. of shares held	% of total shares of the Company <sup>(2)</sup>	% of shares pledged/ encumbered to total shares	No. of shares held	% of total shares of the Company <sup>(2)</sup>	% of shares pledged/ encumbered to total shares	
1	Birla Group Holdings Private Limited	1,87,73,560	2.43	-	17,15,06,727	22.16	-	19.73
2	Mrs. Rajashree Birla	6,63,696	0.09	-	6,63,696	0.09	-	-
3	Mr. Kumar Mangalam Birla	23,966	-	-	23,966	-	-	-
4	Mrs. Neerja Birla	10,270	-	-	10,270	-	-	-
5	Mrs. Vasavadatta Bajaj	9,542	-	-	9,542	-	-	-
6	Aditya Vikram Kumar Mangalam Birla HUF	780	-	-	780	-	-	-

Sr. no.	Name of the promoter/ entity part of the promoter group	Shareholding at the beginning of the year <sup>(1)</sup>			Cumulative shareholding at the end of the year <sup>(1)</sup>			% change in shareholding during the year
		No. of shares held	% of total shares of the Company <sup>(2)</sup>	% of shares pledged/ encumbered to total shares	No. of shares held	% of total shares of the Company <sup>(2)</sup>	% of shares pledged/ encumbered to total shares	
7	Grasim Industries Limited	8,73,80,613	11.30	-	8,73,80,613	11.29	-	(0.01)
8	IGH Holdings Private Limited	8,50,30,930	10.99	-	8,50,30,930	10.99	-	(0.01)
9	TGS Investment & Trade Private Limited	7,02,35,027	9.08	-	-	-	-	(9.08)
10	Umang Commercial Company Private Limited	6,49,72,778	8.40	-	6,49,72,778	8.39	-	(0.01)
11	Trapti Trading & Investments Private Limited	4,90,04,462	6.34	-	-	-	-	(6.34)
12	Hindalco Industries Limited	4,49,82,142	5.82	-	4,49,82,142	5.81	-	-
13	Turquoise Investment and Finance Private Limited	3,34,93,678	4.33	-	-	-	-	(4.33)
14	Pilani Investment And Industries Corporation Limited	15,69,219	0.20	-	21,88,866	0.28	-	0.08
15	ECE Industries Limited	6,19,647	0.08	-	-	-	-	(0.08)
16	Birla Consultants Limited	1,49,006	0.02	-	1,49,006	0.02	-	-
17	Birla Industrial Finance (India) Limited	1,44,508	0.02	-	1,44,508	0.02	-	-
18	ABNL Investment Limited	69,327	0.01	-	69,327	0.01	-	-
19	Birla Industrial Investments (India) Limited	30,966	-	-	30,966	-	-	-
<b>Total</b>		<b>45,71,64,117</b>	<b>59.10</b>	<b>-</b>	<b>45,71,64,117</b>	<b>59.07</b>	<b>-</b>	<b>(0.04)</b>

Notes:

(1) Beginning of the year -&gt; As on April 1, 2019; End of the year-&gt; As on March 31, 2020; and During the year -&gt; From April 1, 2019 upto March 31, 2020.

(2) The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.

**(iii) Change in Promoters' shareholding**

Sr. no.	Name of the promoter/ entity part of the promoter group	Shareholding		Reason for change in shareholding	Cumulative shareholding during the year	
		No. of shares held	% of total shares of the Company <sup>(1)</sup>		No. of shares held	% of total shares of the Company <sup>(1)</sup>
1	Birla Group Holdings Private Limited					
	At the beginning of the year <sup>(2)</sup>	1,87,73,560	2.43	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	July 26, 2019	8,24,98,140	10.67	Transfer	10,12,71,700	13.09
	August 02, 2019	7,02,35,027	9.08	Transfer	17,15,06,727	22.17
	At the end of the year <sup>(2)</sup>	17,15,06,727	22.16	-	-	-
2	ECE Industries Limited					
	At the beginning of the year <sup>(2)</sup>	6,19,647	0.08	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	November 29, 2019	(6,19,647)	(0.08)	Transfer	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-

3	Pilani Investment and Industries Corporation Limited					
	At the beginning of the year <sup>(2)</sup>	15,69,219	0.20	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	November 29, 2019	6,19,637	0.08	Transfer	21,88,856	0.28
	December 06, 2019	10	0.00	Transfer	21,88,866	0.28
	At the end of the year <sup>(2)</sup>	21,88,866	0.28	-	-	-
4	TGS Investment & Trade Private Limited					
	At the beginning of the year <sup>(2)</sup>	7,02,35,027	9.08	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	August 02, 2019	(7,02,35,027)	(9.08)	Transfer	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-
5	Trapiti Trading and Investments Private Limited					
	At the beginning of the year <sup>(2)</sup>	4,90,04,462	6.34	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	July 26, 2019	(4,90,04,462)	(6.34)	Transfer	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-
6	Turquoise Investment and Finance Private Limited					
	At the beginning of the year <sup>(2)</sup>	3,34,93,678	4.33	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	July 26, 2019	(3,34,93,678)	(4.33)	Transfer	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-

## Notes:

(1) Beginning of the year -> As on April 1, 2019; End of the year-> As on March 31, 2020; and During the year -> From April 1, 2019 upto March 31, 2020.

(2) The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.

Further, other than as mentioned in the above table, though the shareholding of the promoter/ entities forming part of the promoter group did not change during the year under review. However, due to the increase in the paid-up share capital of the Company, from time to time, during the year under review, there were change in the percentage of the respective shareholdings of each of the promoter/ promoter group, as at the end of the year under review, vis-à-vis the percentage of their shareholding as at the end of the previous year.

**(iv) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):**

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
1	Reliance Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	3,46,48,992	4.48	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 05, 2019	(11,99,846)	(0.16)	Sale	3,34,49,146	4.32
	April 12, 2019	(2,97,900)	(0.04)	Sale	3,31,51,246	4.29
	April 19, 2019	2,212	0.00	Purchase	3,31,53,458	4.29
	April 26, 2019	(34,368)	(0.00)	Sale	3,31,19,090	4.28
	May 03, 2019	570	0.00	Purchase	3,31,19,660	4.28
	May 10, 2019	(15,529)	(0.00)	Sale	3,31,04,131	4.28
	May 17, 2019	5,76,580	0.07	Purchase	3,36,80,711	4.35
	May 24, 2019	13,50,721	0.17	Purchase	3,50,31,432	4.53
	May 31, 2019	1,81,232	0.02	Purchase	3,52,12,664	4.55
	June 07, 2019	(57,104)	(0.01)	Sale	3,51,55,560	4.54
	June 14, 2019	(43,295)	(0.01)	Sale	3,51,12,265	4.54
	June 21, 2019	(39,131)	(0.01)	Sale	3,50,73,134	4.53
	June 29, 2019	6,23,508	0.08	Purchase	3,56,96,642	4.61
	July 05, 2019	3,52,214	0.05	Purchase	3,60,48,856	4.66
	July 12, 2019	15,227	0.00	Purchase	3,60,64,083	4.66
	July 19, 2019	2,69,246	0.03	Purchase	3,63,33,329	4.70
	July 26, 2019	4,49,501	0.06	Purchase	3,67,82,830	4.76
	August 02, 2019	3,59,208	0.05	Purchase	3,71,42,038	4.80
	August 09, 2019	3,96,099	0.05	Purchase	3,75,38,137	4.85
	August 16, 2019	1,50,395	0.02	Purchase	3,76,88,532	4.87
	August 23, 2019	3,00,474	0.04	Purchase	3,79,89,006	4.91
	August 30, 2019	2,89,660	0.04	Purchase	3,82,78,666	4.95
	September 06, 2019	1,11,237	0.01	Purchase	3,83,89,903	4.96
	September 13, 2019	(2,98,447)	(0.04)	Sale	3,80,91,456	4.92
	September 20, 2019	(40,447)	(0.01)	Sale	3,80,51,009	4.92
	September 27, 2019	2,17,965	0.03	Purchase	3,82,68,974	4.95
	September 30, 2019	1,171	0.00	Purchase	3,82,70,145	4.94
	October 04, 2019	1,99,743	0.03	Purchase	3,84,69,888	4.97
	October 11, 2019	2,272	0.00	Purchase	3,84,72,160	4.97
	October 18, 2019	468	0.00	Purchase	3,84,72,628	4.97
	October 25, 2019	(4,22,521)	(0.05)	Sale	3,80,50,107	4.92
	November 01, 2019	41,916	0.01	Purchase	3,80,92,023	4.92
	November 08, 2019	76,234	0.01	Purchase	3,81,68,257	4.93
	November 15, 2019	1,99,045	0.03	Purchase	3,83,67,302	4.96
	November 22, 2019	2,99,040	0.04	Purchase	3,86,66,342	5.00
	November 29, 2019	3,79,689	0.05	Purchase	3,90,46,031	5.05
	December 06, 2019	4,50,988	0.06	Purchase	3,94,97,019	5.11
	December 13, 2019	1,00,374	0.01	Purchase	3,95,97,393	5.12
	December 20, 2019	(99,950)	(0.01)	Sale	3,94,97,443	5.11



Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
	December 27, 2019	(1,08,046)	(0.01)	Sale	3,93,89,397	5.09
	December 31, 2019	1,00,077	0.01	Purchase	3,94,89,474	5.10
	January 03, 2020	2,44,340	0.03	Purchase	3,97,33,814	5.14
	January 10, 2020	268	0.00	Purchase	3,97,34,082	5.14
	January 17, 2020	3,978	0.00	Purchase	3,97,38,060	5.14
	January 24, 2020	(1,97,859)	(0.03)	Sale	3,95,40,201	5.11
	January 31, 2020	(1,58,591)	(0.02)	Sale	3,93,81,610	5.09
	February 07, 2020	(7,50,082)	(0.10)	Sale	3,86,31,528	4.99
	February 14, 2020	(11,27,622)	(0.15)	Sale	3,75,03,906	4.85
	February 21, 2020	(1,02,912)	(0.01)	Sale	3,74,00,994	4.83
	February 28, 2020	5,297	0.00	Purchase	3,74,06,291	4.83
	March 06, 2020	9,96,485	0.13	Purchase	3,84,02,776	4.96
	March 13, 2020	(1,86,079)	(0.02)	Sale	3,82,16,697	4.94
	March 20, 2020	3,70,398	0.05	Purchase	3,85,87,095	4.99
	March 27, 2020	7,33,809	0.09	Purchase	3,93,20,904	5.08
	March 31, 2020	2,04,081	0.03	Purchase	3,95,24,985	5.11
	At the end of the year <sup>(2)</sup>	3,95,24,985	5.11	-	-	5.11
2	UTI Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	1,77,98,608	2.30	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	May 03, 2019	(4,872)	(0.00)	Sale	1,77,93,736	2.30
	May 10, 2019	1,94,189	0.03	Purchase	1,79,87,925	2.33
	May 17, 2019	1,44,432	0.02	Purchase	1,81,32,357	2.34
	May 24, 2019	2,94,702	0.04	Purchase	1,84,27,059	2.38
	May 31, 2019	1,76,799	0.02	Purchase	1,86,03,858	2.41
	June 07, 2019	4,20,187	0.05	Purchase	1,90,24,045	2.46
	July 26, 2019	1,11,874	0.01	Purchase	1,91,35,919	2.47
	August 02, 2019	1,15,050	0.01	Purchase	1,92,50,969	2.49
	September 20, 2019	10,000	0.00	Purchase	1,92,60,969	2.49
	October 18, 2019	(54,000)	(0.01)	Sale	1,92,06,969	2.48
	November 22, 2019	12,800	0.00	Purchase	1,92,19,769	2.48
	November 29, 2019	1,95,241	0.03	Purchase	1,94,15,010	2.51
	December 06, 2019	84,685	0.01	Purchase	1,94,99,695	2.52
	December 13, 2019	(29,518)	(0.00)	Sale	1,94,70,177	2.52
	December 20, 2019	(83,428)	(0.01)	Sale	1,93,86,749	2.51
	February 07, 2020	2,25,613	0.03	Purchase	1,96,12,362	2.53
	February 14, 2020	1,91,716	0.02	Purchase	1,98,04,078	2.56
	February 28, 2020	69,799	0.01	Purchase	1,98,73,877	2.57
	March 06, 2020	41,440	0.01	Purchase	1,99,15,317	2.57
	March 13, 2020	80,242	0.01	Purchase	1,99,95,559	2.58
	March 20, 2020	3,67,996	0.05	Purchase	2,03,63,555	2.63
	March 27, 2020	1,40,719	0.02	Purchase	2,05,04,274	2.65
	March 31, 2020	38,300	0.00	Purchase	2,05,42,574	2.65
	At the end of the year <sup>(2)</sup>	2,05,42,574	2.65	-	-	-

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
3	Franklin Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	1,72,45,578	2.23	Purchase	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 26, 2019	(21,75,000)	(0.28)	Sale	1,50,70,578	1.95
	May 17, 2019	(6,50,000)	(0.08)	Sale	1,44,20,578	1.86
	May 31, 2019	51,813	0.01	Purchase	1,44,72,391	1.87
	June 21, 2019	4,48,187	0.06	Purchase	1,49,20,578	1.93
	August 16, 2019	1,00,000	0.01	Purchase	1,50,20,578	1.94
	August 23, 2019	2,00,000	0.03	Purchase	1,52,20,578	1.97
	November 22, 2019	2,00,000	0.03	Purchase	1,54,20,578	1.99
	March 06, 2020	3,50,000	0.05	Purchase	1,57,70,578	2.04
	March 13, 2020	3,27,212	0.04	Purchase	1,60,97,790	2.08
	March 20, 2020	14,525	0.00	Purchase	1,61,12,315	2.08
	At the end of the year <sup>(2)</sup>	1,61,12,315	2.08	-	-	-
4	Mirae Asset Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	1,39,90,284	1.81	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 12, 2019	50,000	0.01	Purchase	1,40,40,284	1.82
	April 26, 2019	8,77,885	0.11	Purchase	1,49,18,169	1.93
	May 03, 2019	5,69,382	0.07	Purchase	1,54,87,551	2.00
	May 17, 2019	5,000	0.00	Purchase	1,54,92,551	2.00
	May 24, 2019	2,00,000	0.03	Purchase	1,56,92,551	2.03
	May 31, 2019	5,000	0.00	Purchase	1,56,97,551	2.03
	June 07, 2019	(2,00,000)	(0.03)	Sale	1,54,97,551	2.00
	June 21, 2019	2,500	0.00	Purchase	1,55,00,051	2.00
	June 29, 2019	11,023	0.00	Purchase	1,55,11,074	2.01
	July 12, 2019	2,600	0.00	Purchase	1,55,13,674	2.01
	August 02, 2019	4,17,647	0.05	Purchase	1,59,31,321	2.06
	August 09, 2019	2,35,000	0.03	Purchase	1,61,66,321	2.09
	August 16, 2019	60,000	0.01	Purchase	1,62,26,321	2.10
	August 23, 2019	1,20,000	0.02	Purchase	1,63,46,321	2.11
	September 20, 2019	85,000	0.01	Purchase	1,64,31,321	2.12
	October 04, 2019	40,000	0.01	Purchase	1,64,71,321	2.13
	October 18, 2019	1,20,000	0.02	Purchase	1,65,91,321	2.14
	November 22, 2019	1,75,849	0.02	Purchase	1,67,67,170	2.17
	November 29, 2019	35,000	0.00	Purchase	1,68,02,170	2.17
	December 20, 2019	60,000	0.01	Purchase	1,68,62,170	2.18
	December 27, 2019	(17,541)	(0.00)	Sale	1,68,44,629	2.18
	January 03, 2020	(4,14,262)	(0.05)	Sale	1,64,30,367	2.12
	January 10, 2020	(3,80,835)	(0.05)	Sale	1,60,49,532	2.07
	January 17, 2020	(2,35,306)	(0.03)	Sale	1,58,14,226	2.04
	January 24, 2020	(1,752)	(0.00)	Sale	1,58,12,474	2.04

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
	January 31, 2020	31,698	0.00	Purchase	1,58,44,172	2.05
	February 07, 2020	(90,186)	(0.01)	Sale	1,57,53,986	2.04
	February 14, 2020	(2,80,105)	(0.04)	Sale	1,54,73,881	2.00
	February 21, 2020	(1,91,240)	(0.02)	Sale	1,52,82,641	1.97
	February 28, 2020	(3,85,505)	(0.05)	Sale	1,48,97,136	1.92
	March 06, 2020	(80,000)	(0.01)	Sale	1,48,17,136	1.91
	March 20, 2020	70,000	0.01	Purchase	1,48,87,136	1.92
	At the end of the year <sup>(2)</sup>	1,48,87,136	1.92	-	-	-
5	Sundaram Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	1,39,90,561	1.81	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 05, 2019	(4,968)	(0.00)	Sale	1,39,85,593	1.81
	April 12, 2019	(5,805)	(0.00)	Sale	1,39,79,788	1.81
	April 19, 2019	(4,503)	(0.00)	Sale	1,39,75,285	1.81
	May 10, 2019	50,000	0.01	Purchase	1,40,25,285	1.81
	May 17, 2019	(5,49,026)	(0.07)	Sale	1,34,76,259	1.74
	May 31, 2019	52,954	0.01	Purchase	1,35,29,213	1.75
	June 21, 2019	(19,084)	(0.00)	Sale	1,35,10,129	1.75
	July 05, 2019	(5,401)	(0.00)	Sale	1,35,04,728	1.75
	July 26, 2019	(3,302)	(0.00)	Sale	1,35,01,426	1.75
	August 02, 2019	(37,951)	(0.00)	Sale	1,34,63,475	1.74
	August 09, 2019	10,000	0.00	Purchase	1,34,73,475	1.74
	September 06, 2019	(1,140)	(0.00)	Sale	1,34,72,335	1.74
	September 13, 2019	(1,69,061)	(0.02)	Sale	1,33,03,274	1.72
	September 20, 2019	(2,59,307)	(0.03)	Sale	1,30,43,967	1.69
	September 27, 2019	11,352	0.00	Purchase	1,30,55,319	1.69
	September 30, 2019	(4,673)	(0.00)	Sale	1,30,50,646	1.69
	October 04, 2019	(1,79,942)	(0.02)	Sale	1,28,70,704	1.66
	October 11, 2019	(5,98,654)	(0.08)	Sale	1,22,72,050	1.59
	October 18, 2019	(3,64,691)	(0.05)	Sale	1,19,07,359	1.54
	November 22, 2019	(5,565)	(0.00)	Sale	1,19,01,794	1.54
	December 06, 2019	(89,226)	(0.01)	Sale	1,18,12,568	1.53
	December 13, 2019	(3,24,866)	(0.04)	Sale	1,14,87,702	1.48
	December 20, 2019	(1,20,000)	(0.02)	Sale	1,13,67,702	1.47
	January 10, 2020	(18,149)	(0.00)	Sale	1,13,49,553	1.47
	January 17, 2020	(52,543)	(0.01)	Sale	1,12,97,010	1.46
	January 24, 2020	(7,040)	(0.00)	Sale	1,12,89,970	1.46
	February 07, 2020	(1,00,000)	(0.01)	Sale	1,11,89,970	1.45
	February 28, 2020	(466)	(0.00)	Sale	1,11,89,504	1.45
	March 06, 2020	(3,70,463)	(0.05)	Sale	1,08,19,041	1.40
	March 20, 2020	5,000	0.00	Purchase	1,08,24,041	1.40
	At the end of the year <sup>(2)</sup>	1,08,24,041	1.40	-	-	1.40

REPORT OF THE BOARD OF DIRECTORS  
(includes Management Discussion and Analysis)

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
6	ITPL - Invesco Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	73,02,382	0.94	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 05, 2019	3,07,440	0.04	Purchase	76,09,822	0.98
	April 12, 2019	2,40,261	0.03	Purchase	78,50,083	1.01
	April 26, 2019	15,271	0.00	Purchase	78,65,354	1.02
	May 03, 2019	30,947	0.00	Purchase	78,96,301	1.02
	May 10, 2019	89,284	0.01	Purchase	79,85,585	1.03
	May 17, 2019	1,41,756	0.02	Purchase	81,27,341	1.05
	May 24, 2019	58,463	0.01	Purchase	81,85,804	1.06
	May 31, 2019	(28,085)	(0.00)	Sale	81,57,719	1.05
	June 07, 2019	22,736	0.00	Purchase	81,80,455	1.06
	June 14, 2019	58,176	0.01	Purchase	82,38,631	1.07
	June 21, 2019	(57,925)	(0.01)	Sale	81,80,706	1.06
	July 05, 2019	(1,849)	(0.00)	Sale	81,78,857	1.06
	July 12, 2019	(9,325)	(0.00)	Sale	81,69,532	1.06
	July 19, 2019	(7,95,717)	(0.10)	Sale	73,73,815	0.95
	July 26, 2019	(2,08,171)	(0.03)	Sale	71,65,644	0.93
	August 02, 2019	(3,04,095)	(0.04)	Sale	68,61,549	0.89
	August 09, 2019	1,85,636	0.02	Purchase	70,47,185	0.91
	August 23, 2019	7,03,886	0.09	Purchase	77,51,071	1.00
	August 30, 2019	24,671	0.00	Purchase	77,75,742	1.01
	September 20, 2019	1,73,025	0.02	Purchase	79,48,767	1.03
	September 27, 2019	3,414	0.00	Purchase	79,52,181	1.03
	October 04, 2019	1,60,003	0.02	Purchase	81,12,184	1.05
	October 11, 2019	1,28,180	0.02	Purchase	82,40,364	1.07
	October 18, 2019	3,34,532	0.04	Purchase	85,74,896	1.11
	October 25, 2019	54,343	0.01	Purchase	86,29,239	1.12
	November 01, 2019	1,47,995	0.02	Purchase	87,77,234	1.13
	November 08, 2019	(78,145)	(0.01)	Sale	86,99,089	1.12
	November 22, 2019	1,08,152	0.01	Purchase	88,07,241	1.14
	November 29, 2019	19,261	0.00	Purchase	88,26,502	1.14
	December 06, 2019	2,937	0.00	Purchase	88,29,439	1.14
	December 13, 2019	70,336	0.01	Purchase	88,99,775	1.15
	December 20, 2019	3,32,864	0.04	Purchase	92,32,639	1.19
	January 10, 2020	(24,149)	(0.00)	Sale	92,08,490	1.19
	January 17, 2020	84,965	0.01	Purchase	92,93,455	1.20
	January 24, 2020	1,39,246	0.02	Purchase	94,32,701	1.22
	January 31, 2020	6,525	0.00	Purchase	94,39,226	1.22



Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
	February 14, 2020	(1,06,656)	(0.01)	Sale	93,32,570	1.21
	February 21, 2020	(1,291)	(0.00)	Sale	93,31,279	1.21
	February 28, 2020	23,287	0.00	Purchase	93,54,566	1.21
	March 06, 2020	32,142	0.00	Purchase	93,86,708	1.21
	March 20, 2020	30,742	0.00	Purchase	94,17,450	1.22
	March 27, 2020	8,753	0.00	Purchase	94,26,203	1.22
	March 31, 2020	(7,748)	(0.00)	Sale	94,18,455	1.22
	At the end of the year <sup>(2)</sup>	94,18,455	1.22	-	-	-
7	India Opportunities Growth Fund Ltd. - Pinewood Strategy <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	89,59,518	1.16	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	May 03, 2019	(15,702)	(0.00)	Sale	89,43,816	1.16
	June 14, 2019	(5,000)	(0.00)	Sale	89,38,816	1.16
	July 26, 2019	(76,593)	(0.01)	Sale	88,62,223	1.15
	August 02, 2019	(57,608)	(0.01)	Sale	88,04,615	1.14
	March 13, 2020	(50,000)	(0.01)	Sale	87,54,615	1.13
	March 20, 2020	(40,097)	(0.01)	Sale	87,14,518	1.13
	At the end of the year <sup>(2)</sup>	87,14,518	1.13	-	-	-
8	ICICI Prudential Life Insurance Company Limited <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	69,16,497	0.89	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	April 26, 2019	(3,52,489)	(0.05)	Sale	65,64,008	0.85
	May 24, 2019	(75,967)	(0.01)	Sale	64,88,041	0.84
	May 31, 2019	(1,44,349)	(0.02)	Sale	63,43,692	0.82
	June 07, 2019	(39,933)	(0.01)	Sale	63,03,759	0.81
	June 14, 2019	(13,982)	(0.00)	Sale	62,89,777	0.81
	June 21, 2019	66,077	0.01	Purchase	63,55,854	0.82
	June 29, 2019	14,495	0.00	Purchase	63,70,349	0.82
	July 05, 2019	12,361	0.00	Purchase	63,82,710	0.83
	July 12, 2019	(42,102)	(0.01)	Sale	63,40,608	0.82
	August 02, 2019	(72,770)	(0.01)	Sale	62,67,838	0.81
	August 09, 2019	(22,801)	(0.00)	Sale	62,45,037	0.81
	August 30, 2019	(53,033)	(0.01)	Sale	61,92,004	0.80
	September 06, 2019	10,166	0.00	Purchase	62,02,170	0.80
	September 27, 2019	(42,823)	(0.01)	Sale	61,59,347	0.80
	October 04, 2019	(19,548)	(0.00)	Sale	61,39,799	0.79
	October 18, 2019	(4,342)	(0.00)	Sale	61,35,457	0.79
	November 29, 2019	(94,526)	(0.01)	Sale	60,40,931	0.78
	December 06, 2019	(98,976)	(0.01)	Sale	59,41,955	0.77

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
	December 13, 2019	(3,912)	(0.00)	Sale	59,38,043	0.77
	December 20, 2019	(1,14,649)	(0.01)	Sale	58,23,394	0.75
	December 27, 2019	(16,370)	(0.00)	Sale	58,07,024	0.75
	December 31, 2019	(1,316)	(0.00)	Sale	58,05,708	0.75
	January 03, 2020	(50,541)	(0.01)	Sale	57,55,167	0.74
	January 24, 2020	18,715	0.00	Purchase	57,73,882	0.75
	January 31, 2020	71,936	0.01	Purchase	58,45,818	0.76
	February 07, 2020	71,386	0.01	Purchase	59,17,204	0.76
	February 14, 2020	2,65,004	0.03	Purchase	61,82,208	0.80
	February 21, 2020	(2,250)	(0.00)	Sale	61,79,958	0.80
	February 28, 2020	(3,14,532)	(0.04)	Sale	58,65,426	0.76
	March 06, 2020	2,23,186	0.03	Purchase	60,88,612	0.79
	March 13, 2020	4,07,523	0.05	Purchase	64,96,135	0.84
	March 20, 2020	1,24,752	0.02	Purchase	66,20,887	0.86
	March 27, 2020	10,05,194	0.13	Purchase	76,26,081	0.99
	March 31, 2020	4,87,899	0.06	Purchase	81,13,980	1.05
	At the end of the year <sup>(2)</sup>	81,13,980	1.05	-	-	-
9	Aditya Birla Sun Life Trustee Private Limited Mutual Fund and its affiliates <sup>(3)&amp;(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	81,21,106	1.05	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	May 24, 2019	38,000	0.00	Purchase	81,59,106	1.05
	June 21, 2019	(50,000)	(0.01)	Sale	81,09,106	1.05
	June 29, 2019	84,354	0.01	Purchase	81,93,460	1.06
	August 02, 2019	(45,000)	(0.01)	Sale	81,48,460	1.05
	August 09, 2019	35,000	0.00	Purchase	81,83,460	1.06
	October 25, 2019	48,200	0.01	Purchase	82,31,660	1.06
	December 20, 2019	(64,000)	(0.01)	Sale	81,67,660	1.06
	December 27, 2019	(46,373)	(0.01)	Sale	81,21,287	1.05
	February 07, 2020	1,03,800	0.01	Purchase	82,25,087	1.06
	February 21, 2020	31,000	0.00	Purchase	82,56,087	1.07
	March 06, 2020	3,000	0.00	Purchase	82,59,087	1.07
	March 13, 2020	50,000	0.01	Purchase	83,09,087	1.07
	March 20, 2020	(25,168)	(0.00)	Sale	82,83,919	1.07
	March 27, 2020	(1,76,815)	(0.02)	Sale	81,07,104	1.05
	At the end of the year <sup>(2)</sup>	81,07,104	1.05	-	-	-
10	AXIS Mutual Fund and its affiliates <sup>(3)</sup>					
	At the beginning of the year <sup>(2)</sup>	39,09,770	0.28	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	May 03, 2019	1,50,000	0.02	Purchase	40,59,770	0.52
	May 17, 2019	(8,10,000)	(0.10)	Sale	32,49,770	0.42
	May 24, 2019	1,17,000	0.02	Purchase	33,66,770	0.44

Sr. no.	Name of the shareholder	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
	June 07, 2019	2,26,838	0.03	Purchase	35,93,608	0.46
	June 21, 2019	1,21,162	0.02	Purchase	37,14,770	0.48
	July 19, 2019	65,000	0.01	Purchase	37,79,770	0.49
	August 02, 2019	95,000	0.01	Purchase	38,74,770	0.50
	August 30, 2019	4,11,724	0.05	Purchase	42,86,494	0.55
	September 06, 2019	1,45,776	0.02	Purchase	44,32,270	0.57
	September 20, 2019	80,000	0.01	Purchase	45,12,270	0.58
	September 27, 2019	14,527	0.00	Purchase	45,26,797	0.59
	October 25, 2019	2,50,473	0.03	Purchase	47,77,270	0.62
	November 22, 2019	2,14,341	0.03	Purchase	49,91,611	0.65
	November 29, 2019	51,948	0.01	Purchase	50,43,559	0.65
	December 06, 2019	85,711	0.01	Purchase	51,29,270	0.66
	December 20, 2019	2,19,140	0.03	Purchase	53,48,410	0.69
	January 10, 2020	1,43,885	0.02	Purchase	54,92,295	0.71
	January 17, 2020	1,77,000	0.02	Purchase	56,69,295	0.73
	February 14, 2020	8,25,870	0.11	Purchase	64,95,165	0.84
	February 21, 2020	1,00,000	0.01	Purchase	65,95,165	0.85
	February 28, 2020	1,89,105	0.02	Purchase	67,84,270	0.88
	At the end of the year <sup>(2)</sup>	67,84,270	0.88	-	-	-
11	Goldman Sachs India Limited <sup>(4)</sup>					
	At the beginning of the year <sup>(2)</sup>	67,30,694	0.87	-	-	-
	Date wise Increase/ Decrease during the year <sup>(2)</sup>					
	June 14, 2019	(23,445)	(0.00)	Sale	67,07,249	0.87
	June 21, 2019	(12,40,370)	(0.16)	Sale	54,66,879	0.71
	December 06, 2019	(2,96,483)	(0.04)	Sale	51,70,396	0.67
	December 13, 2019	(2,91,452)	(0.04)	Sale	48,78,944	0.63
	January 31, 2020	(79,616)	(0.01)	Sale	47,99,328	0.62
	February 07, 2020	(6,63,853)	(0.09)	Sale	41,35,475	0.53
	February 28, 2020	(90,045)	(0.01)	Sale	40,45,430	0.52
	March 06, 2020	(1,10,990)	(0.01)	Sale	39,34,440	0.51
	March 13, 2020	(1,08,259)	(0.01)	Sale	38,26,181	0.49
	March 20, 2020	(1,24,234)	(0.02)	Sale	37,01,947	0.48
	March 31, 2020	(1,89,602)	(0.02)	Sale	35,12,345	0.45
	At the end of the year <sup>(2)</sup>	35,12,345	0.45	-	-	-

## Notes:

- (1) The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.
- (2) Beginning of the year -> As on April 1, 2019; End of the year-> As on March 31, 2020; and During the year -> From April 1, 2019 upto March 31, 2020.
- (3) Part of top ten shareholders as on March 31, 2020.
- (4) Part of top ten shareholders as on March 31, 2019.

## (v) Shareholding of Directors and Key Managerial Personnel ("KMP")

Sr. no.	Name of the director & KMP	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
<b>1</b>	<b>Mr. Arun Thiagarajan (Director) <sup>(3)</sup></b>					
	At the beginning of the year <sup>(2)</sup>	18,791	0.00	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	At the end of the year <sup>(2)</sup>	18,791	0.00	-	-	-
<b>2</b>	<b>Mr. Ashish Dikshit (Managing Director)</b>					
	At the beginning of the year <sup>(2)</sup>	1,16,027	0.02	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	1,16,027	0.02	-	-	-
<b>3</b>	<b>Mr. Bharat Patel (Director) <sup>(4)</sup></b>					
	At the beginning of the year <sup>(2)</sup>	-	-	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	As on August 21, 2019	-	-	-	-	-
<b>4</b>	<b>Mr. Himanshu Kapania (Director) <sup>(5)</sup></b>					
	As on January 1, 2020	-	-	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-
<b>5</b>	<b>Mr. Pranab Barua (Director) <sup>(6)</sup></b>					
	At the beginning of the year <sup>(2)</sup>	4,36,497	0.06	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>					
	August 16, 2019	(50,000)	(0.01)	sale	3,86,497	0.05
	August 23, 2019	(50,000)	(0.01)	sale	3,36,497	0.04
	October 11, 2019	1,19,512	0.02	ESOP	4,56,009	0.06
	As on December 31, 2019	4,56,009	0.06	-	-	-
<b>6</b>	<b>Mr. Sanjeeb Chaudhuri (Director)</b>					
	At the beginning of the year <sup>(2)</sup>	-	-	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-
<b>7</b>	<b>Ms. Sukanya Kripalu (Director)</b>					
	At the beginning of the year <sup>(2)</sup>	-	-	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-



Sr. no.	Name of the director & KMP	Shareholding		Reasons for change in shareholding	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>		No. of shares	% of total shares of the Company <sup>(1)</sup>
<b>8</b>	<b>Mr. Sunirmal Talukdar (Director) <sup>(7)</sup></b>					
	As on March 11, 2020	-	-	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	-	-	-	-	-
<b>9</b>	<b>Mr. Sushil Agarwal (Director) <sup>(8)</sup></b>					
	At the beginning of the year <sup>(2)</sup>	1,18,774	0.02	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	1,18,774	0.02	-	-	-
<b>10</b>	<b>Mr. Jagdish Bajaj (Chief Financial Officer)</b>					
	At the beginning of the year <sup>(2)</sup>	1,341	0.00	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	1,341	0.00	-	-	-
<b>11</b>	<b>Ms. Geetika Anand (Company Secretary)</b>					
	At the beginning of the year <sup>(2)</sup>	8,758	0.00	-	-	-
	Date wise increase/ decrease during the year <sup>(2)</sup>	-	-	-	-	-
	At the end of the year <sup>(2)</sup>	8,758	0.00	-	-	-

## Notes:

- (1) The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.
- (2) Beginning of the year -> As on April 1, 2019; End of the year-> As on March 31, 2020; and During the year -> From April 1, 2019 upto March 31, 2020.
- (3) Retired as an Independent Director w.e.f. conclusion of his 5 (five) year tenure on May 10, 2020.
- (4) Retired as an Independent Director w.e.f. conclusion of Twelfth AGM i.e. August 21, 2019.
- (5) Appointed as Vice Chairman & Non-executive Director w.e.f. January 1, 2020.
- (6) Resigned as a Non-executive Director w.e.f. closing hours of December 31, 2019.
- (7) Appointed as Non-executive Director w.e.f. March 11, 2020.
- (8) The details of shareholding of Mr. Sushil Agarwal mentioned hereinabove exclude the shareholding of Sushil Agarwal HUF.

**V. INDEBTEDNESS:**

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

(Amount in ₹ Crore)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year i.e. as on April 1, 2019</b>				
(i) Principal amount	147.91	1,554.95	-	1,702.86
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	0.69	238.14	-	238.83
<b>Total (i + ii + iii)</b>	<b>148.60</b>	<b>1,793.09</b>	<b>-</b>	<b>1,941.69</b>
<b>Change in indebtedness during the financial year</b>				
Addition	206.06	2,065.40	-	2,271.47
Reduction	(106.50)	(1,143.54)	-	(1,250.04)
Fair value adjustments	0.99	-	-	0.99
<b>Net Change</b>	<b>100.55</b>	<b>921.87</b>	<b>-</b>	<b>1,022.42</b>
<b>Indebtedness at the end of the financial year i.e. as on March 31, 2020</b>				
(i) Principal amount	248.46	2,527.86	-	2,776.32
(ii) Interest due but not paid	0.69	-	-	0.69
(iii) Interest accrued but not due	-	187.10	-	187.10
<b>Total (i + ii + iii)</b>	<b>249.15</b>	<b>2,714.96</b>	<b>-</b>	<b>2,964.11</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director : Mr. Ashish Dikshit**

(Amount in ₹)

Sr. no.	Particulars	Amount
<b>1</b>	<b>Gross Salary</b>	
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,43,11,512
	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	16,51,111
	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-
<b>2</b>	<b>Stock options <sup>(1)</sup></b>	-
<b>3</b>	<b>Sweat equity</b>	-
<b>4</b>	<b>Commission</b>	-
	- as % of profit	-
	- others	-
<b>5</b>	<b>Others, please specify</b>	
	(a) Company's contribution to provident fund	14,26,680
	(b) Company's contribution to superannuation fund	17,83,350
	(c) Company's contribution to gratuity	-
	(d) Food coupon/ voucher	13,200
	(e) Car valuation	2,60,760
	(f) House deposit valuation	-
	(g) NPS	-
<b>Total (A)</b>		<b>6,94,46,613</b>
Ceiling as per the Act		No Ceiling Limit

Notes:

(1) Details of stock options granted to Mr. Dikshit are disclosed separately in the 'Corporate Governance Report' forming part of this Annual Report.

**B. Remuneration to other directors**

(Amount in ₹ Lakh)

Sr. no.	Particulars of remuneration	Name of directors				Total amount
		Mr. Arun Thiagarajan	Mr. Bharat Patel	Mr. Himanshu Kapania	Mr. Pranab Barua	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board/ committee meetings	6.65	3.35	-	-	<b>10.00</b>
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Sub-total (1)(a)</b>	<b>6.65</b>	<b>3.35</b>	<b>-</b>	<b>-</b>	<b>10.00</b>
<b>2</b>	<b>Other Non-executive Directors</b>					
	Fee for attending board/ committee meetings	-	-	2.05	3.85	<b>5.90</b>
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Sub-total (2)(a)</b>	<b>-</b>	<b>-</b>	<b>2.05</b>	<b>3.85</b>	<b>5.90</b>

(Amount in ₹ Lakh)

Sr. no.	Particulars of remuneration	Name of directors				Total amount
		Mr. Sanjeeb Chaudhuri	Ms. Sukanya Kripalu	Mr. Sunirmal Talukdar	Mr. Sushil Agarwal	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board/ committee meetings	7.40	7.30	0.90	-	<b>15.60</b>
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Sub-total (1)(b)</b>	<b>7.40</b>	<b>7.30</b>	<b>0.90</b>	<b>-</b>	<b>15.60</b>
<b>2</b>	<b>Other Non-executive Directors</b>					
	Fee for attending board/ committee meetings	-	-	-	6.05	<b>6.05</b>
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Sub-total (2)(b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.05</b>	<b>6.05</b>
	<b>Total (B) = [1(a) + 1(b) + 2(a) + 2(b)]</b>	<b>14.05</b>	<b>10.65</b>	<b>2.95</b>	<b>9.90</b>	<b>37.55</b>
	<b>Total managerial remuneration (A+B)</b>					<b>731.97</b>
	<b>Overall ceiling as per the Act</b>	In terms of the provisions of the Act and in line with the provisions of Articles of Association of your Company, the remuneration paid to the Non-executive Directors (other than Independent Directors) comprises of only sitting fees.				

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

(Amount in ₹)

Sr. no.	Particulars of remuneration	Name of Key Managerial Personnel		Total amount
		Mr. Jagdish Bajaj, Chief Financial Officer	Ms. Geetika Anand, Company Secretary	
<b>1</b>	<b>Gross Salary</b>			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,18,82,448	77,75,810	<b>2,96,58,258</b>
	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21,361	9,335	<b>30,696</b>
	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
<b>2</b>	<b>Stock option</b>	-	-	-
<b>3</b>	<b>Sweat equity</b>	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-
	as % of profit	-	-	-
	Others	-	-	-



(Amount in ₹)

Sr. no.	Particulars of remuneration	Name of Key Managerial Personnel		Total amount
		Mr. Jagdish Bajaj, Chief Financial Officer	Ms. Geetika Anand, Company Secretary	
<b>5</b>	<b>Others, please specify</b>	-	-	-
	(a) Company's contribution to provident fund	6,71,628	2,45,568	<b>9,17,196</b>
	(b) Company's contribution to superannuation fund	-	-	-
	(c) Company's contribution to gratuity	-	-	-
	(d) Food coupon/ voucher	13,200	13,200	<b>26,400</b>
	(e) Car valuation	3,35,996	2,09,976	<b>5,45,972</b>
	(f) House deposit valuation	-	-	-
	(g) NPS	-	-	-
	<b>Total (1+2+3+4+5)</b>	<b>2,29,24,633</b>	<b>82,53,889</b>	<b>3,11,78,522</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any (give details)
Company/ Directors/ Other officers					
Penalty					
Punishment			NIL		
Compounding					

## CORPORATE GOVERNANCE REPORT

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

**- Mr. Kumar Mangalam Birla**  
Chairman, Aditya Birla Group

### Group'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.

Key elements of your Company's success includes adherence to the strong set of the Group values - **Integrity, Commitment, Passion, Seamlessness** and **Speed**. These core values are central to the business philosophy of the Company and act as the guiding inspiration for the day-to-day business operations.

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.

### Company's Governance philosophy

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 following basic tenets viz.



Further, at ABFRL, in doing business the right way and always seeks to ensure that the performance is driven by integrity and value. It treats all its shareholders fairly and equitably, recognizes, 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 abovementioned 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.

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 of Directors of your Company (*"Board"*) is at the core of the corporate governance system of your Company. The Board is committed towards compliance of sound principles of corporate governance and plays the 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 Board is duly supported by the Managing Director, Key Managerial Personnel (*"KMPs"*) and the Senior Management, while discharging its fiduciary duties and in ensuring effective functioning of your Company. Brief profile of the Board of Directors of the Company is provided separately in the 'Corporate Information' section of this Annual Report.

Committees of the Board viz. Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee & Risk Management and Sustainability Committee, handle specific responsibilities and empower the functioning of the Board through flow of information amongst each other and by delivering a focussed approach and expedient resolution on diverse matters.

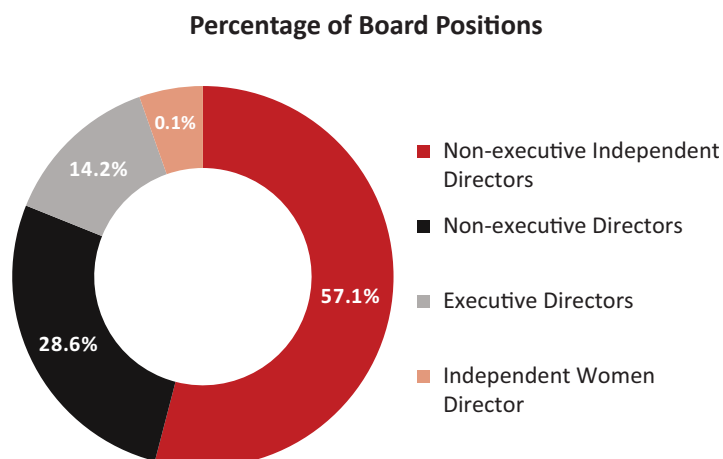
Your Company strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

#### A. Composition of the Board












































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.

Your Company's Board has an optimum combination of executive, non-executive and independent directors, including an independent woman director. It is in conformity with Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations.



As on March 31, 2020, your Company's Board comprises of 7 directors, categorised as under:

Category	Designation	Name of the director	Tenure (in ~ yrs)	Skill/ Expertise/ Competence <sup>(1)</sup>
Executive Director	Managing Director	Mr. Ashish Dikshit	2.2	       
Non-executive Director	Vice-Chairman	Mr. Himanshu Kapania	0.3	       
	Director	Mr. Sushil Agarwal	10.7	    
Non-executive, Independent Director	Director	Mr. Arun Thiagarajan <sup>(2)</sup>	4.9	   
		Mr. Sunirmal Talukdar	0.1	   
		Mr. Sanjeeb Chaudhuri	3.2	       
		Ms. Sukanya Kripalu	5.5	     

(1) Skills/ expertise/ competencies of the Board of Directors pursuant to Schedule V of the SEBI Listing Regulations:

 Industry knowledge	 Marketing	 Innovation, technology & digitisation
 Financial literacy & Risk Management	 Sustainability	 Human Resource Development
 Corporate Governance, Legal & Compliance	 Strategic expertise	 General Management

(2) Ceased to be an Independent Director from the closing hours on May 10, 2020.

#### B. Details of meetings of board of directors and annual general meeting held during the period under review, alongwith attendance of directors at each meeting and sitting fees paid

The Board meets at regular intervals to discuss and decide on strategies, policies and reviews the financial performance of the Company. The meetings of the Board are pre-scheduled and a tentative annual calendar of the meeting is circulated to the directors well in advance to facilitate them to plan their schedules accordingly. 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.

The important and key decisions are taken after due discussions and deliberations with the Board and it is ensured that the relevant information (as prescribed to be provided under the Act and SEBI Listing Regulations alongwith such other information as may be deemed necessary) is presented to the Board for effective decision-making.

#### Information placed before the Board

The notice and detailed agenda alongwith the relevant notes and other material information are sent to each director well in advance and in exceptional cases, tabled at the meeting with the approval of the Board. All major agenda items are backed by comprehensive background information to enable the Board



to take well informed decisions. Presentations are made to the Board on various functional and operational areas of the Company and other business development activities as well as on major projects, financial highlights, etc.

Your Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations to the board/ committees, to the extent it is applicable and relevant. Such information is either circulated in advance as part of the agenda papers of the respective meetings or is presented/ discussed at the meetings.

#### Mode

Video-conferencing facility is provided to enable the directors travelling abroad or present at other locations to be able participate in the meetings. The same is conducted in due compliance with the applicable laws.









With a view to leverage technology, save paper and support sustainability, the Company has adopted a web-based application for conducting the board/ committee meetings digitally. All the documents relating to a meeting, including agenda, explanatory notes and any other document required to be placed at the meeting, are circulated to the directors in electronic form through the application and the same can be accessed through browsers or iPads. The application meets high standards of security and integrity required for storage and transmission of meeting related documents.

#### Number of meetings held during the financial year 2019-20 and attendance of the directors

During the year under review, the Board of your Company met 8 (*eight*) times i.e. on May 15, 2019, May 16, 2019, June 10, 2019, July 26, 2019, August 6, 2019, November 12, 2019, February 6, 2020, March 11, 2020, to deliberate on various matters.

The details of attendance of directors at each such meeting of the Board and at the 12<sup>th</sup> Annual General Meeting of the Company are as under:

(Amount in ₹ Lakh)

Name of Director	Attended	Held during tenure	% of attendance	Sitting fees paid <sup>(6)</sup>	12 <sup>th</sup> AGM
Mr. Arun Thiagarajan <sup>(1)</sup>	7	8		6.65	Yes
Mr. Ashish Dikshit	8	8		-	Yes
Mr. Bharat Patel <sup>(2)</sup>	4	5		3.35	Yes
Mr. Himanshu Kapania <sup>(3)</sup>	2	2		2.05	N.A.
Mr. Pranab Barua <sup>(4)</sup>	5	6		3.85	Yes
Mr. Sanjeeb Chaudhuri	8	8		7.40	Yes
Ms. Sukanya Kripalu	7	8		7.30	Yes
Mr. Sunirmal Talukdar <sup>(5)</sup>	N.A.	-	N.A.	0.90	N.A.
Mr. Sushil Agarwal	6	8		6.05	Yes

(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) Resigned from the Board w.e.f August 21, 2019.

- (3) Appointed as an Additional (Non-Executive) Director w.e.f. January 1, 2020.
- (4) Resigned from the Board w.e.f. December 31, 2019. Details of stock options granted to Mr. Barua are disclosed separately in this Report under "Stock Options"
- (5) Appointed as an Additional (Independent) Director w.e.f. March 11, 2020.
- (6) Gross amount paid for attending the Board and Committee meetings held during the financial year (without deducting TDS).

The maximum gap between any two consecutive meetings was less than 120 (one hundred and twenty) days, as stipulated under Section 173(1) of the Act and Regulation 17(2) of the SEBI Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India. Also, the necessary quorum was present for all the meetings.

**C. Details of directors including their directorships/ committee positions in other entities and their shareholding in the Company:**

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 present necessary disclosures regarding the positions held by them on the board and/or committees of other public and/or private companies, from time to time. On basis of such disclosures, it is confirmed that as on March 31, 2020, none of the directors of your Company: -

- (a) hold directorships, including alternate directorship, if any, in more than 20 (twenty) companies;
- (b) hold directorships, including alternate directorship, if any, in more than 10 (ten) public limited companies;
- (c) hold directorships in more than 8 (eight) listed entities;
- (d) is a member of more than 10 (ten) committees (considering only Audit Committee and Stakeholders Relationship Committee) across all public limited companies (listed or unlisted);
- (e) is a chairperson of more than 5 (five) committees (considering only Audit Committee and Stakeholders Relationship Committee) across all listed entities; and
- (f) are related to each other.

The details of each director alongwith the number of directorships/ committee memberships/ chairmanships in the Company and other listed entities their shareholding as on March 31, 2020, alongwith the date of joining the Board, are provided herein below:

Name of the Director	Total no. of Directorships other than the Company <sup>(1)</sup>	Shareholding in the Company	Membership of committees <sup>(2)</sup>	Chairmanships of committees <sup>(2)</sup>
Mr. Arun Thiagarajan <sup>(3)</sup>	4	18,791	4	1
Mr. Ashish Dikshit	3	1,16,027	-	-
Mr. Himanshu Kapania	5	-	2	1
Mr. Sanjeeb Chaudhuri	1	-	3	1
Ms. Sukanya Kripalu	5	-	8	1
Mr. Sunirmal Talukdar	6	-	6	3
Mr. Sushil Agarwal	6	1,18,774	5	-

- (1) In terms of the applicable provisions of the Act and SEBI Listing Regulations, total number of directorships:-
  - a) consists of directorships in all public limited companies (including deemed public company), whether listed or not;
  - b) excludes this Company, foreign companies, private limited companies and Section 8 companies.
- (2) In terms of the applicable provisions of SEBI Listing Regulations, memberships in committee only includes the Audit Committee and Stakeholders Relationship Committee in other public limited companies (including deemed public company), whether listed or not and chairmanships in committee only includes the Audit Committee and Stakeholders Relationship Committee in other listed entities. In the membership details provided, every chairmanship is also considered as membership.
- (3) Ceased to be an Independent Director from the closing hours on May 10, 2020.

Names of other listed entities where the director of your Company is a director, if any, along with the category of directorship, as on March 31, 2020, are as under:

Name of the Director	Name of other listed companies where he/she is a Director	
	Company	Type of directorship
Mr. Arun Thiagarajan <sup>(1)</sup>	Grasim Industries Limited Gokaldas Exports Limited Vodafone Idea Limited GE Power India Limited TTK Prestige Limited	Independent Director
Mr. Himanshu Kapania	Vodafone Idea Limited	Non-Executive Director
Mr. Sanjeeb Chaudhuri	IDFC First Bank Limited	Independent Director
Ms. Sukanya Kripalu	Ultratech Cement Limited Colgate - Palmolive (India) Limited Huhtamaki PPL Limited Entertainment Network (India) Limited	Independent Director
Mr. Sunirmal Talukdar	India Carbon Limited Clariant Chemicals (India) Limited Titagarh Wagons Limited Sasken Technologies Limited	Independent Director
Mr. Sushil Agarwal	Aditya Birla Capital Limited	Non-Executive Director

(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) There are no inter-se relationships between the Board members. The Company does not have any pecuniary relationship with any of the non executive directors.

(3) Mr. Ashish Dikshit holds no interest in other listed Companies.

#### D. 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. The maximum tenure of the independent directors is in compliance with the Act. 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.

In compliance with the Regulation 17A of SEBI Listing Regulations, the independent directors of the Company do not serve as an independent director in more than 7 (*seven*) listed entities.

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.

#### Independent director 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 11, 2020, without the presence of non-independent director, 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.

#### E. Appointment and tenure

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. The Managing Director is appointed by the shareholders for a period of five years but can be reappointed on completion of the term, if eligible. The employment may be terminated by either party 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. Accordingly, the matter w.r.t. reappointment of the retiring Non-executive directors is placed before the Shareholders at the AGM.

##### Independent Directors:

Independent Directors shall hold office for upto two terms of five years each. As regards the appointment and tenure of the independent directors, the Company has adopted the provisions of the Act and the SEBI Listing Regulations.

#### F. 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, the terms and conditions of appointment of independent directors have been disclosed on the website of the company i.e. [www.abfrl.com](http://www.abfrl.com).

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. [www.abfrl.com](http://www.abfrl.com).

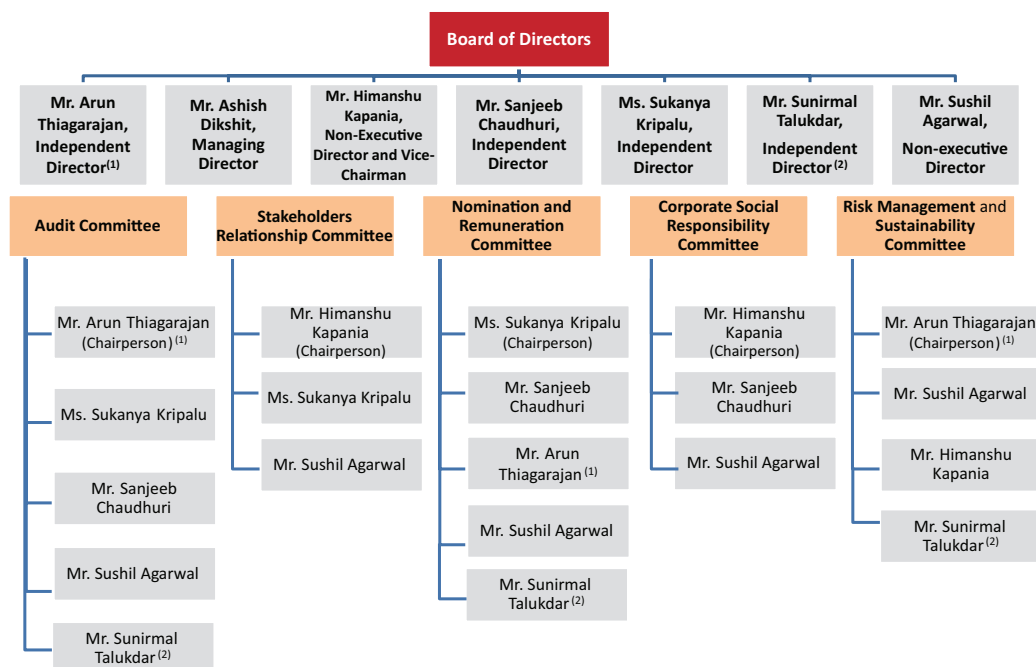
#### COMMITTEES OF THE BOARD

The committees of the Board ("*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 the 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 their fields. 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 qualitiveness of the decision-making process of the Board. The Board reviews the functioning of these committees from time to time.

### Committees of the Board and their composition as on March 31, 2020



(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) Appointed at the Chairperson of the Audit Committee & Risk Management and Sustainability Committee w.e.f. May 11, 2020.

Mr. Ashish Dikshit, Managing Director of your Company, is a Permanent Invitee for the committees. He attended all the meetings of the committees held during the financial year.

Ms. Geetika Anand, Company Secretary of your Company, acts as the Secretary to all the committees. She attended all the meetings of the committees held during the financial year except for July 26, 2019.

Also, the ABFRL Acquisition committee was formed on June 10, 2019 *vide* a resolution of the Board of Directors at its meeting, comprising of Mr. Ashish Dikshit, Mr. Arun Thiagarajan, Mr. Pranab Barua. Accordingly, the committee was dissolved *vide* a circular resolution passed by the Board of Directors on May 11, 2020.

#### 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. The audit committee is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process.

The committee is governed by a Charter, which is in line with the Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. 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 composition, quorum, powers, role and scope of the audit committee are in accordance with Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

## (i) Brief description of terms of reference:

In terms of the applicable provisions of the Act and in terms of Regulation 18 read with Part C of Schedule II of the SEBI Listing Regulations, the scope, functions and terms of reference of the audit committee *inter alia* cover the following matters:

Frequency	Activities of the Committee during the year
Annually	<ul style="list-style-type: none"> <li>(a) Reviewing management discussion and analysis of financial condition and results of operations;</li> <li>(b) Recommending the terms of appointment/ re-appointment, remuneration and any other terms and conditions pertaining to the appointment/ re-appointment, if required, replacement or removal of auditors, fixation of statutory audit fees and approval of payment for any other services rendered by the statutory auditors, as permitted under applicable laws;</li> </ul>
Half Yearly	<ul style="list-style-type: none"> <li>(c) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;</li> <li>(d) Reviewing the adequacy of internal audit function and internal control systems including internal financial controls;</li> <li>(e) Evaluating of internal financial controls, risk management systems of the Company;</li> <li>(f) Discussing with the internal auditors of any significant findings and follow-up thereon;</li> <li>(g) Reviewing significant audit findings, if any, from the statutory and internal audits;</li> <li>(h) Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015;</li> </ul>
Quarterly	<ul style="list-style-type: none"> <li>(i) Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;</li> <li>(j) Reviewing with the management, the quarterly unaudited financial statements and annual audited financial statements alongwith limited review report/ auditor's report thereon before submission to the Board for the approval;</li> <li>(k) Reviewing of annual financial statements inter alia including reviewing changes in accounting policies, if any, major accounting entries involving estimates, significant adjustments made in financial statements, qualifications in draft audit report, if any etc;</li> <li>(l) Reviewing with the management, the statement of uses/ application of funds raised through the issue and reporting the same to the Board;</li> <li>(m) Scrutinising the inter-corporate loans and investments; and</li> <li>(n) Reviewing the utilization of loans and/ or advances from/investment by the Company in the subsidiary, if any;</li> <li>(o) Reviewing the functioning of Vigil/ Whistle Blower Mechanism;</li> </ul>
Periodically	<ul style="list-style-type: none"> <li>(p) Approving appointment of Chief Financial Officer of the Company; and</li> <li>(q) Approving all related party transactions and any subsequent modifications to the same.</li> </ul>

**(ii) Composition of the audit committee:**

The committee comprises 5 non-executive directors as its members, out of which 4 are independent directors.

Mr. Arun Thiagarajan, Independent Director, is the Chairperson of the committee as on March 31, 2020.

All the members of the audit committee are financially literate and possess high expertise in the fields of finance, taxation, economics, risk and international finance.

**(iii) Meetings and attendance during the year:**

During the year under review, the committee met 6 (six) times i.e. on May 15, 2019, July 26, 2019, August 6, 2019, November 12, 2019, February 6, 2020 and March 11, 2020 to deliberate on various matters. The details of attendance of directors at each such meeting of the committee, are as under:

Name of Director	Attended	Held during tenure	% of attendance
Mr. Arun Thiagarajan <sup>(1)</sup>	5	6	83
Mr. Bharat Patel <sup>(2)</sup>	3	3	100
Mr. Pranab Barua <sup>(3)</sup>	3	3	100
Mr. Sanjeeb Chaudhuri	6	6	100
Ms. Sukanya Kripalu	6	6	100
Mr. Sunirmal Talukdar <sup>(4)</sup>	1	1	100
Mr. Sushil Agarwal	6	6	100

(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) Resigned from the Board w.e.f. August 21, 2019 and consequently ceased to be a member of the committee from such date.

(3) Ceased to be a member of the committee w.e.f. Aug 21, 2019. Thereafter, ceased to be a NED w.e.f. December 31, 2019

(4) Co-opted as a member of the committee w.e.f. March 11, 2020 and Chairperson w.e.f. May 11, 2020.

The Chief Executive Officers of respective business segments, Chief Financial Officer, representatives of the Statutory Auditors and Internal Auditors of your Company are also invited to the audit committee meetings. In addition, other senior management personnel are also invited to the committee meeting from time to time, for providing such information as may be necessary. Whenever requested an avenue to have separate discussion with the Chairperson and members of the Audit Committee without the presence of executives, prior to declaration of the financial results has been given to the statutory auditors.

Mr. Arun Thiagarajan, Chairperson of the Audit Committee was present at the 12<sup>th</sup> AGM of your Company, to answer the queries of the members of the Company.

**B. Nomination and Remuneration Committee**

Nomination and Remuneration Committee of the Board ("NRC") *inter alia* discharges the Board's responsibilities relating to appointment of the Company's executive director, KMP and senior management and recommend

the same to the Board.

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.

(i) **Brief description of terms of reference:**

The broad terms of reference of the NRC, as approved by the Board in terms of the Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, *inter alia*, include the following:

Frequency	Activities of the Committee during the year
Annually	(a) Recommending the remuneration/ revision in remuneration of Managing Director and executive directors to the Board; (b) Formulating criteria for evaluation of board, its committees and each director and reviewing its implementation and compliance; (c) Recommending to the Board, all remuneration, in whatever form, payable to senior management;
Periodically	(d) Identifying persons who are qualified to become directors and who may be appointed at senior management positions in accordance with the criteria laid down and recommending to the Board their appointment and removal; (e) Formulating criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, KMP, senior management and other employees; (f) Devising a policy on Board diversity; and (g) Recommending to the Board the extension or continuation of term of appointment of the independent director, on the basis of the report of performance evaluation of the independent directors.

(ii) **Composition of the NRC:**

The committee comprises 5 non-executive directors as its members, out of which 4 are independent directors.

Ms. Sukanya Kripalu, Independent Director, is the Chairperson of the NRC as on March 31, 2020.

(iii) **Meetings and attendance during the year:**

During the year under review, the committee met 5 (*five*) times i.e. on May 15, 2019, July 26, 2019, November 12, 2019, February 6, 2020, March 11, 2020, to deliberate on various matters. The details of attendance of directors at each such meeting of the committee are as under:

Name of Director	Attended	Held during tenure	% of attendance
Ms. Sukanya Kripalu	5	5	100
Mr. Arun Thiagarajan <sup>(1)</sup>	4	5	80
Mr. Sushil Agarwal	4	5	80
Mr. Sanjeeb Chaudhuri	5	5	100
Mr. Sunirmal Talukdar <sup>(2)</sup>	N.A.	-	N.A.

(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) Co-opted as a member of the Committee i.e. March 11, 2020



Ms. Sukanya Kripalu, Chairperson of the NRC was present at the 12<sup>th</sup> AGM of your Company, to answer the queries of the members of the Company.

(iv) **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:

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

Pursuant the amendment in the SEBI Listing Regulations, in addition to the above criteria the evaluation criteria for independent director also included 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.

(v) **Nomination Policy and Executive Remuneration Philosophy/ Policy:**

In terms of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the Board of your Company had, on recommendation of the NRC, adopted a Nomination Policy, which *inter alia* enumerates the Company's policy on appointment of directors, KMP and senior management. Further, the Board has, on recommendation of NRC, 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. [www.abfrl.com](http://www.abfrl.com).

The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (*by way 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.

a. Remuneration to non-executive directors:

In terms of the provisions of the Act and in line with the provisions of Articles of Association of your Company, the remuneration paid to the non-executive directors (other than independent directors) comprises sitting fees and stock options, if any and that of independent directors comprises only sitting fees, details of which are provided under the 'Board of Directors section of this report'.

b. Remuneration to executive directors (Managing Director):

In terms of the provisions of the Act and in line with the Nomination Policy and Executive Remuneration Philosophy/ Policy of the Company, the appointment and remuneration of executive directors (i.e. Managing Director, in case of the Company) is approved by the Board and the members of the Company, on recommendation of the NRC. The appointment of Managing Director is subject to termination by giving 3 months' notice in writing by either side. The remuneration paid to the Managing Director comprises salary, allowances, perquisites, stock options, performance linked income/ bonus and other retirement benefit funds, as approved by the members at the Annual General Meeting.

Annual increments 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. Your 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.

During the year under review, remuneration of ₹ 694.47 Lakh was paid to Mr. Ashish Dikshit, Managing Director of 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 the Schedule V of the Act, have been made in the Extract of the Annual Return in Form no. MGT-9 annexed as **Annexure VII** to the Directors' Report forming part of this Annual Report.

c. Stock options:

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 the long-term commitment.

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 'Employee Stock Options Scheme - 2013' ("*Scheme 2013*"), the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017' ("*Scheme 2017*") and '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.

Details of stock options granted to the Directors of the Company, as on March 31, 2020, are as under:

I. **Scheme - 2013:**

Name of grantee	No. of stock options granted	Date of grant	Vesting schedule (subject to vesting criteria)	Exercise period
<b>A. Options - Tranche I</b>				
Mr. Pranab Barua	4,78,045	October 25, 2013	25% of the options granted would vest each year, over a period of 4 years, beginning from the first anniversary of grant date i.e. October 25, 2014.	5 years from the date of vesting
<b>B. RSUs - Tranche I</b>				
Mr. Pranab Barua	1,09,091	October 25, 2013	Single bullet vesting after 3 years i.e. on October 25, 2016.	5 years from the date of vesting
<b>C. RSUs - Tranche III</b>				
Mr. Pranab Barua	88,384	May 11, 2016	Single Bullet Vesting on December 7, 2016.	5 years from the date of vesting
Mr. Ashish Dikshit	36,462			

## II. Scheme - 2017:

Name of grantee	No. of Stock Options granted	Date of grant	Vesting schedule (subject to vesting criteria)	Exercise period
A. Options - Tranche 1				
Mr. Pranab Barua	5,04,216	September 8, 2017	25% of the Options granted would vest each year, over a period of 4 years, beginning from the first anniversary of Grant date i.e. September 8, 2018.	5 years from the date of vesting
Mr. Ashish Dikshit	4,50,194			
B. RSUs - Tranche 1				
Mr. Pranab Barua	1,69,955	September 8, 2017	100% of the RSUs granted would vest at the end of third year from the date of grant i.e. on September 8, 2020.	5 years from the date of vesting
Mr. Ashish Dikshit	91,048			

## III. Scheme - 2019:

Name of grantee	No. of Stock Options granted	Date of grant	Vesting schedule (subject to vesting criteria)	Exercise period
<b>A. Options - Tranche 1</b>				
Mr. Ashish Dikshit	4,09,092	December 2, 2019	25% of the Options granted would vest each year, over a period of 4 years, beginning from the first anniversary of Grant date i.e. December 2, 2019.	5 years from the date of vesting
<b>B. RSUs - Tranche 1</b>				
Mr. Ashish Dikshit	1,13,065	December 2, 2019	100% of the RSUs granted would vest at the end of third year from the date of grant i.e. on December 2, 2022.	5 years from the date of vesting

d. Number of shares and convertible instruments held by non-executive directors;

Details of the same form part of the Shareholding of the Directors and Key Managerial Personnel of the Company as detailed in the Directors Report.

**C. Stakeholders Relationship Committee:**

The Board of your Company has constituted the Stakeholders Relationship Committee ("SRC") to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. It periodically reviews the status of shareholder grievances and redressal of the same.

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, Vice President & 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.

**(i) Brief description of terms of reference:**

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 terms of reference of the SRC *inter alia* include the following:

Frequency	Activities of the Committee during the year
Annually	(a) Reviewing the measures taken for effective exercise of voting rights by shareholders; (b) Reviewing various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends, if any and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company;
Periodically	(c) Resolving the grievances if the security holders of the Company including complaints relating to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.; (d) Reviewing of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.

**(ii) Composition of the SRC:**

The committee comprises 3 non-executive directors as its members, out of which 1 is an independent director.

Chairperson:

Name of the Director	From	To
Mr. Himanshu Kapania	January 1, 2020	Continues to be the Chairperson as on March 31, 2020
Mr. Pranab Barua	February 2, 2018	December 31, 2019

**(iii) Meeting and attendance during the year:**

During the year under review, the committee met twice on July 26, 2019 and March 11, 2020, to deliberate on various matters with respect to stakeholders of the Company. The details of attendance of directors at each such meeting of the committee are as under:



Name of Director	Attended	Held during tenure	% of attendance
Mr. Himanshu Kapania <sup>(1)</sup>	1	1	100
Ms. Sukanya Kripalu	2	2	100
Mr. Sushil Agarwal	2	2	100
Mr. Pranab Barua <sup>(2)</sup>	1	1	100
Mr. Bharat Patel <sup>(3)</sup>	1	1	100

(1) Appointed as the Chairperson of the committee w.e.f. January 1, 2020.

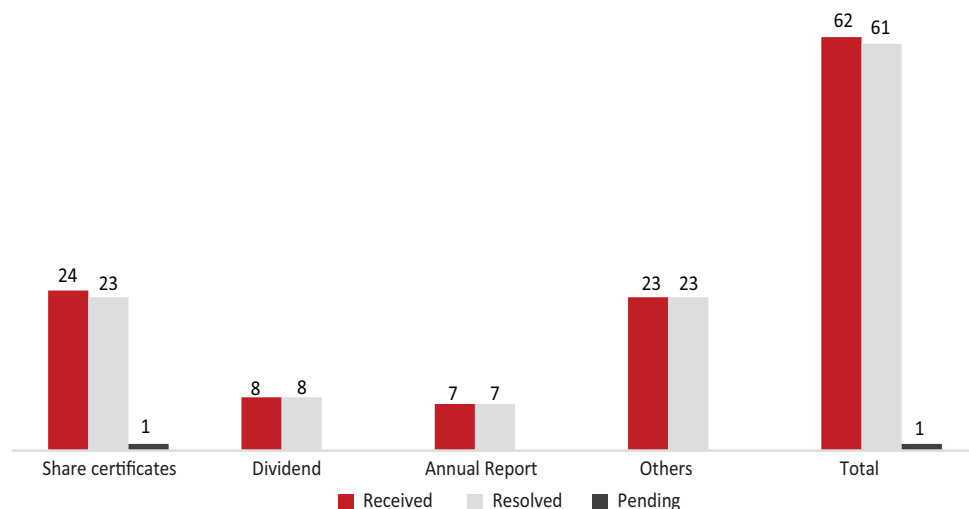
(2) Ceased to be the Chairperson of the committee w.e.f. December 31, 2019

(3) Ceased to be a member of the committee w.e.f. August 21, 2019

Mr. Pranab Barua, Chairperson of the SRC (ceased to be a Director of the Company w.e.f. December 31, 2019) was present at the 12<sup>th</sup> AGM of your Company, to answer the queries of the members of the Company.

(iv) Shareholders' complaints as on March 31, 2020:

During the year under review, the Company received total of **62** complaints from the shareholders.



\* The complaint was received on March 17, 2020. Due to the prevailing lock-down and intermittent shut down of the RTA's operations, the complaint is pending to be responded to by the RTA. In terms of the SEBI circular on relaxations, the time period for responding to Investor complaints for the last quarter is 30 days from the date of receipt of Complaint excluding the Lock Down Period (as amended from time to time).

**D. Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee ("CSR committee") is *inter alia* entrusted with the responsibility of monitoring and implementing the CSR projects/ programmes/ activities of your Company.

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.

(i) **Brief description of terms of reference:**

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 scope, functions and terms of reference of the CSR committee *inter alia* include the following:

Frequency	Activities of the Committee during the year
Annually	<p>(a) Reviewing and finalising the annual CSR Budget of the Company for undertaking the CSR activities as per the CSR Policy of the Company and recommending the CSR Budget to the Board;</p> <p>(b) Reviewing the Business Responsibility activities and the Business Responsibility Report ("BRR") of the Company and taking necessary actions which may be required to be done and performed from time to time in connection therewith;</p>
Periodically	<p>(c) Monitoring the Corporate Social Responsibility Policy of the Company from time to time;</p> <p>(d) Authorising officers and/or other person, to take necessary actions for and on behalf of the Company, to widen its CSR reach;</p> <p>(e) Performing such other acts, deeds, things and powers as may be delegated to the Committee by the Board from time to time.</p>

(ii) **Composition of the CSR committee:**

The committee comprises 3 non-executive directors as its members, out of which 1 is an independent director.

Chairperson:

Name of the Director	From	To
Mr. Himanshu Kapania	January 1, 2020	Continues to be the Chairperson as on March 31, 2020
Mr. Pranab Barua	August 21, 2019	December 31, 2019
Mr. Bharat Patel	October 25, 2013	August 21, 2019

**Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram, Group Executive President, Corporate Communication & CSR, Aditya Birla Group, are the permanent invitees to the meetings of CSR committee.**

(iii) **Meeting and attendance during the year:**

During the year under review, the committee met once on May 20, 2019, to *inter alia* approve the plan and budget for the CSR activities of the Company for financial year 2019-20. All the members of the committee except Mr. Sushil Agarwal, to whom leave of absence was granted, were physically present for the meeting.

Mr. Bharat Patel, Chairperson of the committee was present at the 12<sup>th</sup> AGM of your Company, to answer the queries of the members of the Company.

**E. Risk Management and Sustainability Committee:**

On March 11, 2020, the Risk Management Committee of the Board of Directors was renamed as the 'Risk Management and Sustainability Committee' to reflect its scope more accurately.

Business risk evaluation and its management is an on-going process within the Company. The Risk Management and Sustainability Committee ("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 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.

**(i) Brief description of terms of reference:**

The scope, functions and terms of reference of the RMSC *inter alia* include the following:

Frequency	Activities of the Committee during the year
Half yearly	<p>(a) Reviewing the Risk Management Policy of the Company in line with the business requirements and SEBI Listing Regulation;</p> <p>(b) Assisting the Board with regard to the identification, evaluation and mitigation of operational, strategic and external risks;</p> <p>(c) Monitoring and reviewing the risk management plan of the Company; and</p> <p>(d) Reviewing risks related to cyber security and evaluating the treatment including initiating mitigation actions.</p>





**(ii) Composition of the RMSC:**

The committee comprises 4 non-executive directors as its members, out of which 2 are independent directors.

Mr. Arun Thiagarajan, Independent Director and the Chairperson of the audit committee, is also the Chairperson of the RMSC as on March 31, 2020.

**(iii) Meetings and attendance during the year:**

During the year under review, the committee met twice on July 26, 2019 and March 11, 2020, to review the risks identified for the Company and its mitigation plans. The details of attendance of directors at each such meeting of the committee are as under:

Name of Director	Attended	Held during tenure	% of attendance
Mr. Arun Thiagarajan <sup>(1)</sup>	1	2	
Mr. Sushil Agarwal	2	2	
Mr. Pranab Barua <sup>(2)</sup>	1	1	
Mr. Bharat Patel <sup>(3)</sup>	1	1	

Name of Director	Attended	Held during tenure	% of attendance
Mr. Himanshu Kapania <sup>(4)</sup>	1	1	100
Mr. Sunirmal Talukdar <sup>(5)</sup>	1	1	100

(1) Ceased to be an Independent Director from the closing hours on May 10, 2020.

(2) Ceased to be the Chairperson of the Committee w.e.f. December 31, 2020.

(3) Ceased to be a member of the Committee w.e.f. August 21, 2019.

(4) Appointed as the Chairperson of the Committee w.e.f. January 1, 2020.

(5) Co-opted as a member of the Committee w.e.f. March 11, 2020 and Chairperson w.e.f. May 11, 2020.

Mr. Arun Thiagarajan, Chairperson of the RMSC was present at the 12<sup>th</sup> AGM of your Company, to answer the queries of the members of the Company.

## GENERAL BODY MEETINGS

### A. Annual General Meetings:

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

AGM No.	Location	Date and Time	Particulars of special resolution(s) passed
10 <sup>th</sup>	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai- 400 028	August 23, 2017 at 3:00 p.m.	<p>(i) Issuance of non-convertible debentures of the Company for an amount of upto ₹ 1,250 Crore, on private placement basis;</p> <p>(ii) Introduction of the “Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017”;</p> <p>(iii) Extension of benefits of the “Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017” to the employees of holding and subsidiary companies of the company.</p>
11 <sup>th</sup>	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai- 400 028	August 28, 2018 at 3:00 p.m.	<p>(i) Appointment of Mr. Ashish Dikshit as the Managing Director;</p> <p>(ii) Issuance of non-convertible debentures for an amount of upto ₹ 1,250 Crore, on private placement basis.</p>
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.	<p>(i) Continuation of directorship of Mr. Arun Thiagarajan, Independent Director;</p>



AGM No.	Location	Date and Time	Particulars of special resolution(s) passed
			(ii) Re-appointment of Ms. Sukanya Kripalu as an Independent Director;
			(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;
			(iv) Introduction of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019';
			(v) Extension of benefits of the Scheme 2019 to the employees of the holding and subsidiary company(ies) of the Company;
			(vi) Implementation of Scheme 2019 through trust and consider:
			(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.

## B. Postal Ballot

During the year under review, no resolution was passed through postal ballot and as on the date of this report no special resolution is proposed to be conducted through postal ballot.

## MEANS OF COMMUNICATION

The quarterly/ half yearly/ annual results alongwith the limited review/ auditor's report thereon ("*said results*"), as applicable are filed with the BSE Limited and the National Stock Exchange of India Limited (*collectively referred to as "stock exchanges"*) at their respective electronic platforms so as to enable the stock exchanges to display the results on their respective websites and are simultaneously uploaded on the website of the Company i.e. [www.abfirl.com](http://www.abfirl.com). The said results are published in 'The Business Standard' and 'Navshakti' (*a regional daily newspaper published from Mumbai*) within the stipulated timelines.

Official news/ press releases of the Company, if any, issued from time to time, are filed with the stock exchanges and are simultaneously uploaded on the website of the Company.

The schedule of Institutional/ Analysts meetings and the presentation made to them are also uploaded on the website of the Company.

The Company has separate designated e-mail IDs viz. [invrelations.abfirl@adityabirla.com](mailto:invrelations.abfirl@adityabirla.com) and [secretarial.abfirl@adityabirla.com](mailto:secretarial.abfirl@adityabirla.com), respectively for investor relations and shareholders assistance and the same are prominently displayed on the website of the Company.

Facility has been provided by SEBI for investors to place their complaints/grievances on a centralised web-based complaints redress system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: centralised database of all complaints, on-line upload of Action Taken Reports (ATRs) by the concerned companies and on-line viewing by investors of actions taken on the complaints and their current status.

A separate dedicated section 'Investors' is maintained on the website of the Company for the ease of the shareholders of the Company. The information required to be disseminated by the Company in terms of Regulation 46 of the SEBI Listing Regulations including the said results, are uploaded under the head 'Announcements/Financial and Other Reports' of the Investor section.

### 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. Your Company has complied 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.
- c. There were no material significant RPTs that had/ may have potential conflict with the interests of the Company at large.
- d. Your 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. Consequently, there has been no instance of non-compliance with any legal requirements and hence, 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. Vigil Mechanism/ Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee:

Your 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.

Also, the Company has adopted 'Policy for Prevention of Sexual Harassment at Workplace' and 'Anti-fraud Policy' which specifically guarantee the right to 'blow a whistle'. The said policies are also available on the website of the Company i.e. [www.abfrrl.com](http://www.abfrrl.com). 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.

- f. Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to corporate governance.

In addition to the same, 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) **Modified opinion(s) in Audit Report:** Company's financial statements have unmodified audit opinions
- (ii) **Reporting of Internal Auditor:** Internal auditor of the Company directly reports to the Audit committee.

g. Commodity price risk and commodity hedging activities:

Your Company does not engage in commodity hedging activities.

h. Proceeds from public issues, right issues, preferential Issues, etc.:

During the year, your Company has not raised any proceeds from public issue, rights issue, preferential issues, etc. and hence, there are no unutilised issue proceeds during the year under review.

i. Certificate from Practicing Company Secretary regarding Non-Debarment and Non-Disqualification of Directors:

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**.

j. 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.

k. 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, 2020 is as follows:

(₹ in Crore)	
Particulars	Amount
Fees for Audit and related services	1.72
Other fees	1.35
<b>Total</b>	<b>3.07</b>

l. 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 are provided below: -

Sr. No.	Particulars	No. of complaints
1	Number of complaints filed during the financial year 2019-20	38
2	Number of complaints disposed of during the financial year 2019-20	37
3	Number of complaints pending as on end of the financial year 2019-20	1 <sup>(1)</sup>

(1) The same has been resolved as on the date of this report.

m. Disclosure of accounting treatment:

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 code, 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. Details of such policies and codes adopted by the Company are as under:

Sr. No.	Name of the Code/ Policy	Details of the Policies and Codes/ Description/Web link
1.	Corporate Social Responsibility Policy	<a href="http://www.abfrl.com">www.abfrl.com</a>
2.	Policy on Related Party Transactions	<a href="http://www.abfrl.com">www.abfrl.com</a>
3.	Forex Policy	The policy 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.
4.	Risk Management Policy	Since the Company is in the retail industry, it is prone to inherent business risks. The policy covers 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.
5.	Policy for Determining of Material Subsidiary Companies	<a href="http://www.abfrl.com">www.abfrl.com</a>
6.	Policy for determination of materiality of information or event	<a href="http://www.abfrl.com">www.abfrl.com</a>
7.	Policy for archival of documents	<a href="http://www.abfrl.com">www.abfrl.com</a>
8.	Policy on preservation of documents	<a href="http://www.abfrl.com">www.abfrl.com</a>
9.	Code of practices and procedures for fair disclosure of unpublished price sensitive information	<a href="http://www.abfrl.com">www.abfrl.com</a>
10.	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	Code to be followed by designated persons for dealing in securities of the Company.
11.	Code of Conduct for Board of Directors and Senior Management of Aditya Birla Fashion and Retail Limited	<a href="http://www.abfrl.com">www.abfrl.com</a>



## SUBSIDIARY COMPANIES

Regulation 16 of the SEBI 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. The Audit Committee and Board of Directors review the financial statement and investments made by the subsidiaries, if any, on quarterly basis and Board of Directors and also the annual financial statements of subsidiaries 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 subsidiary companies.

As on March 31, 2020, the Company has 4 (*four*) subsidiary companies, namely;

- 1 Jaypore E-Commerce Private Limited
- 2 TG Apparel & Decor Private Limited
- 3 Finesse International Design Private Limited
- 4 Jaypore INC., USA

## 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, 2020 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. [www.abfrl.com](http://www.abfrl.com)

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**

- (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, 2020 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, 2020 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, 2020;
  - II. significant changes in accounting policies, if any, during the financial year ended on March 31, 2020 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  
Date: May 27, 2020

**Ashish Dikshit**  
Managing Director

**Jagdish Bajaj**  
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, 2020.

Place: Bengaluru  
Date: May 27, 2020

**Ashish Dikshit**  
Managing Director

## Annexure C

**A CERTIFICATE FROM PRACTICING COMPANY SECRETARY**

[Pursuant to Regulation 34(3) read with Schedule V para C clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

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 in electronic mode, for the purpose of issuing this Certificate, in accordance with the requirements under the Act and the SEBI Listing Regulations for the purpose of this Certificate:

Sr. No.	Name of the Director	DIN
1.	Mr. Arun Thiagarajan*	00292757
2.	Mr. Ashish Dikshit	01842066
3.	Mr. Himanshu Kapania	03387441
4.	Mr. Sanjeeb Chaudhuri	03594427
5.	Ms. Sukanya Kripalu Anand	06994202
6.	Mr. Sunirmal Talukdar	00920608
7.	Mr. Sushil Agarwal	00060017

\*until May 10, 2020.

Based on our examination of documents/ information/explanations provided by the Company and such other verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://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, **we hereby certify that as on date of this certificate, none of the Directors on the Board of the Company, as listed herein, 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: F007956B000284914

Place: Mumbai

Date: May 27, 2020

**GENERAL SHAREHOLDER INFORMATION****BRIEF CORPORATE HISTORY OF YOUR COMPANY****a) Incorporation (2007)**

Your Company was incorporated as a public limited company under the Companies Act, 1956 with its registered office situated in the State of Karnataka (*Bangalore*) as “Peter England Fashions and Retail Limited”. Your Company was a wholly owned subsidiary of Aditya Birla Nuvo Limited (*ABNL*).

**b) Change of registered office (2009)**

In the year 2009, the registered office of the Company was shifted from the State of Karnataka (*Bangalore*) to the State of Gujarat (*Veraval*).

**c) Demerger of domestic business into Aditya Birla Nuvo Limited (2010)**

Pursuant to a Composite Scheme of Arrangement under sections 391 and 394 of the Companies Act, 1956, the domestic business of your Company was demerged into ABNL with effect from January 1, 2010 (*the appointed date*). The effective date of the Scheme was February 22, 2010. The Company continued to be a wholly owned subsidiary of ABNL.

**d) Change of registered office (2012)**

In the year 2012, the registered office of the Company was shifted from the State of Gujarat (*Veraval*) to the State of Maharashtra (*Mumbai*).

**e) Acquisition of Pantaloons format business, listing and name change (2013-2014)**

In the year 2012, the Board of Directors of the Company had approved acquisition of Pantaloons format business of Future Retail Limited (*FRL*) (*earlier known as Pantaloon Retail (India) Limited*) by way of demerger through a Scheme of Arrangement under sections 391-394 of the Companies Act, 1956 between FRL, the Company, and their respective shareholders and creditors and Indigold Trade and Services Limited (*ITSL*) (*as the shareholder of the Company*) (*“the Scheme”*).

On receipt of all the requisite approvals and on completion of the conditions precedent listed in the Scheme, the Board of Directors of the Company in their meeting held on April 8, 2013 made the Scheme effective (*the effective date*). Accordingly, the Pantaloons fashion business was transferred to and vested in the Company with effect from July 1, 2012 (*the appointed date*).

Pursuant to the arrangements contemplated under the Scheme, ABNL, through its wholly owned subsidiary ITSL, continued to hold a controlling stake in the Company post the demerger. The balance stake was held by public.

In addition, in terms of the Scheme, the name of the Company was changed from “Peter England Fashions and Retail Limited” to “Pantaloons Fashion & Retail Limited”, in April 2013.

In July 2013, equity shares of the Company were listed on the BSE Limited and National Stock Exchange of India Limited.

**f) Composite Scheme of arrangement with ABNL (now Grasim Industries Limited) (2015-2016)**

In a bid to capitalise on its large market presence in the branded fashion space in India, the apparel retail businesses of the Aditya Birla Group, housed under separate entities were consolidated under the Company, vide the Composite Scheme of Arrangement amongst the Company, ABNL, MGLRCL and their respective shareholders and creditors, under sections 391 to 394 of the Companies Act, 1956 (*“Composite Scheme”*).

On January 9, 2016, on receipt of requisite approvals including the approvals from the Hon’ble High Court of Gujarat and Bombay, the Composite Scheme was made effective from April 1, 2015 (*the appointed date*).

On effectiveness of the Composite Scheme, Madura Fashion - the branded apparel retailing division of ABNL and Madura Lifestyle - the luxury branded apparel-retailing division of MGLRCL, were demerged from ABNL.



and MGLRCL respectively to the Company, to collectively form a division of the Company viz. Madura Fashion & Lifestyle division. Pantaloons format business forms another separate division of the Company (*"Pantaloons division"*).

**g) Change of name (2016)**

To reflect the enhanced scope of the operations, the name of your Company was changed from "Pantaloons Fashion & Retail Limited" to "Aditya Birla Fashion and Retail Limited" with effect from January 12, 2016.

**h) Acquisition of Subsidiaries (2019)**

In the year 2019, the Board of Directors of the Company had approved acquisition of:

- Jaypore E-Commerce Private Limited, an entity selling ethnic fashion merchandise under its own brand "Jaypore" and of other third-party brands; and
- TG Apparel & Decor Private Limited, an entity which retails ethnic fashion, both online and offline.
- 51% stake in Finesse International Design Private Limited, a company primarily engaged in the business of bespoke occasion and ceremonial contemporary apparel for men and women under the brand name 'Shantanu & Nikhil'.

**i) Change of Registered Office (2019)**

Your Company has shifted its registered office within the local limits of the city (Mumbai) with effect from August 26, 2019.

**GENERAL INFORMATION IN TERMS OF PART C, SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**(i) Thirteenth Annual General Meeting for the Financial Year 2019-20:**

<b>Day and date</b>	: Monday, September 7, 2020
<b>Time</b>	: 4:00 p.m.
<b>Venue</b>	: AGM of the Company is being held through Video Conferencing / Other Audio Visual Means.

**(ii) Financial Year:**

Your Company follows April-March as the financial year.

**Meeting Calendar for the financial year ending March 31, 2020**

- a) Board Meetings
- Dates of the meetings of the Board of Directors, held for consideration of quarterly/ half- yearly/ annual financial results for the financial year ended on March 31, 2020, have been disclosed as a part of the Corporate Governance Report forming part of this Annual Report.
- b) Annual General Meeting
- Details of the Annual General Meeting are as disclosed above.

**Tentative meeting calendar for the financial year ending March 31, 2021:**

- a)
- | For considering  | Month                   |
|--|-------------------------|
| Results for the quarter ending June 30, 2020                     | July/ August, 2020      |
| Results for the quarter and six months ending September 30, 2020 | October/ November, 2020 |
| Results for the quarter and nine months ending December 31, 2020 | January/ February, 2021 |
| Results for the quarter and year ending March 31, 2021           | April/ May, 2021        |
- b) Annual General Meeting: August, 2021.

## (iii) Dividend payment date:

Not Applicable.

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

## (a) Equity shares:

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

## (b) Non-convertible debentures:

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	1 <sup>(1)</sup>	953898	INE647O08032	200	12-Apr-19	<b>Axis Trustee Services Limited</b> 2 <sup>nd</sup> Floor 'E', Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Phone: +91 22 2425 5215/5216 Fax: +91 22 2425 4200 E-mail ID: <a href="mailto:debenturetrustee@axistrustee.com">debenturetrustee@axistrustee.com</a>
	2 <sup>(1)</sup>	954050	INE647O08040	300	31-May-19	
	3 <sup>(1)</sup>	955053	INE647O08057	400	20-Apr-20	
2018	5	958228	INE647O08073	300	14-Aug-21	
2019	6	959076	INE647O08081	500	11-Nov-22	
2020	7 <sup>(2)</sup>	959492	INE647O08099	325	22-May-23	

Notes:

(1) Redemption of Series 1,2,3 NCDs was due on April 12, 2019, May 31, 2019 and April 20, 2020 respectively. Accordingly, the redemption amount has been duly paid.

(2) Series 7 NCDs were issued on May 22, 2020.

## (c) Commercial Papers:

In terms of circular no. SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019, the Commercial Papers issued by the Company has listed on BSE from time to time.

## (v) Credit ratings:

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

As on March 31, 2020, the Company had the following credit ratings:

Type of instrument issued by/ on behalf of the Company	Amount (In ₹ Crore)	Credit rating		
		CRISIL Limited	ICRA Limited	India Ratings & Research
Total Bank Loan Facilities	1,250	CRISIL AA/Stable	[ICRA] AA/Stable	-
NCDs Series 3 - 2016	400	CRISIL AA/Stable	[ICRA] AA/Stable	-
NCDs Series 5 - 2018	300			Provisional IND AA/ Stable
NCDs Series 6 - 2019	500			-
Commercial Paper	1,250	CRISIL A1+	[ICRA] A1+	IND A1+
Overall Rating	-	CRISIL AA/Stable	[ICRA] AA/Stable	IND AA/ Stable

**(vi) Designated depository:**

In terms of circular no. IMD/FPIC/CIR/P/2018/61 dated April 5, 2018, issued by Securities and Exchange Board of India ("SEBI"), your Company has appointed Central Depository Services (India) Limited ("CDSL") as the "Designated Depository" for the purpose of monitoring of Foreign Investment limits on behalf of the Company.

**(vii) Payment of annual listing fees:**

Annual listing fees for the financial year 2020-21 have been paid to both the stock exchanges.

**(viii) Stock market price data:**

The stock market price data and volume of the Company's equity shares traded on the BSE and NSE during the financial year 2019-20 were as under:

Month - Year	BSE				NSE			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Total traded volume (No. of shares)	High (in ₹)	Low (in ₹)	Close (in ₹)	Total traded volume (No. of shares)
April - 2019	228.00	206.90	214.80	9,17,991	228.00	206.85	215.75	1,04,87,993
May - 2019	220.65	180.10	211.50	10,42,966	221.00	179.70	210.95	1,65,28,261
June - 2019	224.20	193.00	215.10	5,63,690	224.70	192.00	215.35	80,12,512
July - 2019	219.15	182.00	188.40	5,49,843	219.30	182.20	188.25	1,01,03,613
August - 2019	211.90	181.70	189.20	15,40,319	210.35	181.50	189.55	1,25,28,839
September - 2019	219.45	183.20	211.20	8,25,408	219.00	183.25	211.35	70,97,962
October - 2019	214.70	193.00	212.60	5,22,481	214.85	193.30	212.20	63,16,646
November - 2019	227.90	196.50	225.60	13,61,060	228.00	196.55	225.25	1,09,13,215
December - 2019	247.00	219.00	231.85	9,24,503	247.30	218.55	231.70	1,33,86,541
January - 2020	249.70	226.30	233.90	5,86,311	249.70	226.20	233.65	86,00,076
February - 2020	285.30	223.75	251.55	11,80,160	285.50	223.35	251.40	2,27,00,922
March - 2020	263.00	149.65	153.15	12,96,954	260.00	149.55	152.90	2,30,75,296

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 2019-20 i.e. March 31, 2020, were as under:

Particulars	BSE	NSE
Closing price (in ₹)	153.15	152.90
Market capitalisation (in ₹ Crore)	11,853.01	11,833.66

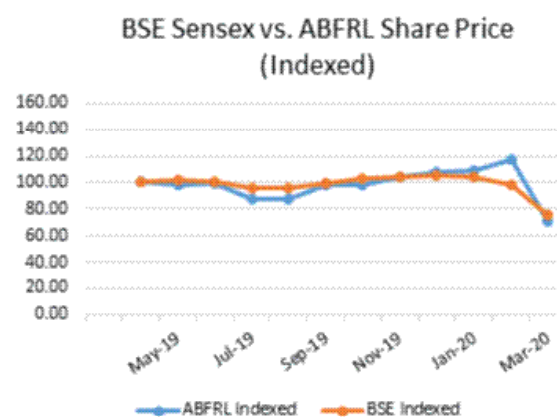
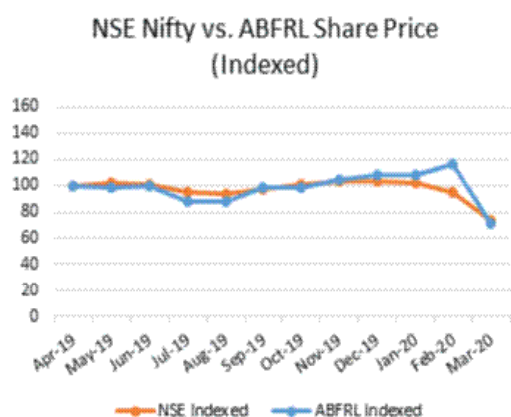
**(ix) Stock performance:**

Performance in comparison to broad-based indices viz. NSE CNX Nifty and BSE SENSEX during the financial year 2019-20 were as under:

Month - Year	ABFRL		BSE		NSE	
	NSE closing price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed
April - 2019	215.75	100.00	39,031.55	100.00	11,748.15	100.00
May - 2019	210.95	97.78	39,714.20	101.75	11,922.80	101.49
June - 2019	215.35	99.81	39,394.64	100.93	11,788.85	100.35

Month - Year	ABFRL		BSE		NSE	
	NSE closing price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed
July – 2019	188.25	87.25	37,481.12	96.03	11,118.00	94.64
August – 2019	189.55	87.86	37,332.79	95.65	11,023.25	93.83
September – 2019	211.35	97.96	38,667.33	99.07	11,474.45	97.67
October – 2019	212.20	98.35	40,129.05	102.81	11,877.45	101.10
November – 2019	225.25	104.40	40,793.81	104.51	12,056.05	102.62
December – 2019	231.70	107.39	41,253.74	105.69	12,168.45	103.58
January – 2020	233.65	108.30	40,723.49	104.33	11,962.10	101.82
February – 2020	251.40	116.52	38,297.29	98.12	11,201.75	95.35
March - 2020	152.90	70.87	29,468.49	75.50	8,597.75	73.18

Source: BSE and NSE websites.



**(x) Distribution of shareholding as on March 31, 2020:**

Range of no. of shares held	No. of folios	% of folios (falling under this range)	Total shares held (by shareholders falling under this range)	% of shares held
1 - 500	1,28,168	81.75	1,28,85,717	1.66
501 to 1000	15,229	9.71	1,05,86,053	1.37
1001 to 2000	7,366	4.70	1,03,34,101	1.34
2001 to 3000	2,291	1.46	56,56,217	0.73
3001 to 4000	1,066	0.68	37,25,972	0.48
4001 to 5000	625	0.40	28,28,849	0.37
5001 to 10000	1,140	0.73	78,34,465	1.01
10001 and above	893	0.57	72,00,96,613	93.04
<b>Total</b>	<b>1,56,778</b>	<b>100.00</b>	<b>77,39,47,987</b>	<b>100.00</b>



## Category-wise shareholding pattern of the Company as on March 31, 2020:

Category	No. of shareholders <sup>(1)</sup>	No. of shares	%
<b>Promoter and Promoter Group</b>	<b>16</b>	<b>45,71,64,117</b>	<b>59.07</b>
<b>Public</b>	<b>1,51,661</b>	<b>31,23,22,609</b>	<b>40.35</b>
Mutual Funds	43	14,29,59,048	18.47
Foreign Institutional Investors and Foreign Portfolio Investors	157	6,52,73,719	8.43
Individuals	1,42,789	5,98,42,424	7.73
Insurance Companies	18	2,10,78,007	2.72
Body Corporates	1,190	1,03,32,861	1.34
Financial Institutions/ Banks	45	5,09,681	0.07
Central/ State Government(s)	5	45,82,518	0.59
Others	7,414	77,44,351	1.00
<b>Non Promoter - Non Public</b>	<b>1</b>	<b>44,61,261</b>	<b>0.58</b>
<b>Total</b>	<b>1,51,678</b>	<b>77,39,47,987</b>	<b>100.00</b>

Note:

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

**(xi) Dematerialisation of shares and liquidity**

As on March 31, 2020, 98.83% of the total issued equity share capital of the Company i.e. 77,39,64,840 equity shares, was held in dematerialised form with NSDL and CDSL under International Securities Identification Number ("ISIN") - INE647O01011.

The break-up of equity shares held in dematerialised and physical mode, is as under:

Particulars	As on March 31, 2020		As on the date of this Report	
	No. of shares	% of total issued capital	No. of shares	% of total issued capital
Physical	90,18,383	1.17	90,08,608	1.16
Dematerialised mode <sup>(1)</sup>	76,49,29,604	98.83	76,49,39,379	98.84
NSDL	64,90,09,674	83.86	64,28,76,082	83.06
CDSL	11,59,19,930	14.98	12,20,63,297	15.77
<b>Total</b>	<b>77,39,47,987</b>	<b>100.00</b>	<b>77,39,47,987</b>	<b>100.00</b>

Note:

(1) Entire shareholding of the promoter and promoter group is in dematerialised form.

**(xii) 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, 2020, 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	5,556	8,83,000
Shareholders who approached the Company and to whom shares were transferred during the year	17	5,388
Outstanding at the end of the year	5,539	8,77,612 <sup>(1)</sup>

Note:

(1) 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.

**(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, carry out a 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:**

Your Company has not issued any GDRs/ ADRs/ warrants/ convertible instruments and hence, there are no outstanding GDRs/ ADRs/ warrants or any convertible instruments pending for conversion as on March 31, 2020.

**(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 once/twice in a year to deliberate on various matters with respect to stakeholders of the Company.

Details of complaints received during the financial year 2019-20 alongwith their status as on March 31, 2020, 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.

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. Further, 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.

SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / its RTA has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation. 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.

**(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.

Also, in accordance with the amendments to Regulation 40 of SEBI Listing Regulations, requests for effecting transfer of listed securities shall be processed only if the securities are held in dematerialised form, thereby curbing the risks of fraud and manipulation in physical transfer of securities. Transfer of securities only in demat form will improve ease, facilitate convenience and safety of transactions for investors.

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, pertaining to their name, postal address, e-mail address, telephone/ mobile numbers, 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. [www.abfirl.com](http://www.abfirl.com), 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. [www.abfirl.com](http://www.abfirl.com), to RTA/ Company on its designated e-mail Id i.e. [secretarial.abfirl@adityabirla.com](mailto:secretarial.abfirl@adityabirla.com).

**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. [www.abfirl.com](http://www.abfirl.com). Shareholders may also send a request to the Company for availing the said details by sending an e-mail to [secretarial.abfirl@adityabirla.com](mailto:secretarial.abfirl@adityabirla.com) and/or a request letter to the RTA/ Company at their respective address provided herein below.



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

Sr. no.	Plants	Location
1.	Madura Clothing ( <i>Crafted Clothing</i> )	No. 527, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
2.	Madura Clothing ( <i>Fashion Craft</i> )	No. 324, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
3.	Madura Clothing ( <i>Europa Garments</i> )	Survey No. 62/2A, 62/2B, Parappana Agrahara, Off Hosur Road, Begur Hobli, Naganathapura, Bengaluru - 560100, Karnataka
4.	Madura Clothing ( <i>Classical Menswear</i> )	No. 288/2, Dodda Begur, Bommanahalli, Bengaluru - 560068, Karnataka.
5.	Madura Clothing ( <i>English Apparels</i> )	No. 52/2, Bilvaradahalli, Jigani Hobli, Anekal Taluk, Bengaluru - 560083, Karnataka
6.	Madura Clothing ( <i>Haritha Apparels</i> )	Survey No. 42/2, 43, Basavanapura, Mayaganahalli, Kasaba Hobli, Ramanagara Taluk and District - 562159, Karnataka
7.	Madura Clothing ( <i>Alpha Garments</i> )	No. 10/1, Byatarayanapura Jakkur Layout, Bellary Main Road, Bengaluru - 560064, Karnataka
8.	Madura Clothing ( <i>Little England Apparels</i> )	Survey No.#569/1,569/2B,570,606,853/1, Kurbarapalli Village Doddaballapur 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 - Odisha	IDCO Plot No. H2, H3, H4, H5, H5(P) and H6, Bomikhal, Mancheswar Industrial Estate, Bhubaneswar, Odisha - 751010

**(xx) Store Locations of the Company:**

Your Company also has multiple stores spread across India. You may please refer to 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 shareholders 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 [secretarial.abfml@adityabirla.com](mailto:secretarial.abfml@adityabirla.com).
- 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.

**Registrar and Share Transfer Agent****Link Intime India Private Limited****Unit: Aditya Birla Fashion and Retail Limited**C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400083

Phone : +91 22 49186270

Fax : +91 22 49186060

E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)Website : [www.linkintime.co.in](http://www.linkintime.co.in)**Registered Office****Aditya Birla Fashion and Retail Limited**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.

Phone : +91 86529 05000

Fax : +91 86529 05400

E-mail : [secretarial.abfirl@adityabirla.com](mailto:secretarial.abfirl@adityabirla.com)Website : [www.abfirl.com](http://www.abfirl.com)**(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 a “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 Businesses”.

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. It is in our own interests to mitigate our own impact in every way we can, as this is a direct assistance to creating a sustainable planet. It also prepares us for further mitigation and the need to adapt to a world that is a full two degrees or even three or four hotter than today.

We began our quest with the question, “If everyone and every business followed the law as written today, is the planet sustainable?” We quickly concluded that around the year 2050, when the Earth’s population reaches an estimated 9 Billion, climate change, water scarcity, pollution, biodiversity loss and an overload of waste, if left unchecked, would set the planet on a possibly irreversible unsustainable course. It is, therefore, intuitive that leaders must find ways to transform industries such that international bodies can codify and governments can legislate over time to reduce the damage, and it is imperative that the Aditya Birla Group remains ahead of the curve.

The first step of our programme to build sustainable businesses is focused on increasing the capability of our business management systems. Under this programme called “Responsible Stewardship”, we try to move from merely complying with current legal standards to conforming to the international standards set by the global bodies of the International Finance Corporation (IFC), the Organisation for Economic Cooperation and Development (OECD), the International Standards Organisation (ISO), Occupational Health and Safety Assessment Series (OHSAS), the Global Reporting Initiative (GRI), the Forestry Stewardship Council and others. To support our businesses in this endeavour, we have created the Aditya Birla Group’s Sustainable Business Framework of Policies, Technical Standards, and Guidance Notes to give our leaders, managers, employees and contract employees the chance to train, learn, understand, and apply improvement techniques to help our businesses reach higher standards of performance. Our Group Sustainable Business Framework is currently certified to 14 international standards (<http://sustainability.adityabirla.com/>). So far, we have had much success with respect to reductions in accidents, energy use, water use, and have implemented our first biodiversity plans. Our programme to achieve the World Business Council for Sustainable Development’s Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations to reduce and mitigate our impact on the planet, and are imperative to building the sustainable business platform for our future.

If we are to create fully sustainable business models and systems for the future, then “Responsible Stewardship” by itself is not enough. We need other components to help us with a greater transformation. We need to understand the global mega-trends and their effect on us; geographically, physically, technologically and how the legal system (including regulations and tax) will need to change in order to motivate business to create a sustainable world. Our performance will need to be improved further to meet the changes needed to mitigate and adapt to these external factors. By talking to our strategic stakeholders knowledgeable in these issues, we can scan the horizon to better understand their likely risk to our business. With this information, we enhance our business models, strategies and risk profiles in order to “Future Proof” them and our value chains in the medium to long term. Since only “Sustainable” business can exist in a Sustainable World then a Sustainable Value Chain can also only contain these businesses, and so, it becomes imperative to map our value chains to look for vulnerabilities. Our goal is to create not only Sustainable Businesses but Sustainable Value Chains, of which we can be a key member. We are helping our leaders to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that

are also impervious to all external forces that will inevitably begin to affect us in the future. To build sustainable businesses will take time, particularly when we consider some of our very complex value chains, but by pushing to be a leader today, we are giving our businesses the best possible chance of achieving long-term success, not only for ourselves but also for our value chains and, hence, for our planet.

### Business Sustainability Initiatives

We, at Aditya Birla Fashion and Retail Limited ("ABFRL") are on the path of holistic sustainability transformation through expanding our scope, enhancing maturity & augmenting disclosures. For us, sustainable business is "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 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 minimise social and environmental impacts.



Beginning with the launch of our sustainability program ReEarth in 2012, we initiated our journey with an operational efficiency approach, wherein we focused on our own operations across manufacturing units, warehouses, retail stores, and corporate offices. We believed in gaining a complete understanding of the current scenario of ABFRL's environmental and social performances. The ten missions (under the ReEarth mission) were formulated to firstly arrive at a baseline, followed by targets to be achieved by 2017. While the missions made progress, with measuring, baselining, enhancing, we also extended our actions to our suppliers, through collaborations and assessments. Our own operations were stepped up with resource efficiency measures including renewable power, energy efficiency, rainwater harvesting, recycle and reuse of treated water, zero waste to landfill, green building certifications, sustainable packaging, etc.

Moving ahead, we are driving towards adopting an inclusive approach in our sustainability strategy. The transition will be from an operational efficiency approach to a life cycle approach, which will require complete transparency of the product value chain to understand hotspots and areas of red flags. While, we will continue to make progress and measure our energy, carbon, water, waste, safety, CSR, sustainable product, and packaging; we will also 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 help us 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 FY 2019-20 is provided below. Detailed disclosures on the activities under these missions are covered in the Annual Sustainability Report, financial year 2019-20.

## 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.

**The first target for energy efficiency in FY 2019-20 was to reduce 5% in the consumption of grid electricity, against which we have achieved a saving of 2% i.e. ~14.11 Lakh units (kWh), which resulted in reduction of 1184 tCO<sub>2</sub> emissions at ABFRL level and at MFL division level we achieved saving of 14.71% against the target of 5% reduction.** This reduction in MFL division is achieved **through operational improvement measures that have been taken at the manufacturing units of the company to increase the efficiency in energy utilization such as installation of VFDs (Variable Frequency Drives), conversion to energy efficient lighting by changing FTL (Fluorescent Tube Lights) to LED (Light-Emitting Diode) at the shop floor, LED streetlights and Solar LED streetlights.** We have invested **42.01 Lakh INR** in the energy mission (*PFRL Division*), which has reduced energy consumption through energy efficiency initiatives. This contributed in achieving a saving of 0.05% i.e. 0.34 Lakh units (kWh) against the target of 5% reduction, which resulted in reduction of 28 tCO<sub>2</sub> emissions. This savings in PFRL division is achieved through **energy efficiency measures in lighting by conversion of CDM (Ceramic Discharge Metal-Halide) to LED lights at retail stores.**

The second target for **energy in FY 2019-20 was to reduce 25% in the consumption of grid electricity through renewable energy, against which we have achieved 24.79% i.e. 25.21 Lakh units (kWh) through the 2MWp solar rooftop generation, across 5 facilities which resulted in reduction of 2068 tCO<sub>2</sub> emissions.**

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

The apparel industry is highly water intensive, and we believe in playing a proactive lead role in adopting **Water Stewardship** as a key focus area. At ABFRL, we are implementing sustainable solutions to address water consumption needs and to capture & recharge as much rain water as feasible. In the journey of moving towards achieving water-neutrality status across our own operations by 2020, we have worked towards reducing the fresh water demand by maximizing the recycling & reusing the treated wastewater, harvest, use and recharge of rain water at the site premises and offsetting the water demand through community water programmes.

In addition to the Goal 2020, we have also adopted year-on-year targets i.e. a) **Recycle & Reuse** and b) **Renewable water**. For the FY 2019-20, the **first target was to recycle and reuse 100% of treated wastewater, against which we have achieved 82% i.e. 93.87 '000 m<sup>3</sup> of water (MFL division),** through initiatives such as strengthening waste water recycling systems, installation and expansion of sewage treatment plants, across our own facilities. **We have achieved 42% renewable water i.e. 48.70 '000 m<sup>3</sup>, (MFL division) water from renewable sources through installation of rainwater harvesting with artificial recharge systems, across our own facilities.**

**We aim to achieve water neutrality across our own operations.**

## Waste

At ABFRL, for waste management, we follow a **two-pronged strategy, i.e. firstly, to reduce overall waste and encourage circularity and secondly, to encourage safe disposal.** We aim to achieve **'Zero Waste to Landfill across our own operations'.**



We perceive waste management as an opportunity of value creation, not only for the business but also for the stakeholders associated with. Through our streamlined waste management approach, we continue to ensure **'Zero Waste to Landfill across all our own facilities'**. Our commitment for management of waste in sustainable manner, carried out a pilot 'Waste Traceability Assessment' to validate and certify the disposal mechanism of waste till its last mile for best practices and adherence to compliance. The aim of the pilot is to audit and monitor waste disposal to authorized recyclers to ensure reliability and to substantiate our sustainability goals. This assessment aided to establish an ecosystem for 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'**.

### 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. In the FY 2019-20, we took upon two major activities, first being the self-assessment across all the factories (post our group assurance team has done the on-site assessment) and stood at **score of 98.7% by working towards implementing the actions against the gaps.**

Secondly, 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.

**In FY 2019-20, Lifestyle Brand Warehouse is certified as Platinum Rated green building under Indian Green Building Council Green Factory Rating Systems.** This achievement helped us with the status of 1<sup>st</sup> Apparel Warehouse in India to get Platinum standard. In addition to aforementioned recognition, our manufacturing facilities are unanimously chosen as a winner of the 6th IGBC Green Champion Award under the category of 'Pioneer in large scale adoption of green buildings in Industrial sector. This is recognised for their involvement in the development of five (5) IGBC green factory building projects so far covering ~10 Lakh Square feet of area.

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.**

### Sustainable products and packaging

At ABFRL, **we are committed to deliver responsible products to our consumers**, which is being developed sustainably at each stage of the product life cycle. Our commitment to give back more than what we take from the earth drives and guides sustainability performance of our products. Our products are designed and developed with a dedication to conserve and rejuvenate the environment through their entire life-cycle, and, at the same time, are good for our customers' health and safety, and for the society.

Product design and development is a comprehensive approach towards analysing the design from the perspective of sustainability and taking informed decisions while selecting the components of the product, based on their sustainability performance. ABFRL uses “Sustainable Attributes” concept as a measuring tool for product sustainability. Sustainable attributes are of five categories i.e. sustainable raw materials, sustainable production, sustainable packaging, sustainable factories and people.

Our sustainable packaging strategy takes into consideration components such as **packaging design, elimination of pollutant packaging, Usages of Non-Pollutant / Bio-degradable material at brand / Business Level material** for both - products as well as transport packaging. **ABFRL aims to use 100% sustainable packaging.**

We continuously engage and collaborate with our vendors to establish a culture where we all are driven by the ethos - ‘**exceeding the expectation of the customer**’. To assess vendor sustainability performances and compliance a vendor code of conduct is in place. This year, it has been extended ensuring 90 % coverage. This structured code of conduct which is aligned with the ABG framework, is developed based on globally established sustainability, legal and statutory requirements, law of the land and requisite compliances of the sectors. It serves as a document for suppliers to lay down the guidelines for their environmental and social management action plans.

While the sustainability agenda was being developed, product responsibility was being implemented using a mission approach. However, going forward, keeping our future sustainability strategy in mind, **product will become our prime focus and all sustainability initiatives will revolve 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. 2019-20, our safety policy will assist our organisation in taking collaborative efforts towards achieving our safety goals and targets.

From ensuring safe operations, we are striving towards bringing a behavioural change across operation, and thereby establishing a conducive environment, which is healthy and safe, from ensuring safe operations. This financial year, we have carried out safety assessments across our retail space and facilities, both through internal and external teams. To enhance governance system, we have reviewed the safety committees across our own operations. To strengthen our safety management system, Self-assessment questionnaire has been launched to our factories and warehouses. We have validated the requirements and improvement areas has been identified for continuous improvement of our system.

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.

Continuing our efforts in capacity building, we have developed safety-training videos to train all employees in the retail stores. We have conducted classroom training & safety carnivals workshops covering topics such Road safety awareness, emergency preparedness, Fire safety and Electrical safety across our retail operations and facilities.

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”.

**In the FY 2019-20 Safe model store concept is implemented in 219 stores across PAN India. We have planned to horizontally deploy the best practices in another 85 stores in the coming year.**

**In FY 2019-20, there were ‘11’ lost time injuries with 0.20 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.

### Re-Earth Vision Statement:

**'We are committed to give back more than what we take from our ecosystem'**

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.

We present our fifth 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 2019-20.

## Section A: General information about the Company

1	Corporate Identity Number (CIN)	:	L18101MH2007PLC233901
2	Name of the Company	:	Aditya Birla Fashion and Retail Limited
3	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
4	Website	:	<a href="http://www.abfrl.com">www.abfrl.com</a>
5	E-mail ID	:	<a href="mailto:secretarial.abfrl@adityabirla.com">secretarial.abfrl@adityabirla.com</a>
6	Financial Year reported	:	2019-2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Apparel and retail
8	List three key products that the Company manufactures/provides (as in the Balance Sheet)	:	Apparel and accessories - Menswear, womenswear and Kidswear
9	Total number of locations where business activity is undertaken by the Company	:	More than 750 cities/ towns across 28 states and 4 union territories
10	Markets served by the Company: State, National, International	:	28 states and 4 union territories across India and the Middle East

**Section B: Financial details of the Company**

1. **Paid-up capital: ₹ 7,73,94,79,870**
2. **Total turnover: ₹ 8,742.53 (Amount in Crore)**
3. **Total profit after taxes: Loss after tax – ₹ 145.19 Cr (Amount in Crore)**
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax: ₹ 3,38,54,450 (Percentage not applicable as we incurred loss)**
5. **Total spending on Corporate Social Responsibility (CSR) in FY 19-20 is ₹ 3,38,54,450.**
6. **List of activities in which expenditure (in point 4, above) has been incurred:**
  - Education: 29,190 beneficiaries through various initiatives that includes School Transformation Project (Panvel), Academic Support Centers (Focus/Model Villages), spoken English and educational trip for students, notebooks, computers and other education aids support, special coaching classes for rural girls, and support to continuing education for rural dropout girls.
  - Health and Sanitation: 1,24,295 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: 1186 youth were coached at a skills training centre as part of the Kaushalya and Edunet (1m1b) initiative.
  - Water & Watershed: 36,414 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: 17152 beneficiaries through – Village Information Centres, computer literacy training centres & smart classrooms at government schools.
  - Other: 24,054 beneficiaries through various village development initiatives that includes plantation (green walkways), volunteering etc.

**Section C: Other details**

1. **Does the Company have any subsidiary company/companies?**  
Yes. The Company has the following subsidiaries as on March 31, 2020:
  - a) Jaypore E-Commerce Private Limited
  - b) TG Apparel & Décor Private Limited
  - c) Finesse International Design Private Limited
  - d) Jaypore INC., USA (Step-down subsidiary)
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 :** 01842066

**Name :** Mr. Ashish Dikshit

**Designation :** 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	<a href="mailto:naresh.tyagi@abfirl.adityabirla.com">naresh.tyagi@abfirl.adityabirla.com</a>

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

## a) Details of compliance (Reply in Y/N)

Sr. no.	Questions	Business ethics	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	N
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	N
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	N	Y	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	Y	Y	Y	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?	<a href="http://www.abfirl.com/corporate-governance/">http://www.abfirl.com/corporate-governance/</a>	NA	<a href="http://www.abfirl.com/corporate-governance/">http://www.abfirl.com/corporate-governance/</a>	<a href="http://www.abfirl.com/corporate-governance/">http://www.abfirl.com/corporate-governance/</a>	NA	NA	NA	<a href="http://www.abfirl.com/corporate-governance/">http://www.abfirl.com/corporate-governance/</a>	NA
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	The policy has been communicated to relevant internal stakeholders, and to external stakeholders on a need basis.	Y	Y	The policy has been communicated to relevant internal stakeholders, and to external stakeholders on a need basis.	The ABG Policies on Environment, Health and Water Stewardship have been communicated to relevant internal stakeholders, and to external stakeholders on a need basis. Also, in this financial year Sustainability Policy and Safety Policy have been released, and communicated to all relevant stakeholders.	NA	Y	The policy has been communicated to relevant internal stakeholders, and to external stakeholders 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



Sr. no.	Questions	Business ethics	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
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	N	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 next one 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 (RAI) and Clothing Manufacturers Association of India (CMAI).	-	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 working on publishing the Sustainability Report for FY 2019-20.

**Link to FY 2018-19 BRR:**

[http://www.abfrl.com/docs/investors/annual\\_reports/Annual\\_Report\\_2019.pdf](http://www.abfrl.com/docs/investors/annual_reports/Annual_Report_2019.pdf)

**Link to FY 2018-19 Annual Sustainability Report:**

<http://www.abfrl.com/docs/sustainability/ABFRL-Sustainability-Report-2018-19.pdf>

## 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 managers 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 Behaviour, 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 behaviour in the workplace

Integrity is one of the five values followed by Aditya Birla Group and we ensure Integrity in our entire value chain. In FY 2019-20, 173+ Tier 1 new suppliers have been audited for their compliance to the code of conduct.

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 204 stakeholder complaints were reported in FY2019-20 of which 203 have been investigated and have been resolved, the one unresolved complaint (equity shareholder) was received on March 17, 2020. Due to the lock down and intermittent shut down of RTA (Registrar and Share Transfer Agent) operations in late March 2020, the complaint was pending to be responded to the investor as on March 31, 2020. In 204 stakeholder related complaints 142 were whistle blower cases and 62 were from equity shareholders of the company**

### Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

To create a sustainable product, **a process which is environmentally conscious, socially responsible, economically profitable and creates fair value for all stakeholders**, should be established. This enables adoption of product sustainability, since inception of the product. It does not only mean the adoption of new technology, processes and material but rethinking of the entire design and development process to reduce negative impacts of the product, across its life cycle.

As indicated earlier in this Report, going forward, we will transit 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. The shift in focus will align all sustainability missions to the product, which is our central business focus as well. This shift will not only help us measure where we stand from a life cycle approach but will also help us identify key areas of focus for intervention.

We have achieved Zero Waste to landfill across our own facilities. The transition to the circular economy has significantly moved ahead through our share happiness programme and the achievement of our zero-waste to landfill mission. We have already progressed into this transition with our Zero Waste to Landfill stores, Product Recycling and Waste Reduction and are gearing up to take the lead in this economic shift.

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.

### Higg Index

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 higgs index as enabled us understand, reduce 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 seventh year now.

This year, we have extended Brand Retail Module self-assessment to our brands, BRM is an updated version of the Brand Module, to include the retail component and a combined environment and social module.

Through initiatives that were laid out by ABFRL in the previous financial year, we achieved an outstanding Higg Score of 81 out of 100 through a third party audit conducted at two of our factories (Europa Garments Limited and Fashion Craft Limited). Environmental aspects criteria of fulfilling performance in the areas of energy, water, waste water, waste, and Environmental Management Systems contributed in achieving commendable score.

Our in-house factories have significantly improved their Higg Index facility scores year on year, owing to diligently working on several initiatives through the year. The initiatives majorly focused on three major areas water management, energy efficiency, renewable energy, and waste management.

### Sustainable Product

ABFRL is committed to build a sustainable product which has a positive impact on the environment, community and the planet. We have developed an in-house comprehensive method to measure & enhance the product sustainability throughout the value chain.

Product sustainability attribute 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. It is categorised into five (5) attributes that 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 Attributes are – Production Process, Sustainable Packaging, Raw Material, People, Farm & Factories. Along with these FIVE



attributes, we have also established a 'Minimum Criteria' covering regulatory and mandatory requirements to qualify the product as sustainable. The sustainability attributes are measured by volume.

In continuation with our 2020 goals, every year we launch products with low environmental impact, with a significant sustainability feature in them. Some of the sustainable products in FY 20 increased the proportion of use of Liva Eco Fibre, Recycled Polyester, Bamboo, Tencel, Liva, Lyocell, Modal & Linen. In FY 2019-20, we have 61% and 39% of products with atleast one sustainability attributes at for MFL and PFRL business respectively

#### **Livaeco:**

In collaboration with vendor partners, we try and incorporate sustainable fabric in working for our brands so we can render benefits to our environment, without compromising on fashion and consumer product experience. Upgradation of normal LIVA to Rayon Livaeco is an example which has greater benefits toward our eco system.

#### **Benefits:**

- ◆ Fibres are made from wood sourced only from FSC certified forests who follows the principle of Sustainable Forestry Management.
- ◆ Has low Environmental footprint:
  - Saves 900 litres of water vis- a- vis other natural fabrics.
  - Biodegrades completely within 6 weeks
  - Lowest GHG emissions when compared to other natural fabrics

Journey of every Livaeco tagged garments can be traced to its Origin as this new fibre has unique molecular tracer inside the fibre for source verification at all stages- making easy to check the fibre genuinely. It also has Supply chain traceability through Block Chain that means we can track this fibre from forest to Garment last stage.

#### Packaging

Continuing our efforts to move towards 100% sustainable packaging, and in Financial year 2019-20 we have achieved 87% non-pollutant packaging. Over the years, we have successfully automated our computation process for pollutant and non-pollutant components in packaging thereby increasing accuracy, efficiency as well as real time data.

Furthermore, we have included verification of new packaging material & an annual verification of packaging weights to ensure any changes in design, optimisation or elimination by usage of Non-Pollutant / Bio-degradable material at brand / Business Level.

#### Supply chain sustainability

We, at ABFRL, are committed towards integrating sustainability in our entire value chain. Our aim to become a leading sustainable brand in Asia, and to deliver sustainable products to our consumers is a major driver for taking an inclusive approach in revolutionising our value chain. Vendors are our key value chain partners and are a crucial part of our sustainability journey. 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, Joint/Quality Improvement Programmes, Green Channel Partnership, Higg Index are some of the supply chain related initiatives.

#### Vendor Code of Conduct (COC)

The ABFRL Vendor Code of Conduct, which is based on Indian Factories Act, International Labour Organization (ILO) and SA 8000 standards, continues to be our vendor management, compliance and improvement assessment mechanism. Through our ABFRL Code of Conduct, we are able to ensure that our supply chain performs high on ethical sourcing and mitigates any supply chain risks related to compliance, health and safety, environment and social aspects.

ABFRL ensures all its tier 1 vendors to display the ABFRL Code of Conduct policy in a conspicuous place in workplace to create awareness between employees to understand the importance of adherence to Ethical, Social, Environmental and Health & safety standards and its benefits.

In FY 2019-20, 173+ Tier 1 new suppliers have been audited for their compliance to the code of conduct and 10% of facilities were transitioned from non-compliance to compliance level after regular training & monitoring mechanism.

This year we also moved to a digital platform and our entire audit data management is being done on this platform. This has made our CoC Audit process paperless & improved report sharing time to relevant stakeholders and supported in quick decision making.

#### Quality/joint improvement programme

In regards to the continuous improvements, our QA (Quality Assurance) team initiated & accomplished many improvement projects. The QIP (Quality Improvement Projects) / JIP (Joint Improvement Project) were in multi-product category and involved raw material as well as manufacturing. Improvement projects were taken on the basis of the last year quality performance of vendor, customer complaints & desired area of quality upgradation. There included the initiatives of raw material quality improvement in trouser for colour fading properties. Shrinkage & elongation in T-Shirt category was improved with the change in fabric construction. Denim was taken up for improvements in manufacturing & reduce damages.

#### Green Channel Partnership

The Green Channel Partnership, which is another initiative, where we work with key fabric suppliers to reduce lead-time, cost and improve efficiency. This helps us to procure fabric responsibly and establish long-term relationships with vendors. In FY 20 total fabric sourced from Green Channel Vendors is ~30%.

### **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 behaviour (*whether directly or by implication*).



- Investigations are conducted by the designated POSH Committee Members as per the prescribed timelines.

### **38 POSH cases reported in FY 19-20 in which 37 cases have been investigated and resolved.**

#### Work-life balance

All our initiatives aim to support our employees' deal with challenges and celebrations, whilst enjoying a fulfilling career. We are consistently working towards creating a supportive, friendly and happy workplace while maintaining a healthy work-life balance.

We have annual comprehensive health check-up for our employees that is managed by a third-party vendor to maintain confidentiality. It is focused on physicals, blood sugar, ECG, echocardiogram, X-Ray, and more. The detailed health report is directly provided to the participating employee, with the option of a follow-up after six months.

We have covered approximately 900+ employees in FY 2019-20. At an organizational level, we receive a consolidated analysis of all the participants in the form of the Company Health Index (CHI). This enables us to design programs and initiatives with a focus on key factors that could contribute to the overall wellness of our employees.

Some of the initiatives include:

- Preventive Health Check-up for all employees including contract workers
- Free access to all employees to counselling services through a third-party vendor
- Special emotional counselling and health related support for expecting mothers under the Maternity Support Program
- Providing special food items at manufacturing sites for anaemic employees
- Su-Nischint health benefits for all store employees
- Ergonomic exercises at the start of each day across all manufacturing units
- Conducting Yoga, Zumba and other fitness sessions across multiple locations
- Various sporting events spread over the year across all businesses

#### 1. Diversity:

Our philosophy is to make ABG an aspirational place for women – a workplace where they are enabled to take charge and achieve their full potential. While diversity enablers have been part of leadership agenda, this year we brought more visibility by

- Partnering with Avtar (India's leading consultancy on women hiring and retention) to conduct diagnostics with our women employees and managers. This study helped in putting together a sharp action plan under the areas of – Nurturing, Developing Inclusion and Hiring
- We have launched a Structured Diversity Agenda for ABFRL focusing on career sponsorships, career mentoring, resource groups, review of policies and infrastructural support for aiding the diversity at workplace.
- Implemented our structured leadership development program for high potential women, 'Springboard' that caters to mid-senior level women to land them in senior level roles.

#### 2. Fun at work initiatives:

- We believe that an organisation this large can only be built collectively by people who are engaged and involved with its purpose. A strong team is the one that not only collaborative and delivers quality, but also those who enjoy having fun together. Across our offices and stores, there is an employee engagement calendar that lists the events and celebrations planned. Through our engagement programmes we encourage a sense of belonging and ownership among employees, resulting in workplace satisfaction, retention and enhanced productivity.

- Madura Olympics: A three-month-long employee engagement event encompassing 24 events catering to sports and entertainment categories, witnessed a participation from 4,600+ employees.

### 3. Flexible work arrangements:

- Reviewed work from home options and promotion of initiatives by tweaking in the policy.
- Celebrated days like “Bring your Kids to Work” for parents to feel comfortable to get kids to work.

Beyond these, we also run creative campaigns and events that encourage our employees to live a healthier life, some of which are:

- We have a strict no smoking/tobacco policy within our premises.
- Vitamin H: Online portal run by ABG that keeps employees informed/educated about health tips and awareness campaigns.
- Conducted various talk sessions by senior doctors and nutritionists on health and wellness.

We also organise year-end programmes like EKO focused on bringing the team together and celebrating our journey through the year.

### Continuous learning

Enhancing employee skills and optimising productivity has been one of our major focus areas and ABFRL has a comprehensive training framework to address the same. A need-based analysis is carried out to align training goals to business objectives and is finalised with top management as well as functional heads. Based on the analysis, a formative training calendar for the financial year is chalked out. We have definitive continuing education programs applicable to employees, who want to upgrade their skills and knowledge in the fields they operate in.

We also have programs to support our employees in building a future for their children with the Pratibha Scholarship Programme. Through this program, employees’ children are granted a scholarship for pursuing graduate and post-graduate education in their chosen field.

In addition to this, we have ‘A World of Opportunities’ (AWOO) Foundation which supports the funding of education for children of our workmen and store associates.

We believe in investing strategically towards employee development. Here are some of the initiatives:

- Introducing employees to global brands and their best practices. This has resulted in a motivated and inspired senior-mid level management team.
- In order to integrate growth and developmental opportunities for identified talent, the Company has set up talent management councils at three distinct organisation levels.
- We have defined talent management processes covering various levels. Many of the processes are driven by leadership through talent councils.
- Launch of ABFRL University that offers a plethora of training solutions to employees ranging from functional, behavioural and leadership trainings, etc.
- Specific training content has been developed for store managers.

These sustained efforts have borne favourable results. Succession readiness has gone up for mid-management employee levels during the FY 2019-20, due to hiring of Leadership Associate Programme (LEAP), STRIDE Programme (NIFT and Business School), Leadership Programme for the Experienced (LEAD), and mapping of external and group successors. Also, the effectiveness of formal classroom training being measured has shown improvement over the last three years.

### Employee engagement

ABFRL has taken many initiatives for employee engagement and communication, some of which are:

- Madura Olympics, Retail Premier League and Year-end Knockout to improve on-ground employee engagement.
- Hosted a Carnival, catering to 2,000+ people, where employees were invited with families to enjoy the day.
- A structured communication framework and multiple forums for top-down, bottom-up and horizontal communication.

Ever since the coronavirus outbreak in India, ABFRL has taken several steps across all offices, stores & factories to curb the spread of Covid-19 and ensure safety & wellbeing of employees. As a responsible company, we have amplified our efforts to ensure that we overcome this global health crisis together.

Management Advisories & awareness communications are released on safety guidelines on Social Distancing & Personal Hygiene. All domestic and international travels have been suspended since week of 9<sup>th</sup> March. Enhanced Safety & Hygiene Protocols have been established at all locations. Emergency Response Team(ERT) comprising of HR leaders put in place led by CHRO. Daily connect of Top Management Team with ERT to discuss on daily health status of all employees and way forward steps being discussed. ABFRL moved to work from home policy for all its office employees since week of 16<sup>th</sup> March and proactively decided to shut down all its retail stores across India on 23<sup>rd</sup> March in order to safeguard the risks to the health of store employees and customers. All factory operations were also stopped in line with the government guidelines. There have been regular check ins by HR team with all employees to get insights on their health, safety, family members, new ways of working, any challenges and issues. Adequate infrastructure supports along with various playbook and toolkits shared to aid seamless working in the new ways of remote working. Continuous engagement events like fitness sessions, managing stress & mental resilience sessions, fun at work and various training series over online platform is being conducted to ensure engage and strengthen skills. To ensure that financial crunch be the least of our employee's troubles, early salary payments have been released timely. Comprehensive work resumption standard operating procedures(SOP) & employee handbook is shared for offices, stores and factories taking reference of all government & WHO guidelines. A well-devised audit mechanism is placed to ensure readiness status of our workplace complying to prescribed SOP. We have ensured more than 90% of our employees have downloaded Aarogya Setu app as on date.

After announcing ABG's commitment of ₹ 500 crores to help the nation fight Coronavirus recently, a lot of work has been carried out at ABFRL level by our teams to help combat the situation. As a responsible company, we have commenced production of 1 million triple layer surgical masks and 1 lakh coverall garments with the support of the Textiles Ministry. We are doing our bit in giving back to society.

### Freedom of association

An association of employees, which is for their betterment under the overall goals of the business, is given its due credit. At present, there is a management-recognised employee association in our factories, which covers 2.3% of our employee membership.

### Workforce snapshot

<b>Number of permanent employees (as of March 31, 2020)</b>	:	<b>25,347</b>
<b>Total number of employees hired on temporary/ contractual/ casual basis</b>	:	<b>19,166</b>
Temporary/contractual	:	19,166
Casual basis	:	0
<b>Number of permanent women employees</b>	:	<b>13,308</b>
<b>Number of permanent employees with disabilities</b>	:	<b>68</b>

Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, etc.:

Sr. no.	Category	No. of complaints filed during the FY 2019-20	No. of complaints pending as on March 31, 2020
1	Child labour, forced labour, involuntary labour	-	-
2	Sexual harassment	38	1
3	Discriminatory employment	-	-

Percentage of employees given safety and skill upgradation training during the year:

Sr. no.	Category	Safety training	Skill Upgradation
1	Permanent employees	81%	79%
2	Permanent woman employees	92%	82%
3	Casual/temporary/contractual employees	39%	62%
4	Employees with disabilities	100%	-

On an average, **311 trainings** have been conducted on safety to create safety awareness. We conduct safety training every month, covering all our employees in factories, warehouses and retail stores. In FY 2019-20, we have conducted **8,615-man days** of safety training and topics covered in the trainings are listed below:

- Basic first aid
- Fire fighting
- Emergency preparedness
- Incident reporting
- Road safety awareness
- Personal protective equipment awareness

Sr. no.	Category	Safety
1	Total employees trained	10,484 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.

**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 Aditya Birla Fashion and Retail Limited (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**' (*POSH*) 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.

**The Company has not received any human rights related stakeholder's complaints during the Financial Year ended on March 31, 2020, however one pending case from FY 2018-19 has been resolved in FY 2019-20.**

#### 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.
- 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.
- One of our warehousing facility has been recognised as Platinum certified buildings by Indian Green Building Council rating system, this also fulfils the requirements of energy performance.
- 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 regional Pollution Control Board (PCB).
- 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 by commissioning solar rooftop plant across 4 factories and 1 warehouse.
- 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: <http://www.abfrl.com/sustainability/>

**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 (RAI) and Clothing Manufacturers Association of India (CMAI).

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 ₹ 3.39 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.

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) and collaborate and partnered with other relevant organizations for implementing certain specific initiatives. Some of the CSR initiatives we have undertaken are outlined below:

#### 1. Education

**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 2019-2020, Project Panvel reached out to 14062 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. Under extra-curricular activities, children's fairs were organised in which over 1970 children with their parents participated in different activities and 1970 students were trained in self-defence in 11 schools.

**Academic Support Centres:** Academic Support Centres are run in 8 villages by trained community tutors for the underprivileged and mostly first generation learners of 1st to 7th standard. Classes are conducted every day to help the children reach the grade-specific competencies. 280 children have benefited from the program and have improved their academic performance. Before the intervention only 3 children were getting A+ and it has increased to 108 subsequent to our intervention.

In all the academic support centre, ABFR Jan Kalyan Trust has initiated Library programmes. Every Saturday community tutors distribute books and maintain a register in all 8 centres. 924 children 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 2019-20, we supported 3,829 underprivileged students across 27 government schools.

ABFR Jan Kalyan Trust supported eight government schools in organizing Educational trips to historical places like Belur, Halebidu, Mysore, and Bangalore etc. 469 students benefited from the program.

To capacitate students and improve their verbal communication skills, ABFR Jan Kalyan Trust has started spoken English classes in seven government schools benefitting 968 students.

This year for the first time, ABFR Jan Kalyan Trust supported the Taluk level sports event in Anekal and Ramanagara, Karnataka reaching out 2136 students. In Anekal, 38 government primary and 41 government high schools participated and in Mayaganahalli cluster, 25 schools took part in the sports event.

80 underprivileged students were provided with scholarships to continue higher education.

On 8<sup>th</sup> September to mark the celebration of International Literacy Day, a campaign on Adult Literacy was observed in eight villages. A door to door campaign was done by the staff to reach maximum adults and teach them how to do their signatures. 258 adults participated in the campaign.

**“Gyanarjan”** accords special coaching classes to the students of 10<sup>th</sup> to 12<sup>th</sup> Std., and prepares them for competitive exams such as CET/ NEET. During the year, we engaged with three centres (Channapattana Govt. Girls PU College, Maharani Govt. Girls Jr. College, Mysore and R V Institute of Management, Jayanagar, Bangalore) covering 1167 students across southern states. Up until now, this initiative has supported 4,660 rural girl students. Furthermore, personality development and career counselling programs are also conducted for these students.

Through the **“Kasturba Gandhi Balika Vidyalyaya (KGBV)”** programme, under the “Sarva Shiksha Abhiyan”, we motivate underprivileged girls in continuing their education. We support 5 KGBV schools in Karnataka and Tamil Nadu. Here again, we organise Special Coaching classes for the core subjects (Maths, Science and English), benefiting 618 rural girl students. This was initiated in 2011-12. As a result, the KGBV School, Byrapattana, is continuously achieving over 95% score in their 10<sup>th</sup> exams.

## 2. Health and Sanitation

The community health workers actively supported Integrated Child Development Scheme (ICDS). They facilitated 88 mothers’ meetings which benefitted 1812 women. The topics covered in mothers’ meetings were importance of institutional delivery, health and sanitation etc.

ABFR Jan Kalyan Trust conducted several health camps for stake holders belonging to different age groups.

8 Health camps in government schools of 8 villages were organized. The camps covered eye, dental and general check-ups. A total of 1235 students got benefitted by the camps.

Specialized Health Camps (Cancer Awareness & Screening camps): During the year, 8 cancer awareness and screening camps for rural women were organized in collaboration with Cancer Care India. 688 women benefitted from this initiative and 380 women underwent Pap test.

10 eye camps were organised in villages; 2181 beneficiaries from rural community attended these camps. 1037 beneficiaries were supported with spectacles and 104 villagers went through cataract operation.

ABFR Jan Kalyan Trust supports the government officials in running polio vaccination drive in districts neighbouring Bangalore city. A total of 1,05,659 infants were immunised in 334 booths in Bangalore Urban and Ramanagara Districts.

### 3. Sustainable Livelihood

#### Kaushalya Project (The Skills Training Centre)-

This project aims to create and ensure sustainable livelihood opportunities to the rural youths by providing them appropriate skills.

We continued to organize skill development program in Data Entry Operator (DEO), Beauty and Haircare (BHC) and Retail operations and introduced Basic Tailoring course in FY 19-20.

In 2019-20, 351 rural youth enrolled and underwent training in 25 batches, out of which 336 youth completed their training and certified and 268 students linked to sustainable livelihood opportunities.

#### Career Readiness Program at 3 Model Villages:

Our career readiness training program for youths and senior secondary students in Sollepura, Madiwala, Basavanapura and their spoke Villages.

In 2019-20, 850 rural youth were trained and linked to livelihood opportunities.

### 4. Water & Watershed:

The watershed program aims to manage and utilise 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 2019-20, the water and watershed program in eight villages has helped to save/recharge approx. 1, 36,614 kl of water.

Under the integrated watershed program in Sollepura, the community pond was restored with the cooperation of local community members. The rainwater has filled the pond and the current storage is 1875 Kl of water.

Rainwater harvesting units were established in two government schools. In the current year, the rainwater harvesting structures were operational in seven schools. Through this initiative, at an average 1,069 Kl of water was conserved this year.

1,27,620.85 Kl water was conserved in Sollepura village through Water & Watershed program. As a result of water structures established under the program, the water table of nearby villages has gone up.

There is 100% pure drinking water facility provided in all the eight model & focus villages through Water ATM's. The community members are capacitated to manage these Water ATMs.

### 5. Digitization

ABFR Jan Kalyan Trust has set up a Village Information Centres & SMART Classrooms at Sollepura, Madiwala & Basavanapura Villages. Basic computer education in Government schools was introduced in 8 villages.

One of our model village, Sollepura, is 100% digitally literate village as every household has one digitally literate person. It is a WIFI enabled village so the community members are digitally connected.

The digitization project reaches out to 17152 beneficiaries

### 6. 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 24,249 hours in FY '19-20 in various activities like CSR Day with Management Trainees, English teaching, Blood donation, Road safety awareness, Tree plantation, Flood and Cyclone relief, School painting, Guest lectures etc.

**Our Partners/ Collaborators include:**

Gram Panchayats • Panvel Municipal Corporation • Sarva Shiksha Abhiyan • Government Colleges/ Schools & Anganwadis • Cricket Association for the Blind in India • Cancer Care India • Narayan Netralaya • Edunet • MYRADA • Goonj • Samarthanam • LabourNet • SVET • RVIM • 1M1B

**Impact assessment**

In this financial year we carried out impact assessment of CSR projects in collaboration with an external agency and that rated ABFRL's CSR projects based on ISO 26000 (Guidance on Social responsibility) for which we achieved platinum rating. The assessment also checks for the compliance of our CSR project based on

1. Section 135 and Schedule VII of Companies Act, 2013
2. National Guidelines for Responsible Business Conduct (9 principles)

This financial year we conducted Social Return on Investment (SROI) study of all our CSR projects with the help of a third party expert organization.

**Our Investments:**

Our spending in CSR for the year 2019-20 was ₹ 3.39 Crore, reaching out to 2,32,291 beneficiaries through various initiatives.

**Principle 9: Customer value**

**We believe that customer-centricity** is key to long-term business sustainability. We strive to ensure that customer complaints (if any) are appropriately and promptly addressed to the satisfaction of our customers and consumers.

Our customer-centricity approach encompasses a gamut of **propositions**:

- 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**' was launched to deliver a positive and uniform customer experience across all outlets and recently, has been extended to post-consumer use as well. Through an electronic interface, our customers can provide detailed feedback and rate their in-store experiences well as their post purchase experience. This feedback is meticulously monitored, and training is imparted to the employees to decode and respond to it. These inputs help us develop a better understanding of 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.
- Through **Customer Voice Response System (CVRS)**, we handle customer complaints and transparency processes using the Online Complaints 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.
- Providing best consumer experience through **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

- Assuring Quality at Source of Manufacturing
- Improving Product Quality basis all channel feedbacks
- Resolving customer issues at highest priority
- **In regards to the continuous improvements**, our Quality Assurance team initiated & accomplished numerous projects. There improvement projects **QIP (Quality Improvement Projects) / JIP (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
- Raw material quality improvement in trouser for colour fading properties.
- Shrinkage & elongation in T-Shirt category was improved with the change in fabric construction.
- Denim was taken up for improvements in manufacturing & reduce damages.
- Packaging standardisation for mens shirt category. This projects also which also fetched us with a national level award in NCQC (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, 2020.

**We received 77 customer complaints in the financial year, out of which 35 of the complaints are resolved. The nature of the complaints filed against ABFRL were charging of carry bags, charging of GST during EOSS and cashback point issue.**



**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**

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, 2020, 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, 2020, 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 the COVID 19 pandemic on the financial results of the Company. 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, 2020. 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.

Key audit matters	How our audit addressed the key audit matter
<b>Goodwill: Impairment Evaluation (as described in Note 5 of the Standalone Ind AS Financial Statements)</b>	
As disclosed in Note 5, goodwill amounts to ₹ 1,859.60 Crore as at March 31, 2020 and represents goodwill acquired through various business combinations and allocated to cash generating units of the Company.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units to which the goodwill has been allocated.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>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 is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates.</p> <p>The recoverable amount of the cash generating unit as at March 31, 2020 has been determined by the management based on a value in use calculation using cash flow projections from financial budgets approved by senior management.</p> <p>Impairment assessment is a key audit matter considering judgment involved in impairment assessment and the significant carrying value of the goodwill.</p>	<ul style="list-style-type: none"> <li>Evaluated the objectivity, competency and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.</li> <li>Evaluated the model used in determining the value in use of the cash generating units.</li> <li>Evaluated the consistency of data used in the recoverable amount calculation with the financial budgets approved by senior management of the Company.</li> <li>Analysed the performance of the cash generating units and assessed the assumptions used in computation of value in use as at March 31, 2020, 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>Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.</li> <li>We also assessed the disclosures provided by the Company in relation to its annual impairment test in Note 5 to the standalone Ind AS financial statements.</li> </ul>
<b>Provision for discount and sales returns (as described in Note 40(g) of the Standalone Ind AS Financial Statements)</b>	
<p>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.</p> <p>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.</p> <p>At year end, amount of expected returns, and discounts that have not yet been settled with the customers are estimated and accrued.</p> <p>Estimating the amount of accrual at year-end is considered a key audit matter due to the judgments required to be made by management.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>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'.</li> <li>Tested design and operating effectiveness of key controls for calculating, reviewing and approving returns and discounts.</li> <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> <li>Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on estimates of sales returns and sales discounts.</li> <li>Tested, on sample basis, credit notes issued to customers for returns and discounts as per approved norms.</li> <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> <li>We assessed the Company's disclosures in Note 40(g) on significant accounting judgments, estimates and assumptions.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Implementation of Ind AS 116 - Leases (as described in Note 4a of the Standalone Ind AS Financial Statements)</b>	
<p>On March 30, 2019, MCA notified Ind AS 116 Leases and it replaced Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.</p> <p>The Company has applied the modified retrospective method to ongoing leases as of April 01, 2019.</p> <p>The adoption of Ind AS 116 resulted in transitional impact amounting to ₹ 129.82 Crore (net of straight lining of lease rentals of ₹ 94.10 Crore and deferred tax of ₹ 69.73 Crore) in retained earnings. As at March 31, 2020, the Company has ₹ 2,174.43 Crore of Right of use (RoU) assets and ₹ 2,467.35 Crore of Lease liabilities.</p> <p>Application of Ind AS 116, requires significant judgement and estimate in identification of lease arrangement, determining the RoU assets and lease liabilities based on terms of the underlying lease agreements, hence we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116.</li> <li>Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of leases under Ind AS 116.</li> <li>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 recomputed on a sample basis calculation involved.</li> <li>Assessed the underlying assumptions and estimates including the applicable discount rates.</li> <li>We also assessed the Company's disclosures made in accordance with the requirements of Ind AS 116.</li> </ul>
<b>Recognition of Deferred tax assets (as described in Note 10 and 38 of the Standalone Ind AS Financial Statements)</b>	
<p>Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.</p> <p>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.</p> <p>As at March 31, 2020 the Company has recognised total deferred tax assets of ₹ 194.96 Crore. The recognition 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 Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's accounting policies with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".</li> <li>Involved tax specialists who evaluated the Company's tax positions by assessing the prevalent tax laws and compared the current position with prior years and past precedents.</li> <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 Company based on current market and economic conditions arising from the impact of COVID 19 pandemic.</li> <li>We 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".</li> </ul>
<b>Provision on inventories (as described in Note 12 and 40(f) of the Standalone Ind AS Financial Statements)</b>	
<p>As at March 31, 2020, the Company held inventories of ₹ 2,349.40 Crore. Inventories are carried at lower of cost and net realisable value in accordance with the accounting policy of the Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to inventory provision.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Compared the methodology used to calculate the inventory provision and its consistency with prior periods and obtained an understanding of management justification for changes.</li> <li>• Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on provision on inventories.</li> <li>• Tested on a sample basis, the calculation of the provision as per Company policy.</li> <li>• For specific provisions made, on a sample basis, assessed the basis and tested with management approvals.</li> <li>• Tested on a sample basis, whether inventories are carried at the lower of cost and net realisable value.</li> <li>• We 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
  - o Business Overview
  - o Business Strategy
  - o Financial Performance and Analysis
  - o Risk Management
  - o Internal Control Systems and their Adequacy
  - o Share Capital
  - o Disclosure in terms of the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - o 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.
- 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, 2020 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has 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: 20208382AAAAAY1778

Place: Bengaluru

Date : May 27, 2020

**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 ₹ 6.05 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, 2020 (₹ 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)	0.13	

- (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) Undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, sales tax, customs duty, excise duty, value added tax, goods and service tax, cess and other statutory dues as applicable, have generally been regularly deposited with the appropriate authorities.
- (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, service tax, sales tax, customs duty, excise duty,

value added tax, 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 dispute is pending
Central Sales Tax Act	Central sales tax	0.01	2006-07	The Appellate Deputy Commissioner (CT) Secunderabad Division
Customs Act	Custom duty	2.04	1998-99	Supreme Court
Customs Act	Custom duty	0.50	2010	Commissioner – Appeal, Chennai
Gujarat Commercial Tax Act	Sales tax	2.26	2011-12	Joint Commissioner - JCCT(A), Ahmedabad
Karnataka Sales Tax Act	Sales tax	5.26	2014-15	Joint Commissioner of Commercial Taxes – Appeal, Bengaluru
Karnataka Tax on Entry of Goods Act	Entry tax	0.02	2002-03 to 2004-05	Joint Commissioner of Commercial Taxes - Appeal- 1, Bengaluru
Kerala General Sales Tax Act	Kerala sales Tax	0.01	2004-05	Kerala Sales Tax Appellate tribunal, Ernakulum
Kerala Commercial Tax Act	Goods and service tax	0.59	2017-18	Assistant Commissioner (Appeals) of State Goods and Service Tax Department, Kozhikode
Odisha Sales Tax Act	Sales tax	0.74	2014-15	Joint Commissioner of Commercial Tax, Bhubaneswar
Textile Committee Act	Textile cess	0.59	1999-2005	Hon'ble High Court – Karnataka
Uttar Pradesh Commercial Tax	Value added tax	0.97	2010-11	Deputy Commissioner of Commercial Taxes, Lucknow
Uttar Pradesh Commercial Tax	Value added tax	3.25	2011-12 to 2012-13	Additional Commissioner – Appeal, Lucknow
Uttarakhand Commercial Tax	Value added tax	5.15	2012-13 to 2015-16	Deputy Commissioner of Commercial Taxes, Dehradun
West Bengal Commercial Tax	Sales tax	0.05	2005-06 & 2013-14	Joint Commissioner Appeal - JCCT (A), Kolkata
West Bengal Commercial Tax	Sales tax	0.20	2011-12	Appellate and Revisional Board, Kolkata
West Bengal Commercial Tax	Sales tax	0.28	2015-16	Sr. Joint Commissioner, Kolkata
Madhya Pradesh Commercial Tax	Sales tax	0.24	2013-14 & 2015-16	Deputy Commissioner of Commercial Taxes, Indore
Income Tax Act, 1961	Withholding Tax	0.24	2011-12	Commissioner of Income Tax (Appeals), Mumbai

\* The unpaid amount mentioned above is net of ₹ 37.75 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 term loans and debt instruments were applied for the purposes for which those were raised. The Company has not raised any money way of initial public offer / further public offer.
- (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 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 explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (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 to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and not commented upon.
- (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: 20208382AAAAAY1778

Place: Bengaluru

Date : May 27, 2020

**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 over financial reporting of Aditya Birla Fashion and Retail Limited ("the Company") as of March 31, 2020 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. 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 over financial reporting 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting with reference to these standalone Ind AS financial statements**

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Over Financial Reporting with reference to these standalone Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

UDIN: 20208382AAAAAY1778

Place: Bengaluru

Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2020**

		₹ in Crore	
	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	<b>638.10</b>	636.37
(b) Capital work-in-progress		<b>40.06</b>	22.39
(c) Right-of-use assets	4a	<b>2,174.43</b>	-
(d) Goodwill	5	<b>1,859.60</b>	1,859.60
(e) Other intangible assets	5	<b>56.22</b>	59.51
(f) Intangible assets under development		<b>3.54</b>	-
(g) Financial assets			
(i) Investments	6	<b>170.01</b>	4.21
(ii) Loans	7	<b>3.43</b>	3.08
(iii) Security deposits	8	<b>298.99</b>	271.26
(iv) Other financial assets	9	<b>0.34</b>	1.06
(h) Deferred tax assets (net)	10	<b>194.96</b>	263.38
(i) Non-current tax assets (net)		<b>22.25</b>	16.20
(j) Other non-current assets	11	<b>76.14</b>	114.85
<b>Total - Non-current assets</b>		<b>5,538.07</b>	3,251.91
<b>II Current assets</b>			
(a) Inventories	12	<b>2,349.40</b>	1,921.28
(b) Financial assets			
(i) Loans	13	<b>7.12</b>	5.42
(ii) Security deposits	14	<b>107.69</b>	80.19
(iii) Trade receivables	15	<b>840.19</b>	780.81
(iv) Cash and cash equivalents	16	<b>264.91</b>	57.19
(v) Bank balance other than the above	17	<b>0.14</b>	0.22
(vi) Other financial assets	18	<b>190.31</b>	139.59
(c) Other current assets	19	<b>391.10</b>	384.46
<b>Total - Current assets</b>		<b>4,150.86</b>	3,369.16
<b>TOTAL - ASSETS</b>		<b>9,688.93</b>	6,621.07

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2020**

		₹ in Crore	
	Notes	As at March 31, 2020	As at March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	20	<b>773.95</b>	773.48
(b) Other equity	21	<b>311.92</b>	655.40
<b>Total - Equity</b>		<b>1,085.87</b>	1,428.88
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	<b>855.02</b>	723.78
(ii) Lease liabilities	4b	<b>1,791.67</b>	-
(iii) Deposits		<b>109.78</b>	81.22
(iv) Other financial liabilities	23	<b>60.13</b>	101.66
(b) Provisions	24	<b>97.04</b>	115.21
(c) Other non-current liabilities	25	<b>12.29</b>	92.46
<b>Total - Non-current liabilities</b>		<b>2,925.93</b>	1,114.33
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	<b>1,507.78</b>	474.45
(ii) Lease liabilities	4b	<b>675.68</b>	-
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	27	<b>97.73</b>	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	<b>2,175.61</b>	2,291.84
(iv) Deposits		<b>153.40</b>	111.34
(v) Other financial liabilities	28	<b>877.11</b>	923.31
(b) Provisions	29	<b>87.91</b>	87.04
(c) Other current liabilities	30	<b>101.91</b>	84.30
<b>Total - Current liabilities</b>		<b>5,677.13</b>	4,077.86
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>9,688.93</b>	6,621.07
<b>Summary of significant accounting policies</b>	2.2		

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 BHAWWALA

Partner

Membership No.: 208382

Place: Bengaluru

Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)

Place: Mumbai  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

₹ in Crore

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	31	8,742.53	8,117.72
II Other income	32	65.09	64.78
<b>III Total income (I + II)</b>		<b>8,807.62</b>	<b>8,182.50</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	33a	783.03	604.21
(b) Purchase of stock-in-trade	33b	3,781.52	3,549.26
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	33c	(358.79)	(228.50)
(d) Employee benefits expense	34	1,058.40	913.02
(e) Finance costs	35	422.73	187.42
(f) Depreciation and amortisation expense	36	876.82	282.33
(g) Rent expense	44 & 4a	486.92	1,110.35
(h) Other expenses	37	1,766.08	1,615.31
<b>Total expenses</b>		<b>8,816.71</b>	<b>8,033.40</b>
<b>V Profit/ (loss) before tax (III - IV)</b>		<b>(9.09)</b>	<b>149.10</b>
<b>VI Income tax expense</b>			
(a) Current tax	38	-	21.84
(b) Deferred tax	38	136.10	(193.96)
		<b>136.10</b>	<b>(172.12)</b>
<b>VII Profit/ (loss) for the year (V - VI)</b>		<b>(145.19)</b>	<b>321.22</b>
<b>VIII Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Re-measurement gains/ (losses) on defined benefit plans		4.55	(1.72)
Income tax effect on above		(1.31)	0.60
(b) Fair value gains/ (losses) on equity instruments		2.95	-
Income tax effect on above		(0.74)	-
<b>Total other comprehensive income for the year</b>		<b>5.45</b>	<b>(1.12)</b>
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b>(139.74)</b>	<b>320.10</b>
<b>X Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2019 : ₹ 10)]</b>	<b>39</b>		
Basic (₹)		(1.88)	4.15
Diluted (₹)		(1.88)	4.15
<b>Summary of significant accounting policies</b>	<b>2.2</b>		

**The accompanying notes are an integral part of the standalone financial statements.**

As per our report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAWALA

Partner

Membership No.: 208382

For and on behalf of the Board of Directors of  
Aditya Birla Fashion and Retail LimitedASHISH DIKSHIT  
(Managing Director)  
(DIN: 01842066)Place: Bengaluru  
Date : May 27, 2020JAGDISH BAJAJ  
(Chief Financial Officer)Place: Bengaluru  
Date : May 27, 2020SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)Place: Mumbai  
Date : May 27, 2020GEETIKA ANAND  
(Company Secretary)  
(M.No.: 23228)  
Place: Mumbai  
Date : May 27, 2020Place: Bengaluru  
Date : May 27, 2020

## ADITYA BIRLA FASHION AND RETAIL LIMITED

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

## A. Equity share capital

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>Equity shares of ₹ 10 each issued</b>				
As at the beginning of the year	77,34,98,313	773.49	77,34,04,897	773.40
Exercise of Options (Refer Note - 43)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,64,840</b>	<b>773.96</b>	<b>77,34,98,313</b>	<b>773.49</b>
	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>Equity shares of ₹ 10 each subscribed and fully paid</b>				
As at the beginning of the year	77,34,81,460	773.48*	77,16,93,984	771.69
Allotment to Non-Resident (NR) shareholders (Refer Note - 21)	-	-	16,94,060	1.69
Exercise of Options (Refer Note - 43)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,47,987</b>	<b>773.95</b>	<b>77,34,81,460</b>	<b>773.48*</b>

\* The amount of share capital has been rounded off in ₹ Crore.

## B. Other equity

	Share application money pending allotment (Refer Note - 21)	Share suspense account (Refer Note - 21)	Securities premium (Refer Note - 21)	Reserves and surplus				Other comprehensive income		Total other equity
				Retained earnings (Refer Note - 21)	Share options outstanding account (Refer Note - 21)	Treasury shares (Refer Note - 21)	Capital reserve (Refer Note - 21)	Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 21)	Fair value gains/ (losses) on equity instruments (Refer Note - 21)	
<b>As at April 01, 2018</b>	0.15	1.71	761.90	(473.31)	13.60	-	21.69	(4.32)	-	321.42
Profit/ (loss) for the year	-	-	-	321.22	-	-	-	-	-	321.22
Allotted to NR shareholders during the year	-	(1.69)	-	-	-	-	-	-	-	(1.69)
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	0.90	-	-	-	-	-	-	0.90
Other comprehensive income for the year	-	-	-	-	-	-	-	(1.12)	-	(1.12)
Recognition of Share based payment	-	-	-	-	14.74	-	-	-	-	14.74
Transfer to Securities Premium on exercise of Options	-	-	0.72	-	(0.72)	-	-	-	-	-
Share application money received/ (allotted) towards exercise of Options	(0.07)	-	-	-	-	-	-	-	-	(0.07)
<b>As at March 31, 2019</b>	0.08	0.02	763.52	(152.09)	27.62	-	21.69	(5.44)	-	655.40
Adjustments pursuant to adoption of Ind AS 116 (net of tax) (Refer Note - 4)	-	-	-	(129.82)	-	-	-	-	-	(129.82)
Profit/ (loss) for the year	-	-	-	(145.19)	-	-	-	-	-	(145.19)
Allotted to NR shareholders during the year	-	-	-	-	-	-	-	-	-	-
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	6.84	-	-	-	-	-	-	6.84
Other comprehensive income for the year	-	-	-	-	-	-	-	3.24	2.21	5.45
Recognition of Share based payment	-	-	-	-	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)
Share application money received/ (allotted) towards exercise of Options	(0.08)	-	-	-	-	-	-	-	-	(0.08)
<b>As at March 31, 2020</b>	-	0.02	773.64	(427.10)	44.15	(100.49)	21.69	(2.20)	2.21	311.92

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 BHAWALA

Partner

Membership No.: 208382

Place: Bengaluru

Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)

Place: Mumbai  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020



**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

			₹ in Crore
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>			
<b>Profit/ (loss) before tax</b>		<b>(9.09)</b>	<b>149.10</b>
Adjustments for:			
Depreciation and amortisation expense	36	<b>876.82</b>	282.33
Finance costs	35	<b>419.98</b>	184.63
Gain on retirement of right-of-use assets	32	<b>(12.93)</b>	-
Loss on sale/ discard of property, plant and equipment	37	<b>2.92</b>	1.36
Share-based payment to employees	34	<b>19.86</b>	14.74
Interest income	32	<b>(0.77)</b>	(0.41)
Net gain on sale of current investments	32	<b>(4.71)</b>	(2.22)
Net Unrealised exchange gain		<b>(2.64)</b>	(0.44)
Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss		<b>(24.28)</b>	1.21
Provision for doubtful debts, deposits and advances	37	<b>10.81</b>	6.94
Bad debts written off	37	-	3.67
<b>Operating profit before working capital changes</b>		<b>1,275.97</b>	<b>640.91</b>
Changes in working capital:			
(Increase)/ decrease in trade and other receivables		<b>(67.12)</b>	5.42
(Increase)/ decrease in inventories		<b>(428.12)</b>	(353.43)
(Increase)/ decrease in other assets		<b>(112.62)</b>	(171.64)
Increase/ (decrease) in trade and other payables		<b>(132.59)</b>	392.46
Increase/ (decrease) in provisions		<b>(12.99)</b>	8.52
Increase/ (decrease) in other liabilities		<b>145.28</b>	24.96
<b>Cash generated from operations</b>		<b>667.81</b>	<b>547.20</b>
Income taxes paid (net of refund)		<b>(6.13)</b>	(19.59)
<b>Net cash flows from operating activities</b>		<b>661.68</b>	<b>527.61</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and capital advance		<b>(313.46)</b>	(286.72)
Consideration paid for acquisition of/ investment in subsidiaries	6	<b>(159.30)</b>	-
Purchase of current investments		<b>(6,811.30)</b>	(960.61)
Inter-corporate deposits to subsidiaries		<b>(14.99)</b>	-
Investment in treasury shares held by ESOP trust		<b>(100.49)</b>	-
Proceeds from sale of property, plant and equipment and intangible assets		<b>6.00</b>	7.54
Proceeds from sale/ maturity of current investments		<b>6,816.01</b>	962.83
Repayment of Inter-corporate deposits by subsidiaries		<b>2.83</b>	-
Interest received		<b>0.57</b>	0.41
<b>Net cash flows used in investing activities</b>		<b>(574.13)</b>	<b>(276.55)</b>

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

		₹ in Crore	
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		7.23	0.93
Proceeds from non-current borrowings (net off charges)		1,044.77	300.00
Proceeds from sale of property, plant and equipment under sale and leaseback arrangement		47.93	-
Proceeds/ (repayments) of current borrowings (net)		1,032.34	(95.01)
Repayment of non-current borrowings		(1,004.64)	(362.59)
Repayment of lease liabilities		(584.90)	-
Interest paid		(422.56)	(109.76)
<b>Net cash flows from/ (used) in financing activities</b>		<b>120.17</b>	<b>(266.43)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>207.72</b>	<b>(15.37)</b>
Cash and cash equivalents at the beginning of the year		57.19	72.56
<b>Cash and cash equivalents at the end of the year</b>	16	<b>264.91</b>	<b>57.19</b>
<b>Components of Cash and cash equivalents</b>			
Balances with banks - on current accounts		157.76	10.14
Balances with banks - on deposit accounts (original maturity less than 3 months)		100.00	-
Balances with credit card companies		0.05	28.64
Balances with e-wallet companies		0.05	0.01
Cash on hand		7.05	18.40
<b>Total Cash and cash equivalents</b>		<b>264.91</b>	<b>57.19</b>

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 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)

Place: Mumbai  
Date : May 27, 2020

GEETIKA ANAND  
(Company Secretary)  
(M.No.: 23228)  
Place: Mumbai  
Date : May 27, 2020

**Aditya Birla Fashion and Retail Limited****Notes to the standalone financial statements for the year ended March 31, 2020****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 27, 2020.

**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 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 Company has identified twelve months as its operating cycle.

## (II) 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 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 derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (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.

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 Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the 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 Statement of Profit and Loss are also reclassified in OCI or the Statement of Profit and Loss, respectively).

#### (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.

### Loyalty points programme

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 either 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 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.

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 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.

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 Statement of Profit and Loss as current tax for the year. Deferred tax assets include MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Current tax and deferred tax relating to items recognised outside the Statement of Profit and Loss are recognised outside the 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**

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 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 Company has used the following rates to provide depreciation on its tangible fixed assets:

**(a) Assets where useful life is same as Schedule II**

Assets	Useful life as prescribed by Schedule II 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
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.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the 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**

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 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 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 Statement of Profit and Loss when the asset is de-recognised.

#### **(XI) 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. Acquisition-related costs are recognised in 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 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.

#### 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
Goodwill arising on acquisition of business division through demerger and business combination	-	No amortisation, tested for impairment
Brands/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	12 years	Amortised on straight-line basis over the period of franchise agreement

#### **(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 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 is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the 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 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

The Company's lease asset classes primarily consist of leases for land and buildings. 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.

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 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 Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

#### Transition to Ind AS 116

The Company has adopted Ind AS 116, effective April 01, 2019 and has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application. Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019. As a practical expedient the Company has applied Ind AS 116, to contracts that were previously identified as leases under Ind AS 17 and Appendix C of Ind AS 17.

Refer Note 2.2 (XII) – Significant accounting policies – Leases in the annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The weighted average incremental borrowing rate of 9.05% p.a. has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar characteristics.
- Applied the exemption not to recognize rights-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

- Excluded the initial direct costs from the measurement of the rights-of-use asset at the date of initial application.
- Applied hindsight approach, for determining the lease term for the contract contains options to extend or terminate the lease.

#### (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 Statement of Profit and Loss are recognised immediately in the 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.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories:

##### (a) Non-derivative financial assets

###### (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 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 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 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 (see 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 Statement of Profit and Loss. The net gain or loss recognised in the 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.

## (iv) Equity investments

Investment in Subsidiaries are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries at cost. All other equity investments 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 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 Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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.

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 Balance Sheet.

(b) Non derivative financial liabilities

(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 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 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:

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 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 Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the 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 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 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

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 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 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 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 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 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 Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the 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 Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the 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 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 Statement of Profit and Loss.

#### Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the 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. 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 Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the Statement of Profit and Loss when the hedge item affects the 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).

#### **(XVII) 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 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 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) Short-term employee benefits**

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 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) Defined benefit plan**

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 at the 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 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 Statement of Profit and Loss.

(d) Compensated absences

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 Statement of Profit and Loss.

The Company presents the entire leave as a current liability in the 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. Equity-settled 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 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.

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 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 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 are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(XXI) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet and for the purpose of the 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.

**NOTE: 3**  
**PROPERTY, PLANT AND EQUIPMENT**

									₹ in Crore
	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
Cost									
As at April 01, 2018	5.92	14.32	150.29	252.37	86.96	435.66	127.82	9.71	1,083.05
Additions	-	24.79	49.45	42.20	17.32	113.84	4.39	6.94	258.93
Disposals	-	-	15.26	27.18	1.98	39.63	2.11	3.52	89.68
As at March 31, 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
Depreciation									
As at April 01, 2018	-	1.63	30.55	94.51	43.32	209.01	56.04	1.54	436.60
Depreciation for the year (Refer Note - 36)	-	1.03	47.83	54.57	25.07	119.84	8.65	3.12	260.11
Disposals	-	-	13.63	24.74	1.67	36.91	1.91	1.92	80.78
As at March 31, 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
Net carrying value as at:									
March 31, 2020	5.92	38.63	136.86	145.63	36.47	197.45	66.79	10.35	638.10
March 31, 2019	5.92	36.45	119.73	143.05	35.58	217.93	67.32	10.39	636.37

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	638.10	636.37
<b>Total</b>	<b>638.10</b>	<b>636.37</b>

\* 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, which are held in the name of the demerged companies and is in the process of being transferred to the Company.

**NOTE: 4**  
**RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**(a) Right-of-use assets**

	₹ in Crore						
	Land	Building	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment
<b>Cost</b>							
As at April 01, 2019	-	-	-	-	-	-	-
Asset Recognised as on April 01, 2019	-	1,815.77	-	-	-	-	-
Reclassification from prepayments pursuant to adoption of Ind AS 116	10.42	70.90	-	-	-	-	-
Additions	-	952.42	9.56	0.18	3.70	38.59	1.62
Disposals	-	119.43	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>10.42</b>	<b>2,719.66</b>	<b>9.56</b>	<b>0.18</b>	<b>3.70</b>	<b>38.59</b>	<b>1.62</b>
<b>Depreciation</b>							
As at April 01, 2019	-	-	-	-	-	-	-
Depreciation for the year (Refer Note - 36)	0.39	627.41	0.04	-	0.02	0.18	0.01
Disposals	-	18.75	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>0.39</b>	<b>608.66</b>	<b>0.04</b>	<b>-</b>	<b>0.02</b>	<b>0.18</b>	<b>0.01</b>
<b>Net carrying value as at:</b>							
As at March 31, 2020	10.03	2,111.00	9.52	0.18	3.68	38.41	1.61
As at March 31, 2019	-	-	-	-	-	-	-

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Right-of-use assets	2,174.43	-
<b>Total</b>	<b>2,174.43</b>	<b>-</b>

**(b) Lease liabilities**

	₹ in Crore
	As at March 31, 2020
<b>As at April 01, 2019</b>	<b>-</b>
Liabilities recognised as on April 01, 2019	2,109.42
Additions	984.20
Retirements	(113.61)
Interest expense on lease liabilities	210.42
Payments	(723.08)
<b>As at March 31, 2020</b>	<b>2,467.35</b>
<b>Current</b>	<b>675.68</b>
<b>Non-current</b>	<b>1,791.67</b>



The Company has adopted Ind AS 116 “leases” effective April 01, 2019 using modified retrospective method as a result of which comparative information are not required to be restated. 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). Therefore, rent expense, finance costs, depreciation and amortisation expense, other income and profit for the year ended March 31, 2019 are not comparable with year ended March 31, 2020. Also, total assets and total liabilities as at March 31, 2019 are not comparable with balances as at March 31, 2020.

For maturity analysis of lease liabilities, refer Note - 44(a).

Impact of Ind AS 116 on the standalone financial statements for the year ended March 31, 2020 is as follows:

			₹ in Crore
	Year ended March 31, 2020 (Comparable)	Year ended March 31, 2020 (As per Ind AS 116)	Change due to Ind AS 116 Increase/ (Decrease)
Rent expense	1,246.84	486.92	(759.92)
Finance costs	212.31	422.73	210.42
Depreciation and amortisation expense	248.77	876.82	628.05
Other Income	52.16	65.09	12.93
Profit/ (loss) before tax	56.53	(9.09)	(65.62)

#### NOTE: 5

#### GOODWILL AND OTHER INTANGIBLE ASSETS

						₹ in Crore
	Goodwill	Brands/ Trademarks	Computer software	Technical know-how	Franchisee rights	Total
<b>Cost</b>						
<b>As at April 01, 2018</b>	1,859.60	27.89	60.16	2.18	33.81	1,983.64
Additions	-	-	5.48	-	-	5.48
Disposals	-	-	0.08	0.34	-	0.42
<b>As at March 31, 2019</b>	1,859.60	27.89	65.56	1.84	33.81	1,988.70
Additions	-	-	16.54	-	-	16.54
Disposals	-	-	1.29	-	-	1.29
<b>As at March 31, 2020</b>	1,859.60	27.89	80.81	1.84	33.81	2,003.95
<b>Amortisation</b>						
<b>As at April 01, 2018</b>	-	6.91	35.29	0.68	4.91	47.79
Amortisation for the year (Refer Note - 36)	-	2.92	15.86	0.62	2.82	22.22
Disposals	-	-	0.08	0.34	-	0.42
<b>As at March 31, 2019</b>	-	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
<b>As at March 31, 2020</b>	-	12.74	63.56	1.28	10.55	88.13

						₹ in Crore
	Goodwill	Brands/ Trademarks	Computer software	Technical know-how	Franchisee rights	Total
Net carrying value as at:						
March 31, 2020	1,859.60	15.15	17.25	0.56	23.26	1,915.82
March 31, 2019	1,859.60	18.06	14.49	0.88	26.08	1,919.11

**Net carrying value**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Goodwill	1,859.60	1,859.60
Other intangible assets	56.22	59.51
<b>Total</b>	<b>1,915.82</b>	<b>1,919.11</b>

**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.

**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.

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.

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

	As at March 31, 2020	₹ in Crore As at March 31, 2019
Pantaloons CGU	1,167.55	1,167.55
Madura Fashion & Lifestyle CGU	627.67	627.67
Forever 21 CGU	64.38	64.38
<b>Total</b>	<b>1,859.60</b>	<b>1,859.60</b>

#### 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, 2020, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three year period. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. The Company has estimated Free Cash Flow for the year ending March 31, 2023, and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2023 using the terminal growth rate of 6.00%. 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 at March 31, 2020			As at March 31, 2019		
	Pantaloons CGU	Madura Fashion & Lifestyle CGU	Forever 21 CGU	Pantaloons CGU	Madura Fashion & Lifestyle CGU	Forever 21 CGU
Discount rate	17.20%	18.79%	19.26%	15.24%	17.92%	19.37%

##### Growth rate estimates:

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, 2020	As at March 31, 2019
<b>Investments in subsidiaries: (Carried at cost)</b>		
Unquoted equity instruments		
61,37,055 (March 31, 2019: Nil) fully paid equity shares of ₹ 10/- each of Jaypore E-Commerce Private Limited (Refer Note - 1 below)	104.75	-
10,000 (March 31, 2019: Nil) fully paid equity shares of ₹ 10/- each of TG Apparel & Decor Private Limited (Refer Note - 1 below)	0.25	-
6,31,670 (March 31, 2019: Nil) fully paid equity shares of ₹ 10/- each of Finesse International Design Private Limited (Refer Note - 2 below)	57.85	-
<b>Other Investments: (Carried at fair value through other comprehensive income)</b>		
Unquoted equity instruments		
7,000 (March 31, 2019: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	7.16	4.21
<b>Total</b>	<b>170.01</b>	<b>4.21</b>
* Increase is on account of fair valuation.		
Aggregate book value of unquoted investments	170.01	4.21
Aggregate amount of impairment in value of investments	-	-

**Note:**

- During the year ended March 31, 2020, the Board of Directors of the Company had 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 has also become a wholly-owned subsidiary of the Company. As at March 31, 2020, Jaypore along with Jaypore Inc. and TG Apparel have negative net worth of ₹ 10.13 Cr and ₹ 2.25 Cr, respectively, due to losses in current period. 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.
- 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.

**NOTE: 7****NON-CURRENT FINANCIAL ASSETS – LOANS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Loans and advances to employees</b>		
Secured, considered good	-	-
Unsecured, considered good	3.43	3.08
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>3.43</b>	<b>3.08</b>

**NOTE: 8****NON-CURRENT FINANCIAL ASSETS – SECURITY DEPOSITS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 46)	7.70	-
Unsecured, considered good	291.29	271.26
Unsecured, considered doubtful	0.01	1.40
Provision for doubtful deposits	(0.01)	(1.40)
<b>Total</b>	<b>298.99</b>	<b>271.26</b>

**NOTE: 9****NON-CURRENT FINANCIAL ASSETS – OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Other bank balance		
Bank deposits with more than 12 months maturity from the Balance Sheet date	0.34	1.06
<b>Total</b>	<b>0.34</b>	<b>1.06</b>

**NOTE: 10****DEFERRED TAX ASSETS (NET)**

Deferred tax relates to the following:

	₹ in Crore			
	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and amortisation expense	41.01	41.07	0.06	(41.07)
Disallowance under Section 43B and 40(a) (ia) of the Income Tax Act, 1961	44.98	53.32	8.34	(53.32)
Provision for share-based payment	2.49	9.62	7.13	(9.62)
Loss as per income tax computations available for offsetting against future taxable income	15.41	92.97	77.56	(24.15)
MAT credit (entitlement)/ write-off	-	21.84	21.84	(21.84)
<i>Impact of Ind AS 116</i>				
a) Lease equalisation charges	-	35.18	35.18	(35.18)
b) ROU assets and lease liabilities	20.72	-	(20.72)	-
c) Adjustment pursuant to adoption of Ind AS 116, recorded in retained earnings (Refer Note - 4)	69.73	-	-	-
Others	2.07	8.78	6.71	(8.78)
<b>Total (A)</b>	<b>196.41</b>	<b>262.78</b>	<b>136.10</b>	<b>(193.96)</b>
<b>Other comprehensive income (B)</b>	<b>(1.45)</b>	<b>0.60</b>	<b>2.05</b>	<b>(0.60)</b>
<b>Deferred tax (income)/ expense (A+B)</b>			<b>138.15</b>	<b>(194.56)</b>
<b>Net deferred tax assets/ (liabilities) (A+B)</b>	<b>194.96</b>	<b>263.38</b>		



## Reflected in the Balance Sheet as follows:

	As at March 31, 2020	₹ in Crore As at March 31, 2019
Deferred tax assets	194.96	263.38
Deferred tax liabilities	-	-
<b>Deferred tax assets/ (liabilities) (net)</b>	<b>194.96</b>	<b>263.38</b>

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

	As at March 31, 2020	₹ in Crore As at March 31, 2019
<b>As at the beginning of the year</b>	<b>263.38</b>	<b>68.82</b>
Adjustments pursuant to adoption of Ind AS 116 (Refer Note - 4)	69.73	-
Tax (income)/ expense recognised in profit and loss during the year (Refer Note - 38)	136.10	(193.96)
Tax (income)/ expense recognised in OCI during the year (Refer Note - 38)	2.05	(0.60)
<b>As at the end of the year</b>	<b>194.96</b>	<b>263.38</b>

**NOTE: 11****OTHER NON-CURRENT ASSETS**

	As at March 31, 2020	₹ in Crore As at March 31, 2019
Capital advances	8.09	10.39
Prepayments	14.39	49.29
Balances with government authorities (other than income tax)	51.82	54.71
Other receivables	1.84	0.46
<b>Total</b>	<b>76.14</b>	<b>114.85</b>

**NOTE: 12****INVENTORIES**

	As at March 31, 2020	₹ in Crore As at March 31, 2019
<i>At lower of cost and net realisable value</i>		
Raw materials	187.05	125.12
Includes Goods-in-transit ₹ 33.52 Crore (March 31, 2019: ₹ 24.23 Crore)		
Work-in-progress	22.05	18.38
Finished goods	178.81	146.64
Stock-in-trade	1,944.19	1,621.24
Includes Goods-in-transit ₹ 4.21 Crore (March 31, 2019: ₹ 5.83 Crore)		
Stores and spares	2.49	1.36
Packing materials	14.81	8.54
<b>Total</b>	<b>2,349.40</b>	<b>1,921.28</b>

During the year ended March 31, 2020 ₹ 78.91 Crore (March 31, 2019: ₹ 18.53 Crore) is recognised as an expense for inventories carried at net realisable value.

**NOTE: 13****CURRENT FINANCIAL ASSETS – LOANS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	7.12	5.42
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>7.12</b>	<b>5.42</b>

**NOTE: 14****CURRENT FINANCIAL ASSETS – SECURITY DEPOSITS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Unsecured, considered good	107.69	80.19
Unsecured, considered doubtful	3.74	2.50
Provision for doubtful deposits	(3.74)	(2.50)
<b>Total</b>	<b>107.69</b>	<b>80.19</b>

**NOTE: 15****TRADE RECEIVABLES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Trade receivables from others	839.97	780.81
Trade receivables from related parties (Refer Note - 46)	0.22	-
<b>Total</b>	<b>840.19</b>	<b>780.81</b>

**Break-up for security details:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Trade receivables</b>		
Secured, considered good	62.51	73.27
Unsecured, considered good	777.68	707.54
Trade receivables, which have significant increase in credit risk	-	-
Credit impaired	19.45	10.44
	<b>859.64</b>	<b>791.25</b>
<b>Impairment allowance</b>		
Credit impaired	(19.45)	(10.44)
	<b>(19.45)</b>	<b>(10.44)</b>
<b>Total</b>	<b>840.19</b>	<b>780.81</b>

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**

	Expected credit loss (%)					
	As at March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	0.04%	0.33%	-	0.11%	1.93%	0.04%
0-90 days	0.09%	1.07%	-	0.21%	6.02%	0.12%
91-180 days	0.13%	1.18%	-	0.40%	6.64%	0.18%
181-270 days	0.16%	1.54%	-	0.51%	9.52%	0.19%
271 - 365 days	0.17%	2.17%	-	0.57%	10.67%	0.20%
1-2 years	0.17%	2.17%	-	0.57%	10.67%	0.20%

**Ageing of receivables on which impairment allowance of doubtful debts is applied\***

₹ in Crore

	As at March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	209.63	15.34	-	78.38	34.63	26.00
0-90 days	104.92	16.79	-	85.50	-	0.80
91-180 days	-	-	-	31.66	-	-
181-270 days	-	-	-	-	-	-
271 - 365 days	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
<b>Total</b>	<b>314.55</b>	<b>32.13</b>	<b>-</b>	<b>195.54</b>	<b>34.63</b>	<b>26.80</b>

\* The amount is net of provision for discount and refund liabilities.

**Movement in the expected credit loss allowance**

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>10.44</b>	<b>9.89</b>
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	(0.68)	(1.73)
Specific provision made/ (reversed)	9.69	2.28
<b>As at the end of the year*</b>	<b>19.45</b>	<b>10.44</b>

\* Includes expected credit loss allowance based on the provision matrix of ₹ 0.40 Crore (March 31, 2019: ₹ 1.08 Crore).

**NOTE: 16**  
**CASH AND CASH EQUIVALENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Current accounts	157.76	10.14
Deposit accounts (original maturity less than 3 months)	100.00	-
Balances with credit card companies	0.05	28.64
Balances with e-wallet companies	0.05	0.01
Cash on hand	7.05	18.40
<b>Total</b>	<b>264.91</b>	<b>57.19</b>

As at March 31, 2020, the Company has available of ₹ 846.96 Crore (March 31, 2019: ₹ 577.93 Crore) of undrawn committed borrowing facilities.

**Details of non-cash transactions from investing activities and changes in liabilities arising from financing activities:**

**Year ended March 31, 2020**

	₹ in Crore					
	As at March 31, 2019	Adjustments (Refer Note - 4)	Cash flows (net)	Non-cash changes		As at March 31, 2020
				Fair value adjustments	Others	
<b>Investing activities</b>						
Right-of-use assets	-	1,815.77	-	-	358.66	2,174.43
Non-current investments	4.21	-	159.30	2.95	3.55	170.01
<b>Total</b>	<b>4.21</b>	<b>1,815.77</b>	<b>159.30</b>	<b>2.95</b>	<b>362.21</b>	<b>2,344.44</b>
<b>Financing activities</b>						
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	(675.15)	-	1,033.08	2,467.35
<b>Total</b>	<b>1,702.86</b>	<b>2,109.42</b>	<b>397.32</b>	<b>0.99</b>	<b>1,033.08</b>	<b>5,243.67</b>

**Year ended March 31, 2019**

	₹ in Crore					
	As at March 31, 2018	Adjustments	Cash flows (net)	Non-cash changes		As at March 31, 2019
				Fair value adjustments	Others	
<b>Investing activities</b>						
Non-current investments	4.21	-	-	-	-	4.21
<b>Total</b>	<b>4.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.21</b>
<b>Financing activities</b>						
Non-current borrowings (including current maturities of non-current borrowings)	1,291.00	-	(62.59)	-	-	1,228.41
Current borrowings	570.45	-	(95.01)	(0.99)	-	474.45
<b>Total</b>	<b>1,861.45</b>	<b>-</b>	<b>(157.60)</b>	<b>(0.99)</b>	<b>-</b>	<b>1,702.86</b>

**NOTE: 17****BANK BALANCE OTHER THAN THE ABOVE**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Earmarked deposits*		
Current accounts	0.11	0.10
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	0.03	0.12
<b>Total</b>	<b>0.14</b>	<b>0.22</b>

\* Bank balances other than the above are held as margin money under lien to banks for assuring guarantees.

**NOTE: 18****CURRENT FINANCIAL ASSETS – OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Derivative contracts	6.82	-
Interest accrued on deposits	0.28	-
Deposits to related parties (Refer Note - 46)	12.16	-
Other receivables	17.26	16.24
Right to return assets	153.79	123.35
<b>Total</b>	<b>190.31</b>	<b>139.59</b>

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 the companies	Interest rates	Repayment terms	Outstanding		Maximum amount outstanding during the year ended
			As at March 31, 2020	As at March 31, 2019	March 31, 2020 March 31, 2019
Jaypore E-Commerce Private Limited	9.30% to 9.60% p.a.	On demand	9.81	-	9.81 -
TG Apparel & Decor Private Limited	9.30% to 9.60% p.a.	On demand	2.35	-	2.40 -
<b>Total</b>			<b>12.16</b>	<b>-</b>	<b>12.21</b> <b>-</b>

The deposits have been utilised for meeting the business requirements by respective companies.



**NOTE: 19**  
**OTHER CURRENT ASSETS**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Prepayments	14.65	25.32
Advance to suppliers	139.95	128.26
Export incentives	1.35	1.13
Balances with government authorities (other than income tax)	220.27	190.76
Government grant receivables	0.81	0.73
Insurance claim receivables	0.24	34.64
Other receivables	13.83	3.62
<b>Total</b>	<b>391.10</b>	<b>384.46</b>

**NOTE: 20**  
**EQUITY SHARE CAPITAL**

**Authorised share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>
Increase during the year	-	-	-	-
<b>As at the end of the year</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>

**Issued equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	<b>77,34,98,313</b>	<b>773.49</b>	<b>77,34,04,897</b>	<b>773.40</b>
Increase during the year towards:				
Exercise of Options (Refer Note - 43)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,64,840</b>	<b>773.96</b>	<b>77,34,98,313</b>	<b>773.49</b>

**Subscribed and paid-up equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	<b>77,34,81,460</b>	<b>773.48*</b>	<b>77,16,93,984</b>	<b>771.69</b>
Increase during the year towards:				
Allotment to Non-Resident (NR) shareholders (Refer Note - 21)	-	-	16,94,060	1.69
Exercise of Options (Refer Note - 43)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,47,987</b>	<b>773.95</b>	<b>77,34,81,460</b>	<b>773.48*</b>

\* The amount of share capital has been rounded off in ₹ Crore.

**(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) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital
Birla Group Holdings Private Limited	17,15,06,727	22.16%	1,87,73,560	2.43%
Grasim Industries Limited	8,73,80,613	11.29%	8,73,80,613	11.30%
IGH Holdings Private Limited	8,50,30,930	10.99%	8,50,30,930	10.99%
Umang Commercial Company Private Limited	6,49,72,778	8.39%	6,49,72,778	8.40%
Hindalco Industries Limited	4,49,82,142	5.81%	4,49,82,142	5.82%
Reliance Mutual Fund and its Affiliates	3,95,24,985	5.11%	3,46,48,992	4.48%
TGS Investment and Trade Private Limited	-	-	7,02,35,027	9.08%
Trapti Trading and Investments Private Limited	-	-	4,90,04,462	6.34%

**(iii) 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, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	No. of shares	No. of shares	No. of shares	No. of shares	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	72,44,25,383	72,33,90,854	72,23,54,118

**(iv) 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**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Share application money pending allotment (Refer Note - 43)</b>		
As at the beginning of the year	0.08	0.15
Share application money received/ (allotted) towards exercise of Options	(0.08)	(0.07)
As at the end of the year	-	0.08
<b>Share suspense account (Refer Note - 20)</b>		
As at the beginning of the year	0.02	1.71
Allotted to NR shareholders during the year - Nil equity shares (March 31, 2019: 16,94,060 equity shares)	-	(1.69)
As at the end of the year	0.02	0.02
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
As at the beginning of the year	763.52	761.90
Premium on exercise of Options (including transfer from Share options outstanding account)	10.12	1.62
As at the end of the year	773.64	763.52
<b>Retained earnings</b>		
As at the beginning of the year	(152.09)	(473.31)
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	(129.82)	-
Profit/ (loss) for the year	(145.19)	321.22
As at the end of the year	(427.10)	(152.09)
<b>Share options outstanding account</b>		
As at the beginning of the year	27.62	13.60
Recognition of Share based payment	19.81	14.74
Transfer to Securities Premium on exercise of Options	(3.28)	(0.72)
As at the end of the year	44.15	27.62
<b>Treasury shares (Refer Note - 43)</b>		
As at the beginning of the year	-	-
Shares purchased by the ESOP Trust during the year	(100.49)	-
As at the end of the year	(100.49)	-
<b>Capital reserve</b>		
As at the beginning of the year	21.69	21.69
Changes during the year	-	-
As at the end of the year	21.69	21.69
<b>Other comprehensive income</b>		
<b>Remeasurement gains/ (losses) on defined benefit plans</b>		
As at the beginning of the year	(5.44)	(4.32)
Gains/ (losses) during the year	3.24	(1.12)
As at the end of the year	(2.20)	(5.44)
<b>Fair value gains/ (losses) on equity instruments</b>		
As at the beginning of the year	-	-
Gains/ (losses) during the year	2.21	-
As at the end of the year	2.21	-
<b>Total</b>	<b>311.92</b>	<b>655.40</b>

Other equity	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Share application money pending allotment (Refer Note - 43)	-	0.08
Share suspense account (Refer Note - 20)	0.02	0.02
Reserves and surplus		
Securities premium	773.64	763.52
Retained earnings	(427.10)	(152.09)
Share options outstanding account	44.15	27.62
Treasury shares (Refer Note - 43)	(100.49)	-
Capital reserve	21.69	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	(2.20)	(5.44)
Fair value gains/ (losses) on equity instruments	2.21	-
<b>Total</b>	<b>311.92</b>	<b>655.40</b>

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.

**5. Share options outstanding account (Refer Note - 43)**

The fair value of the equity-settled share based payment transactions with employees is recognised in 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**

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.

**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 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 Statement of Profit and Loss.

**NOTE: 22****NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS**

			₹ in Crore	
	Effective interest rate (% p.a.)	Maturity	As at March 31, 2020	As at March 31, 2019
<b>Redeemable non-convertible debentures</b>				
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	300.00
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 10, 2022	498.67	-
<b>Term loans from banks</b>				
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	4.32	6.60
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	13.33	16.67
<b>Term Loan from others</b>				
Other borrowings (Unsecured) <sup>3</sup>	14.37%	March 20, 2025	38.19	-
<b>Preference shares</b>				
Cumulative redeemable preference shares <sup>4</sup>	8.00%	March 31, 2024	0.50	0.50
Cumulative redeemable preference shares <sup>5</sup>	6.00%	October 14, 2024	0.01	0.01
<b>Total</b>			<b>855.02</b>	<b>723.78</b>

\*net of unamortised charges

**Current maturities of long-term borrowings (Refer Note - 28)**

			₹ in Crore	
	Effective interest rate (% p.a.)	Maturity	As at March 31, 2020	As at March 31, 2019
<b>Current maturities of long-term borrowings</b>				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	400.00	-
Redeemable non-convertible debentures - Series 2 Zero coupon (Unsecured)	8.73%	May 31, 2019	-	300.00
Redeemable non-convertible debentures - Series 1 Zero coupon (Unsecured)	8.84%	April 12, 2019	-	200.00
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	2.28	1.30
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>	14.37%	March 20, 2025	7.91	-
<b>Total</b>			<b>413.52</b>	<b>504.63</b>
Aggregate secured borrowings			16.66	20.00
Aggregate unsecured borrowings			1,251.88	1,208.41

The Company has not defaulted on any loans payable, and there has been no breach of any loan covenants.

**Details of security and terms of repayment**

- 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. The loan is repayable in 20 equal quarterly instalments commencing from March 2020.

#### Details of Cumulative redeemable preference shares

4. 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, 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 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the FY 18-19, 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.
5. 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 FY 18-19, 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, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	60.13	101.66
<b>Total</b>	<b>60.13</b>	<b>101.66</b>

#### NOTE: 24

##### NON-CURRENT PROVISIONS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligation		
Provision for gratuity (Refer Note - 42)	18.53	14.22
Provision for pending litigations (Refer Note - 45)	78.51	100.99
<b>Total</b>	<b>97.04</b>	<b>115.21</b>

**Movement of provision for pending litigations during the year:**

	₹ in Crore
	As at March 31, 2020
<b>Opening balance</b>	<b>100.99</b>
Add: provision made during the year	<b>14.17</b>
Less: provision utilised during the year	<b>(10.25)</b>
Less: provision reversed during the year	<b>(26.40)</b>
<b>Closing balance</b>	<b>78.51</b>

**NOTE: 25****OTHER NON-CURRENT LIABILITIES**

	As at March 31, 2020	As at March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	82.84
Deferred income	<b>12.29</b>	9.62
<b>Total</b>	<b>12.29</b>	92.46

**NOTE: 26****CURRENT FINANCIAL LIABILITIES – BORROWINGS**

	As at March 31, 2020	As at March 31, 2019
<b>Loans repayable on demand from banks</b>		
Cash credit/ Working capital demand loan (Secured)	<b>231.80</b>	26.43
Cash credit/ Working capital demand loan (Unsecured)	<b>338.00</b>	0.28
Commercial paper (Unsecured)*	<b>297.03</b>	-
Buyers credit (Secured)	-	71.48
Loan repayable on demand (Secured)	-	30.00
Loan repayable on demand (Unsecured)	<b>45.00</b>	-
<b>Loans repayable on demand from others</b>		
Commercial paper (Unsecured)*	<b>595.95</b>	346.26
<b>Total current borrowings</b>	<b>1,507.78</b>	474.45
Aggregate secured borrowings	<b>231.80</b>	127.91
Aggregate unsecured borrowings	<b>1,275.98</b>	346.54

**Details of security**

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, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	97.73	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,175.61	2,291.84
<b>Total</b>	<b>2,273.34</b>	<b>2,397.42</b>

\* 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, 2020	As at March 31, 2019
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	97.73	105.58
Interest due on the above	0.21	0.42
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;	0.86	2.70
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	4.19	3.12
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.	-	-

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.

**NOTE: 28**  
**CURRENT FINANCIAL LIABILITIES – OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings (Refer Note - 22)	413.52	504.63
Refund liabilities	296.53	251.12
Interest accrued but not due on borrowings	126.97	137.17
Interest accrued and due on borrowings	0.69	-
Creditors for capital supplies/ services	35.73	26.23
Derivative contracts	-	4.06
Deferred consideration for acquisition of subsidiaries	3.55	-
Others	0.12	0.10
<b>Total</b>	<b>877.11</b>	<b>923.31</b>

**NOTE: 29**  
**CURRENT PROVISIONS**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligation		
Provision for compensated absences	84.01	79.08
Provision for gratuity (Refer Note - 42)	3.67	7.85
Stock Appreciation Rights (SAR)	0.23	0.11
<b>Total</b>	<b>87.91</b>	<b>87.04</b>

**NOTE: 30**  
**OTHER CURRENT LIABILITIES**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	17.84
Advances received from customers	24.76	13.08
Deferred revenue*	29.33	22.94
Other advances received	1.96	1.90
Statutory dues (other than income tax)	45.82	28.50
Deferred income	0.04	0.04
<b>Total</b>	<b>101.91</b>	<b>84.30</b>

**\* Deferred revenue**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>22.94</b>	<b>28.76</b>
Deferred during the year	210.97	136.75
Released to the Statement of Profit and Loss	(204.58)	(142.57)
<b>As at the end of the year</b>	<b>29.33</b>	<b>22.94</b>

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, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

**NOTE: 31**  
**REVENUE FROM OPERATIONS**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from sale of products		
Sale of products	8,472.27	7,897.59
Revenue from redemption of loyalty points (Refer Note - 30)	204.58	142.57
<b>Total revenue from sale of products</b>	<b>8,676.85</b>	<b>8,040.16</b>
Revenue from rendering of services	2.48	3.02
Other operating income		
Scrap sales	9.25	5.77

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
Export incentives	7.45	9.94
Licence fees and royalties	2.70	2.35
Space on hire	0.73	0.68
Commission income	42.80	53.69
Others	0.27	2.11
<b>Total</b>	<b>8,742.53</b>	<b>8,117.72</b>

**(a) Right to return assets and refund liabilities:**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Right to return assets	153.79	123.35
Refund liabilities	296.53	251.12

**(b) Contract balances:**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
<b>Contract assets</b>		
Trade receivables	840.19	780.81
<b>Contract Liabilities</b>		
Advances received from customers	24.76	13.08
Deferred revenue	29.33	22.94

**(c) Reconciliation of revenue as recognised in the Statement of Profit and Loss with the contracted price:**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	9,996.54	9,346.09
Less:		
Sales return	518.72	482.35
Discount	524.32	609.27
Loyalty points	210.97	136.75
<b>Revenue as per the Statement of Profit and Loss</b>	<b>8,742.53</b>	<b>8,117.72</b>

**(d) Disclosure of disaggregated revenue recognised in the Statement of Profit and Loss:**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Madura Fashion &amp; Lifestyle</b>		
Revenue from retail operations	2,534.39	2,187.92
Revenue from non-retail operations	2,694.63	2,735.79
	<b>5,229.02</b>	<b>4,923.71</b>
<b>Pantaloons</b>		
Revenue from retail operations	3,431.89	3,101.08
Revenue from non-retail operations	81.62	92.93
	<b>3,513.51</b>	<b>3,194.01</b>
<b>Revenue as per the Statement of Profit and Loss</b>	<b>8,742.53</b>	<b>8,117.72</b>



**(e) Disclosure of disaggregated revenue recognised in the Statement of Profit and Loss based on geographical segment:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from customers outside India	146.58	159.06
Revenue from customers within India	8,595.95	7,958.66
<b>Revenue as per the Statement of Profit and Loss</b>	<b>8,742.53</b>	<b>8,117.72</b>

**NOTE: 32  
OTHER INCOME**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	5.32	4.89
Net gain on sale of current investments	4.71	2.22
Foreign exchange gain (net)	-	8.89
Fair value gain on financial instruments at FVTPL	28.10	20.06
Gain on retirement of right-of-use assets (Refer Note - 4a & 44a)	12.93	-
Miscellaneous income	14.03	28.72
<b>Total</b>	<b>65.09</b>	<b>64.78</b>

**NOTE: 33  
COST OF MATERIALS CONSUMED**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Raw materials consumed</b>		
Inventories at the beginning of the year	125.12	125.12
Add: Purchases	844.96	604.21
	970.08	729.33
Less: Inventories at the end of the year	187.05	125.12
<b>Total</b>	<b>783.03</b>	<b>604.21</b>
<b>(b) Purchase of stock-in-trade</b>		
Purchase of stock-in-trade	3,781.52	3,549.26
<b>Total</b>	<b>3,781.52</b>	<b>3,549.26</b>
<b>(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Opening inventories		
Finished goods	146.64	295.00
Stock-in-trade	1,621.24	1,245.19
Work-in-progress	18.38	17.57
	1,786.26	1,557.76
Less:		
Closing 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
<b>Increase in inventories</b>	<b>(358.79)</b>	<b>(228.50)</b>

**NOTE: 34**  
**EMPLOYEE BENEFITS EXPENSE**

	Year ended March 31, 2020	₹ in Crore Year ended March 31, 2019
Salaries, wages and bonus	909.67	788.50
Contribution to provident and other funds (Refer Note - 42)	54.74	45.66
Share-based payment to employees (Refer Note - 43)	19.86	14.74
Gratuity expense (Refer Note - 42)	16.61	12.75
Staff welfare expenses	57.52	51.37
<b>Total</b>	<b>1,058.40</b>	<b>913.02</b>

**NOTE: 35**  
**FINANCE COSTS**

	Year ended March 31, 2020	₹ in Crore Year ended March 31, 2019
Interest expense on borrowings	209.38	184.61
Interest expense on lease liabilities (Refer Note - 4a & 44a)	210.42	-
Other borrowing costs	0.18	0.02
Fair value impact on financial instruments at FVTPL	2.75	2.79
<b>Total</b>	<b>422.73</b>	<b>187.42</b>

**NOTE: 36**  
**DEPRECIATION AND AMORTISATION EXPENSE**

	Year ended March 31, 2020	₹ in Crore Year ended March 31, 2019
Depreciation on property, plant and equipment (Refer Note - 3)	228.95	260.11
Depreciation on right-of-use assets (Refer Note - 4a & 44a)	628.05	-
Amortisation on intangible assets (Refer Note - 5)	19.82	22.22
<b>Total</b>	<b>876.82</b>	<b>282.33</b>

**NOTE: 37**  
**OTHER EXPENSES**

	Year ended March 31, 2020	₹ in Crore Year ended March 31, 2019
Consumption of stores and spares	5.72	4.56
Power and fuel	11.67	11.69
Electricity charges	131.88	117.78
Repairs and maintenance		
Buildings	0.66	0.52
Plant and machinery	13.25	12.95
Others	176.08	169.46
Insurance	10.97	5.94
Rates and taxes	12.70	10.24
Processing charges	73.40	50.31
Commission to selling agents	85.94	78.55
Brokerage and discounts	0.51	0.61

₹ in Crore

		Year ended March 31, 2020	Year ended March 31, 2019
Advertisement and sales promotion		358.95	409.68
Transportation and handling charges		113.36	84.37
Royalty expenses		21.24	36.12
Legal and professional expenses		109.77	93.97
Bad debts written off	-		18.48
Less: Allowances released from doubtful debts	-		(6.39)
Less: Provision released from doubtful deposits	-	-	(8.42)
Allowances for bad and doubtful debts		9.01	6.94
Provision for bad and doubtful deposits and advances		1.81	-
Printing and stationery		17.04	14.27
Travelling and conveyance		98.68	88.24
Communication expenses		6.43	7.38
Loss on sale/ discard of property, plant and equipment		2.92	1.36
Bank and credit card charges		44.56	37.25
Payment to auditors (Refer details below)		1.84	1.49
Donation		-	0.35
Foreign exchange loss (net)		2.71	-
Information technology expenses		73.61	62.49
Outsourcing, housekeeping and security expenses		335.99	269.36
Corporate Social Responsibility (CSR) expenses (Refer Note - 41)		3.50	2.00
Directors' fees		0.38	0.22
Miscellaneous expenses		41.50	33.54
<b>Total</b>		<b>1,766.08</b>	<b>1,615.31</b>

**Payment to auditors:**

₹ in Crore

	Year ended March 31, 2020	Year ended March 31, 2019
For audit fees (including Limited Review fees)	1.25	1.06
For tax audit fees	0.17	0.15
For other services	0.17	0.08
For reimbursement of expenses	0.25	0.20
<b>Total</b>	<b>1.84</b>	<b>1.49</b>

**NOTE: 38****INCOME TAX EXPENSE**

The major components of income tax (income)/ expense are:

**Statement of Profit and Loss:****Profit or loss section**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current income tax</b>		
Current income tax charge (Minimum alternate tax)*	-	21.84
(A)	-	21.84
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	114.26	(172.12)
MAT credit (entitlement)/ write-off	21.84	(21.84)
(B)	136.10	(193.96)
<b>Total (A+B)</b>	<b>136.10</b>	<b>(172.12)</b>

**OCI section****Deferred tax related to items recognised in OCI during the year**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
Net (gains)/ losses on re-measurement of defined benefit plans	1.31	(0.60)
Net (gains)/ losses on fair value of equity instruments	0.74	-
<b>Total</b>	<b>2.05</b>	<b>(0.60)</b>

**Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate**

		₹ in Crore
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Accounting profit/ (loss) before income tax</b>	<b>(9.09)</b>	149.10
Tax expense/ (credit) at India's statutory income tax rate of 25.17% (March 31, 2019: 34.94%)	<b>(2.29)</b>	52.10
Disallowance under Section 43B of the Income Tax Act, 1961	<b>(1.61)</b>	8.82
Expenses on which TDS has not been deducted under Section 40(a)(ia) of the Income Tax Act, 1961	<b>(8.81)</b>	5.24
Preliminary expenses allowed under Section 35DD of the Income Tax Act, 1961	<b>(1.62)</b>	(2.25)
Tax losses (utilised)/ availed	<b>11.72</b>	(59.12)
Depreciation (net of books and tax)	<b>(9.93)</b>	(11.14)
Provision for gratuity	<b>1.28</b>	0.68
Ind AS 116 related adjustments (net)	<b>16.51</b>	-
Loss on sale of assets	<b>0.73</b>	0.47
Others	<b>(5.98)</b>	5.20
	-	-
Current income tax charge (Minimum alternate tax)*	-	21.84
<b>Deferred tax expense/ (credit) (Refer Note - 10)</b>		
Relating to origination and reversal of temporary differences	<b>114.26</b>	(172.12)
MAT credit (entitlement)/ write-off	<b>21.84</b>	(21.84)
<b>Total</b>	<b>136.10</b>	<b>(172.12)</b>

\* 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 (March 31, 2019: Company was assessed under section 115JB of Income Tax Act, 1961) (Refer Note 40).

**NOTE: 39****EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit 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 attributable to equity holders 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 and equity share data used in the basic and diluted EPS computations:

		₹ in Crore	
		Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit/ (loss) for calculation of EPS</b>	<b>(A)</b>	<b>(145.19)</b>	321.22
Weighted average number of equity shares for calculation of Basic EPS	<b>(B)</b>	<b>77,26,73,830</b>	77,34,43,865
<b>Basic EPS (₹)</b>	<b>(A/B)</b>	<b>(1.88)</b>	4.15
Weighted average number of equity shares outstanding		<b>77,26,73,830</b>	77,34,43,865
Weighted average number of potential equity shares*		<b>20,76,441</b>	13,50,269
Weighted average number of equity shares for calculation of Diluted EPS		<b>77,26,73,830</b>	77,47,94,134
<b>Diluted EPS (₹)</b>	<b>(C)</b>	<b>(1.88)</b>	4.15
Nominal value of shares (₹)		<b>10.00</b>	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

\*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.

**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 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 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 Loss after tax for the year ended March 31, 2020 without the aforesaid adjustment would have been ₹ 14.81 Crore.

As at March 31, 2020, the Company has ₹ 1,058.58 Crore (March 31, 2019: ₹ 1,035.27 Crore) of tax losses carried forward as per income tax records of the Company. These losses pertain to unabsorbed depreciation 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.

Based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity & compensated absences has been re-assessed during the year ended March 31, 2020. 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 and compensated absence liability by ₹ 14.97 Crore and ₹ 18.57 Crore respectively, 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, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

**(f) Provision on inventories**

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. Provision is created 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 ₹ 19.45 Crore (March 31, 2019: ₹ 10.44 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.

**(j) Assessment of COVID - 19 impact on operations**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The Company has been taking various precautionary measures to protect employees and their families from COVID-19. 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 property, plant and equipment, goodwill, other intangible assets, and in relation to other financial statement captions. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that 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 has resumed its business

activities by reopening its factories and retail stores on a gradual basis in line with the guidelines issued by the Government authorities.

**(k) Going concern**

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**

The Company is required to spend ₹ 1.73 Crore (March 31, 2019: ₹ Nil) on the corporate social responsibility activities.

Amount spent during the year ended:

	₹ in Crore		
	In Cash	Yet to be paid in Cash	Total
<b>March 31, 2020</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	3.50	-	3.50
<b>March 31, 2019</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.00	-	2.00

**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 Statement of Profit and Loss and Balance Sheet for the respective plans:

**Unfunded defined benefit plan**

**Net benefit expense recognised through the Statement of Profit and Loss**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	3.69	2.76
Interest cost on defined benefit obligation	1.20	1.03
<b>Total</b>	<b>4.89</b>	<b>3.79</b>

**Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening defined benefit obligation</b>	<b>15.54</b>	13.12
Current service cost	3.69	2.76
Interest cost on defined benefit obligation	1.20	1.03
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(2.38)	0.27
Changes in financial assumptions	3.17	0.21
Experience adjustments	0.87	0.39
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>1.66</b>	0.87
Benefits paid	(1.29)	(2.06)
Liabilities assumed/ (settled)*	0.10	(0.18)
<b>Closing defined benefit obligation</b>	<b>20.90</b>	15.54

**Funded defined benefit plan****Net benefit expense recognised through the Statement of Profit and Loss**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Interest on plan assets	(4.05)	(3.80)
<b>Total</b>	<b>11.72</b>	8.96

**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, 2020	As at March 31, 2019
<b>Opening defined benefit obligation</b>	<b>58.97</b>	49.69
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(20.74)	-
Changes in financial assumptions	12.38	0.82
Experience adjustments	2.29	(0.13)
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>(6.07)</b>	0.69
Benefits paid	(5.03)	(5.34)
Liabilities assumed/ (settled)*	0.82	1.17
<b>Closing defined benefit obligation</b>	<b>64.46</b>	58.97

## Change in fair value of plan assets

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening fair value of the plan assets</b>	<b>52.44</b>	48.69
Contributions by the employer	<b>6.53</b>	-
Interest income on plan assets	<b>4.05</b>	3.80
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest cost on plan assets	<b>0.14</b>	(0.16)
<b>Actuarial gain/ (loss) recognised in OCI</b>	<b>0.14</b>	(0.16)
Asset acquired/ (settled)*	-	0.11
<b>Closing fair value of the plan assets</b>	<b>63.16</b>	52.44

\* On account of inter-company transfer.

## Amounts recognised in the Balance Sheet

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Present value of the defined benefit obligation at the end of the year:		
Funded	<b>64.46</b>	58.97
Unfunded	<b>20.90</b>	15.54
	<b>85.36</b>	74.51
Fair value of plan assets	<b>63.16</b>	52.44
<b>Net liability/ (asset)</b>	<b>22.20</b>	22.07
Net liability is classified as follows:		
Current	<b>3.67</b>	7.85
Non-current	<b>18.53</b>	14.22
<b>Net liability</b>	<b>22.20</b>	22.07

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, 2020	As at March 31, 2019
<b>Discount rate</b>		
Funded plan	<b>6.60%</b>	7.70%
Unfunded plan	<b>6.60%</b>	7.70%
<b>Salary escalation rate</b>		
Funded plan		
Management	<b>8.00%</b>	8.00%
Staff	<b>7.00%</b>	7.00%
Workers	<b>5.00%</b>	5.00%
Unfunded plan		
Stores	<b>7.00%</b>	7.00%
HO and Zones	<b>8.00%</b>	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.

A quantitative sensitivity analysis for significant assumptions is as follows:

	As at March 31, 2020		As at March 31, 2019	
<b>Sensitivity level</b>				
<b>Discount rate</b>	<b>0.50% increase</b>	<b>0.50% decrease</b>	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	(2.68)	2.88	(3.97)	4.36
Unfunded plan	(0.77)	0.82	(0.95)	1.05
<b>Salary escalation rate</b>	<b>0.50% increase</b>	<b>0.50% decrease</b>	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	2.86	(2.69)	4.35	(3.99)
Unfunded plan	0.79	(0.75)	1.00	(0.93)

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	
	<b>March 31, 2020</b>	March 31, 2019
Within the next 12 months (next annual reporting period)	8.55	3.39
Between 2 and 5 years	33.85	12.49
Between 6 and 10 years	35.85	20.35
Beyond 10 years	90.84	239.21
<b>Total</b>	<b>169.09</b>	<b>275.44</b>

The Company is expected to contribute ₹ 11.98 Crore to the gratuity fund during the year ended March 31, 2021.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 to 9 years (March 31, 2019: 13 to 15 years).

#### Defined contribution plans

Amount recognised as an expense and included in Note - 34 as "Contribution to provident and other funds"

	₹ in Crore	
	<b>Year ended March 31, 2020</b>	Year ended March 31, 2019
Contribution to Government provident fund	38.75	29.32
Contribution to superannuation fund	1.26	1.11
Contribution to Employee Pension Scheme (EPS)	4.95	4.25
Contribution to Employee State Insurance (ESI)	8.87	10.39
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	0.08	0.07
Contribution to Labour Welfare Fund (LWF)	0.12	0.10
Contribution to National Pension Scheme (NPS)	0.71	0.42
<b>Total</b>	<b>54.74</b>	<b>45.66</b>

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.

**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, 2020	Year ended March 31, 2019
Expense arising from equity-settled share-based payment transactions (net of cross charge)	19.64	14.74
Expense arising from cash-settled share-based payment transactions	0.22	-
<b>Total</b>	<b>19.86</b>	<b>14.74</b>

**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 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, vide a resolution passed by the Committee at its meeting held on October 25, 2013, the Scheme 2013 was finalised.

**i) Details of the grants under the Scheme 2013**

	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 7, 2016
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
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 07, 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 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
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 <sup>#</sup>	(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	-	-
<b>Tranche 2</b>				
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	-	-	-	-
<b>Tranche 3</b>				
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 was ₹ 207.44.

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, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
Outstanding at the beginning of the financial year	1,42,087	102.10	2,627	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(5,843)	102.10	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,36,244	102.10	2,627	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	1,36,244	102.10	2,627	10.00

	As at March 31, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 2</b>				
Outstanding at the beginning of the financial year	5,843	118.20	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(5,843)	118.20	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-
<b>Tranche 3</b>				
Outstanding at the beginning of the financial year	N.A.	N.A.	60,600	10.00
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year*	N.A.	N.A.	(22,760)	10.00
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 was ₹ 150.95.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2020, is 3 years (March 31, 2019: 4 years) and for RSUs outstanding as at March 31, 2020, is 2 years (March 31, 2019: 3 years).

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options		RSU		
	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, vide the resolution passed by the NRC at its meeting held on September 08, 2017, the Scheme 2017 was finalised.

**i) Details of the grants under Scheme 2017**

	Options				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 8, 2017	October 27, 2017	February 2, 2018	April 18, 2018	September 8, 2017	October 27, 2017	February 2, 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	BSE - 147.95	BSE - 156.35	BSE - 147.70	BSE - 176.40	BSE - 147.95	BSE - 156.35	BSE - 147.70
	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

**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, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
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 <sup>^</sup>	(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	-	-
<b>Tranche 2</b>				
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	-	-



	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 3</b>				
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 <sup>^</sup>	(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	-	-
<b>Tranche 4</b>				
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	-	-

<sup>^</sup>The weighted average share price at the date of exercise of these Options was ₹ 227.80.

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, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
Outstanding at the beginning of the financial year	34,63,187	178.30	12,11,842	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>^^</sup>	(46,483)	178.30	-	-
Lapsed during the financial year	(4,36,460)	178.30	(1,57,205)	10.00
Outstanding at the end of the financial year	29,80,244	178.30	10,54,637	10.00
Unvested at the end of the financial year	22,58,383	178.30	10,54,637	10.00
Exercisable at the end of the financial year	7,21,861	178.30	-	-
<b>Tranche 2</b>				
Outstanding at the beginning of the financial year	14,406	148.10	14,568	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(7,203)	148.10	(7,284)	10.00
Outstanding at the end of the financial year	7,203	148.10	7,284	10.00
Unvested at the end of the financial year	5,402	148.10	7,284	10.00
Exercisable at the end of the financial year	1,801	148.10	-	-

	As at March 31, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 3</b>				
Outstanding at the beginning of the financial year	2,88,122	163.60	1,17,144	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(36,015)	163.60	(32,166)	10.00
Outstanding at the end of the financial year	2,52,107	163.60	84,978	10.00
Unvested at the end of the financial year	1,89,079	163.60	84,978	10.00
Exercisable at the end of the financial year	63,028	163.60	-	-
<b>Tranche 4</b>				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	90,039	150.80	30,349	10.00
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	90,039	150.80	30,349	10.00
Exercisable at the end of the financial year	-	-	-	-

^^The weighted average share price at the date of exercise of these Options was ₹ 199.57.

4,502 Options (Tranche 1) were exercised during the year ended March 31, 2019. However, the consequent allotment of 4,502 Equity Shares was pending as at March 31, 2019 (Refer Note - 21). The said allotment was done on April 30, 2019.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 years) and for RSUs outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 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
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	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	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

**III. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019**

During the year ended March 31, 2020, pursuant to approval of the Board of Directors ("Board") and Shareholders of the Company on its meeting held on July 26, 2019 and August 21, 2019 respectively, 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 and of its holding and subsidiary companies. Based on the loan given by the Company, the Trust has purchased 44,61,261 equity shares as at March 31, 2020.

Accordingly, vide the resolution passed by the Nomination and Remuneration Committee at its meeting held on December 02, 2019, the Scheme 2019 was finalised.

**i) Details of the grants under Scheme 2019**

	Options	RSUs
	Tranche 1	Tranche 1
No. of Options/ RSUs	33,42,876	11,18,385
Method of accounting	Fair value	Fair value
Vesting plan	Graded vesting- 25% every year	Bullet vesting-at the end of 3rd year
Exercise period	5 years from the date of vesting	5 years from the date of vesting
Grant date	December 02, 2019	December 02, 2019
Grant/ exercise price (₹ per share)	225.25	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 226.90 NSE - 226.65
Method of settlement	Equity	Equity

**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, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
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, 2020, is 7 years (March 31, 2019 : Nil) and for RSUs outstanding as at March 31, 2020, is 8 years (March 31, 2019 : Nil).

**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 1
Expected dividend yield (%)	Nil	Nil
Expected volatility (%)	32.88	32.88
Risk-free interest rate (%)	6.66	6.76
Weighted average fair value per Option/ RSU (₹)	112.00	216.18
Model used	Binomial model	Binomial model

**b. Stock Appreciation Rights (SARs)**

The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.22 Crore (March 31, 2019: ₹ Nil) has been taken to the 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, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>10,613</b>	<b>102.10</b>	47,409	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year	(8,056)	102.10	(34,239)	102.10
Lapsed during the financial year	(2,557)	102.10	(2,557)	102.10
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	10,613	102.10
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	-	-
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	10,613	102.10
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>-</b>	<b>-</b>	10,225	118.20
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	(10,225)	118.20
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	-	-
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	-	-
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	-	-

The remaining contractual life for SARs outstanding as at March 31, 2020 is Nil (March 31, 2019: 1 year).

## iii) The following table lists the inputs to the model used for SARs:

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Expected dividend yield (%)	-	-	Nil	-
Expected volatility (%)	-	-	27.50	-
Risk-free interest rate (%)	-	-	6.78	-
Weighted average fair value per SAR (₹)	-	-	102.10	-
Model used	-	-	Black-Scholes 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.

## 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).

### i) The details of the Plan are as below:

	SARs	
	Tranche 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 March 31, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Option SARs</b>				
Outstanding at the beginning of the financial year	-	-	-	-
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	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	61,226	178.30	-	-
<b>RSU SARs</b>				
Outstanding at the beginning of the financial year	-	-	-	-
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	-	-
Unvested at the end of the financial year	6,880	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-

The remaining contractual life for SARs outstanding as at March 31, 2020 is 3 years (March 31, 2019 : NIL).



## iii) The following table lists the inputs to the model used for SARs:

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1		Tranche 1	
	Option SARs	RSU SARs	Option SARs	RSU SARs
Expected dividend yield (%)	Nil	Nil	-	-
Expected volatility (%)	32.53	31.74	-	-
Risk-free interest rate (%)	5.88	6.24	-	-
Weighted average fair value per SAR (₹)	27.42	144.94	-	-
Model used	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 Statement of Profit and Loss:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b><u>Other income</u></b>		
Gain on retirement of right-of-use assets	12.93	-
<b><u>Rent</u></b>		
Minimum lease payments (pre Ind AS 116)	-	678.94
Expense relating to short-term leases	75.90	-
Expense relating to leases of low value assets	9.90	-
Variable rent*	401.12	431.41
<b><u>Finance cost</u></b>		
Interest expense on lease liabilities	210.42	-
<b><u>Depreciation and impairment losses</u></b>		
Depreciation on right-of-use assets	628.05	-
<b><u>Other expenses</u></b>		
Processing charges	22.42	-
Sublease payments received (not shown separately in the Statement of Profit and Loss)	1.41	1.76

\* 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, 2020	As at March 31, 2019
Within one year	827.81	440.72
After one year but not more than five years	1,855.11	1,117.98
More than five years	249.52	103.92
<b>Total</b>	<b>2,932.44</b>	<b>1,662.62</b>

The difference between the operating lease commitments disclosed as at March 31, 2019 under Ind AS 17 and the value of the lease liabilities recognised on April 01, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liabilities, exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient and discounting the lease liabilities to the present value under Ind AS 116.

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.

Total cash outflow for leases for the year ended March 31, 2020 is ₹ 1,232.42 Crore.

In March 2020, 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 ₹ 47.93 Crore were realised upon sale of such assets. The lease arrangement is for a period of 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, 2020	
Lease commitment for short-term leases	9.67	
Lease commitment for leases of low value assets	3.77	
<b>Total</b>	<b>13.44</b>	

**Future Cash Outflows to which the Company is potentially exposed and not reflected in measurement of lease liabilities**

	₹ in Crore	
	March 31, 2020	
Increase/ (Decrease) in sales	Increase by 5%	Decrease by 5%
Rent	20.06	(20.06)

**b) Capital commitments**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	71.29	61.19
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	3.22	2.61
<b>Total</b>	<b>74.51</b>	<b>63.80</b>

**c) Other commitments**

As at March 31, 2020, the Company has committed to provide financial support to Jaypore E-Commerce Private Limited and TG Apparel & Decor Private Limited with regard to operations of these wholly-owned subsidiaries.

**NOTE: 45****CONTINGENT LIABILITIES NOT PROVIDED FOR**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Claims against the Company not acknowledged as debts</b>		
Commercial taxes	29.18	33.13
Excise duty	0.50	2.61
Customs duty	2.54	2.54
Textile committee cess	0.75	0.75
Labour laws - Minimum Wages Act	-	0.09
Others*	16.78	5.95
<b>Total</b>	<b>49.75</b>	<b>45.07</b>

\* 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 ₹ 78.51 Crore as at March 31, 2020 (March 31, 2019: ₹ 100.99 Crore).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and recorded adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts.

**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 &amp; Decor Private Limited - with effect from July 02, 2019 (Wholly-owned subsidiary)

Jaypore Inc.- with effect from July 02, 2019 (Wholly-owned subsidiary of Jaypore E-Commerce Private Limited)

Finesse International Design Private Limited - with effect from July 26, 2019

**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)

Aditya Birla Online Fashion Private Limited

Aditya Birla Management Corporation Private Limited - with effect from July 01, 2019

**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. Ashish Dikshit - Managing Director

Mr. Arun Thiagarajan - Independent Director - upto May 10, 2020

Mr. Bharat Patel - Independent Director - upto August 20, 2019

Mr. Sanjeeb Chaudhuri - Independent Director

Ms. Sukanya Kripalu - Independent Director

Mr. Pranab Barua - Non-Executive Director - upto December 31, 2019

Mr. Sushil Agarwal - Non-Executive Director

Mr. Jagdish Bajaj - Chief Financial Officer

Ms. Geetika Anand - Company Secretary

Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director with effect from January 01, 2020

Mr. Sunirmal Talukdar - Independent Director with effect from March 11, 2020

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, 2020			Year ended March 31, 2019		
	Subsidiaries	KMP	Other related parties	Subsidiaries	KMP	Other related parties
Purchase of goods	0.08	-	32.42	-	-	0.67
Sale of goods	0.27	-	-	-	-	-
Purchase of property, plant and equipment	-	-	0.10	-	-	-
Reimbursement of expenses Recovered from	1.41	-	-	-	-	-
Reimbursement of expenses paid to	0.03	-	18.81	-	-	-
Contribution to trusts	-	-	11.30	-	-	2.00
Deposits given	14.99	-	7.70	-	-	-
Repayment of deposits	2.83	-	-	-	-	-
Interest income	0.39	-	-	-	-	-
Payment for share capital	21.85	-	-	-	-	-
Post-employment liabilities transferred from	-	-	-	-	-	0.57
Services received from KMP*	-	16.57	-	-	12.33	-

\* Includes director sitting fees

**Balances outstanding**

₹ in Crore

	As at March 31, 2020			As at March 31, 2019		
	Subsidiaries	KMP	Other related parties	Subsidiaries	KMP	Other related parties
Amounts owed to related parties	-	-	3.95	-	-	-
Amounts owed by related parties	1.73	-	-	-	-	-
Deposits receivable	12.16	-	7.70	-	-	-

The above amounts are classified as security deposit receivable, trade receivables and trade payables (Refer Notes - 8, 15 and 27 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, 2020
<b>Grasim Industries Limited</b>	
Purchase of goods	4.70
Sale of Services	0.80
Reimbursement of expenses Recovered from	1.84

**Balances outstanding**

₹ in Crore

	As at March 31, 2020
<b>Grasim Industries Limited</b>	
Amounts owed to entity	0.57

\* With effect from April 01, 2019.

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, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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, 2020	Year ended March 31, 2019
Short-term employee benefits	10.24	8.76
Post-employment benefits	0.46	1.08
Share-based payment	5.87	2.49
<b>Total</b>	<b>16.57</b>	<b>12.33</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.



**KMPs interests in the Employee Stock Options and RSUs**

Scheme	Grant date	Expiry date	Exercise price	As at March 31, 2020 Number outstanding	As at March 31, 2019 Number outstanding
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
Options - Tranche 1	September 8, 2017	September 7, 2026	178.30	4,68,202	4,68,202
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	90,039	90,039
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
Options - Tranche 1	December 02, 2019	December 01, 2028	225.25	5,29,092	-
<b>Total</b>				<b>10,87,333</b>	<b>5,58,241</b>
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
RSUs - Tranche 1	September 8, 2017	September 7, 2025	10.00	97,118	97,118
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
RSUs - Tranche 1	December 02, 2019	December 01, 2027	10.00	1,48,744	-
<b>Total</b>				<b>2,76,211</b>	<b>1,27,467</b>

**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, 2020 and March 31, 2019 are as follows:

**As at March 31, 2020**

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	₹ in Crore		
					Fair value		
					Level 1	Level 2	Level 3
<b>Financial assets</b>							
Investments (Refer Note - 6)	-	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 above (Refer Note - 17)	-	-	0.14	0.14	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	183.83	183.83	-	-	-
Derivative contracts (Refer Note - 18)	6.82	-	-	6.82	6.82	-	-
<b>Total</b>	<b>6.82</b>	<b>7.16</b>	<b>1,706.30</b>	<b>1,720.28</b>	<b>6.82</b>	<b>-</b>	<b>7.16</b>

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
<b>Financial liabilities</b>							
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	-	-	-
<b>Total</b>	-	-	<b>8,303.91</b>	<b>8,303.91</b>	-	-	-

**As at March 31, 2019**

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
<b>Financial assets</b>							
Investments (Refer Note - 6)	-	4.21	-	4.21	-	-	4.21
Loans (Refer Notes - 7 and 13)	-	-	8.50	8.50	-	-	-
Security deposits (Refer Notes - 8 and 14)	-	-	351.45	351.45	-	-	-
Trade receivables (Refer Note - 15)	-	-	780.81	780.81	-	-	-
Cash and cash equivalents (Refer Note - 16)	-	-	57.19	57.19	-	-	-
Bank balance other than the above (Refer Note - 17)	-	-	0.22	0.22	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	140.65	140.65	-	-	-
<b>Total</b>	-	<b>4.21</b>	<b>1,338.82</b>	<b>1,343.03</b>	-	-	<b>4.21</b>
<b>Financial liabilities</b>							
Non-current borrowings (Refer Note - 22)	-	-	723.78	723.78	-	-	-
Current borrowings (Refer Note - 26)	-	-	474.45	474.45	-	-	-
Current maturities of long-term borrowings (Refer Note - 28)	-	-	504.63	504.63	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	-	-	-	-	-
Deposits	-	-	192.56	192.56	-	-	-
Trade payables (Refer Note - 27)	-	-	2,397.42	2,397.42	-	-	-
Other financial liabilities (Refer Notes - 23 and 28)	-	-	516.28	516.28	-	-	-
Derivative contracts (Refer Note - 28)	4.06	-	-	4.06	4.06	-	-
<b>Total</b>	<b>4.06</b>	-	<b>4,809.12</b>	<b>4,813.18</b>	<b>4.06</b>	-	-

\* Carrying value of financial instruments measured at amortised cost equals to the fair value.

The investments made in subsidiaries amounting to ₹ 162.85 Crore are measured at cost.

**Key inputs for level 1 and 3 fair valuation techniques**

- a) Derivative contracts: fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Company (level 1)

- b) Investment in 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)

## B. Risk management objectives and policies

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

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, 2020 and March 31, 2019.

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, 2020.

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, 2020 and March 31, 2019.

### 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, 2020, approximately 45% of the Company's borrowings are at a fixed rate of interest (March 31, 2019: 71%).

#### 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 31, 2020		As at March 31, 2019	
Basis points (%) Increase/ (decrease) on profit before tax	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
₹ in Crore	(7.66)	7.66	(2.51)	2.51

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, 2020, the Company has hedged Nil (March 31, 2019: Nil) of its receivables in foreign currency and 90% (March 31, 2019: 57%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Balance Sheet date:

**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, 2019**

	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (hedge of payables)	USD	1.82	129.59

The details of unhedged foreign currency exposure as at the Balance Sheet date are as follows:

**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

**As at March 31, 2019**

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	1.37	95.00
	EURO	0.03	2.00
	GBP	0.05	4.11
	HKD	0.11	1.01
Trade receivables	USD	0.33	22.70
	EURO	0.03	2.38
	GBP	0.11	9.71
Bank balances	CNY	0.01	0.15

**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 profit/ (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 31, 2020		As at March 31, 2019	
Basis points (%) Increase/ (decrease) on profit before tax ₹ in Crore	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
	(0.11)	0.11	(0.48)	0.48

**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.

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 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, 2020, the Company has 12 customers (March 31, 2019: 12 customers) that owed the Company more than ₹ 5.00 Crore each and accounts for approximately 79% (March 31, 2019: 72%) of all the receivables outstanding. There are 99 customers (March 31, 2019: 86 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 12% (March 31, 2019: 14%) 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 Balance Sheet as at March 31, 2020 and March 31, 2019, 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, 69% of the Company's debt will mature in less



than one year as at March 31, 2020 (March 31, 2019: 58%) 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.

**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)	1,921.30	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
Derivatives	-	-	-	-
<b>Total</b>	<b>5,639.44</b>	<b>2,880.04</b>	<b>249.52</b>	<b>8,769.00</b>

**As at March 31, 2019**

	₹ in Crore			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	979.08	719.94	3.33	1,702.35
Cumulative redeemable preference shares	-	0.50	0.01	0.51
Other financial liabilities	414.62	101.66	-	516.28
Deposits	111.34	81.22	-	192.56
Trade payables	2,397.42	-	-	2,397.42
Derivatives	4.06	-	-	4.06
<b>Total</b>	<b>3,906.52</b>	<b>903.32</b>	<b>3.34</b>	<b>4,813.18</b>

**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, 2020	As at March 31, 2019
Short-term debts (including current maturities of long-term borrowings)	1,921.30	979.08
Long-term debts	855.02	723.78
<b>Total borrowings</b>	<b>2,776.32</b>	<b>1,702.86</b>
Equity	1,085.87	1,428.88

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.

The Company has not defaulted on any loans payable, and there has been no breach of any loan covenants.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

#### 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.

#### NOTE: 51

##### DEBENTURE REDEMPTION RESERVE

The Company has made losses in the current financial year. Hence, the Company is not required to transfer any amount to the Debenture Redemption Reserve as per provisions of Section 71 of the Companies Act, 2013.

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 BHAWALIA

Partner

Membership No.: 208382

Place: Bengaluru

Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)

Place: Mumbai  
Date : May 27, 2020

GEETIKA ANAND  
(Company Secretary)  
(M.No.: 23228)  
Place: Mumbai  
Date : May 27, 2020

**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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, including 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, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated 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 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 the COVID 19 pandemic on the consolidated financial results of the Group. 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, 2020. These matters were addressed in the context of our audit of the consolidated 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 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 audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, 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
<b>Goodwill: Impairment Evaluation (as described in Note 5 of the consolidated Ind AS financial statements)</b>	
<p>As disclosed in Note 5, goodwill amounts to ₹ 1,983.06 Crore as at March 31, 2020 and represents goodwill acquired through various business combinations and allocated to cash generating units of the Holding Company.</p> <p>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 is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates.</p> <p>The recoverable amount of the cash generating unit as at March 31, 2020 has been determined by the management based on a value in use calculation using cash flow projections from financial budgets approved by senior management.</p> <p>Impairment assessment is a key audit matter considering judgment involved in impairment assessment and the significant carrying value of the goodwill.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units to which the goodwill has been allocated.</li> <li>• Evaluated the objectivity, competency and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.</li> <li>• Evaluated the model used in determining the value in use of the cash generating units.</li> <li>• Evaluated the consistency of data used in the recoverable amount calculation with the financial budgets approved by senior management of the Holding Company.</li> <li>• Analysed the performance of the cash generating units and assessed the assumptions used in computation of value in use as at March 31, 2020, 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>• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.</li> <li>• We assessed the disclosures provided in relation to its annual impairment test in Note 5 to the consolidated Ind AS financial statements.</li> </ul>
<b>Provision for discount and sales returns (as described in Note 41(g) of the consolidated Ind AS financial statements)</b>	
<p>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.</p> <p>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.</p> <p>At year end, amount of expected returns, and discounts that have not yet been settled with the customers are estimated and accrued.</p> <p>Estimating the amount of accrual at year-end is considered a key audit matter due to the judgments required to be made by management.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the 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'.</li> <li>• Tested design and operating effectiveness of key controls for calculating, reviewing and approving returns and discounts.</li> <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> <li>• Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on estimates of sales returns and sales discounts.</li> <li>• Tested, on sample basis, credit notes issued to customers for returns and discounts as per approved norms.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <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> <li>We assessed the disclosures in Note 41(g) on significant accounting judgments, estimates and assumptions.</li> </ul>
<b>Implementation of Ind AS 116 - Leases (as described in note 4a of the consolidated Ind AS financial statements)</b>	
<p>On March 30, 2019, MCA notified Ind AS 116 Leases and it replaced Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.</p> <p>The Group has applied the modified retrospective method to ongoing leases as of April 01, 2019.</p> <p>The adoption of Ind AS 116 resulted in transitional impact amounting to ₹ 129.82 Crore (net of straight lining of lease rentals of ₹ 94.10 Crore and deferred tax of ₹ 69.73 Crore) in retained earnings. As at March 31, 2020, the Group has ₹ 2,206.85 Crore of Right of use (RoU) assets and ₹ 2,501.80 Crore of Lease liabilities.</p> <p>Application of Ind AS 116, requires significant judgement and estimate in identification of lease arrangement, determining the RoU assets and lease liabilities based on terms of the underlying lease agreements, hence we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116.</li> <li>Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Holding Company has in relation to accounting of leases under Ind AS 116.</li> <li>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 recomputed on a sample basis calculation involved.</li> <li>Assessed the underlying assumptions and estimates including the applicable discount rates.</li> <li>We also assessed the disclosures made in accordance with the requirements of Ind AS 116.</li> </ul>
<b>Recognition of Deferred tax assets (as described in Note 10 and 39 of the consolidated Ind AS financial statements)</b>	
<p>Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.</p> <p>The Holding 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.</p> <p>As at March 31, 2020 the Group has recognised total deferred tax assets of ₹ 194.96 Crore. The recognition of deferred tax assets is a key audit matter as its recoverability within the allowed time frame involves estimate of the</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".</li> <li>Involved tax specialists who evaluated the Holding Company's tax positions by assessing the prevalent tax laws and compared the current position with prior years and past precedents.</li> <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 based on current market and economic conditions arising from the impact of COVID 19 pandemic.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
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 style="list-style-type: none"> <li>We 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".</li> </ul>
<b>Provision on inventories (as described in Note 12 and 41(f) of the consolidated Ind AS financial statements)</b>	
<p>As at March 31, 2020, the Group held inventories of ₹ 2,366.78 Crore. Inventories are carried at lower of cost and net realisable value in accordance with the accounting policy of the Group.</p> <p>The Group makes provision for inventory based on policy, past experience, current trend and future expectations of these materials depending upon the category of goods.</p> <p>Significant judgment is required in assessing the appropriate level of the provision for slow moving and/or obsolete inventory.</p> <p>Accordingly, we have considered provision on inventories to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Holding Company has in relation to inventory provision.</li> <li>Compared the methodology used to calculate the inventory provision and its consistency with prior periods and obtained an understanding of management justification for changes.</li> <li>Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on provision on inventories.</li> <li>Tested on a sample basis, the calculation of the provision as per the Holding Company's policy.</li> <li>For specific provisions made, on a sample basis, assessed the basis and tested with management approvals.</li> <li>Tested on a sample basis, whether inventories are carried at the lower of cost and net realisable value.</li> <li>We 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
  - o Business Overview
  - o Business Strategy
  - o Financial Performance and Analysis
  - o Risk Management
  - o Internal Control Systems and their Adequacy
  - o Share Capital
  - o Disclosure in terms of the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - o 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 in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

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

**Auditor's Responsibilities for the Audit of the Consolidated 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 to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 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, 2020 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 three subsidiaries, whose Ind AS financial statements include total assets of ₹ 32.51 Crore as at March 31, 2020, total revenues of ₹ 43.19 Crore and net cash outflows of ₹ 0.09 Crore for the period from the date of acquisition to March 31, 2020. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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, is based solely on the reports of such other auditors.

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, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- We/the other auditors whose report 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;
- 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;
- 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, 2020 taken on record by the Board of Directors of the Holding Company and subsidiary company audited by us, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, 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, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us 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, 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 in its consolidated Ind AS financial statements – Refer Note 46 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2020.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

UDIN: 20208382AAAAAX1153

Place : Bengaluru

Date : May 27, 2020

**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 as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Aditya Birla Fashion and Retail Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated 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 and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated 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 judgment, 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 over financial reporting with reference to these consolidated Ind AS financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting with reference to these consolidated Ind AS financial statements**

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting with reference to these consolidated Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary 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: 20208382AAAAAX1153

Place : Bengaluru

Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**

₹ in Crore

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	642.89	636.37
(b) Capital work-in-progress		44.08	22.39
(c) Right-of-use assets	4a	2,206.85	-
(d) Goodwill	5	1,983.06	1,859.60
(e) Other intangible assets	5	107.20	59.51
(f) Intangible assets under development		3.54	-
(g) Financial assets			
(i) Investments	6	7.16	4.21
(ii) Loans	7	3.43	3.08
(iii) Security deposits	8	300.89	271.26
(iv) Other financial assets	9	0.39	1.06
(h) Deferred tax assets (net)	10	194.96	263.38
(i) Non-current tax assets (net)		22.48	16.20
(j) Other non-current assets	11	77.75	114.85
<b>Total - Non-current assets</b>		<b>5,594.68</b>	<b>3,251.91</b>
<b>II Current assets</b>			
(a) Inventories	12	2,366.78	1,921.28
(b) Financial assets			
(i) Investments	13	7.04	-
(ii) Loans	14	7.13	5.42
(iii) Security deposits	15	108.33	80.19
(iv) Trade receivables	16	840.46	780.81
(v) Cash and cash equivalents	17	266.80	57.19
(vi) Bank balance other than the above	18	0.14	0.22
(vii) Other financial assets	19	177.97	139.59
(c) Other current assets	20	396.23	384.46
<b>Total - Current assets</b>		<b>4,170.88</b>	<b>3,369.16</b>
<b>TOTAL - ASSETS</b>		<b>9,765.56</b>	<b>6,621.07</b>



**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**

₹ in Crore

	Notes	As at March 31, 2020	As at March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	21	773.95	773.48
(b) Other equity	22	293.94	655.40
<b>Equity attributable to owners of the Company</b>		<b>1,067.89</b>	<b>1,428.88</b>
(c) Non-controlling interest	22	19.90	-
<b>Total - Equity</b>		<b>1,087.79</b>	<b>1,428.88</b>
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	856.93	723.78
(ii) Lease liabilities	4b	1,820.83	-
(iii) Deposits		109.78	81.22
(iv) Other financial liabilities	24	60.13	101.66
(b) Deferred tax liabilities (net)	10	7.25	-
(c) Provisions	25	100.10	115.21
(d) Other non-current liabilities	26	12.29	92.46
<b>Total - Non-current liabilities</b>		<b>2,967.31</b>	<b>1,114.33</b>
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	27	1,511.88	474.45
(ii) Lease liabilities	4b	680.97	-
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	28	99.39	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	28	2,190.53	2,291.84
(iv) Deposits		153.40	111.34
(v) Other financial liabilities	29	879.38	923.31
(b) Provisions	30	88.73	87.04
(c) Other current liabilities	31	106.18	84.30
<b>Total - Current liabilities</b>		<b>5,710.46</b>	<b>4,077.86</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>9,765.56</b>	<b>6,621.07</b>
<b>Summary of significant accounting policies</b>	2.2		
<b>The accompanying notes are an integral part of the consolidated financial statements.</b>			

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 BHUAUWALA  
Partner  
Membership No.: 208382

Place: Bengaluru  
Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)  
Place: Mumbai  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

₹ in Crore

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	32	8,787.86	8,117.72
II Other income	33	65.30	64.78
<b>III Total income (I + II)</b>		<b>8,853.16</b>	<b>8,182.50</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	34a	785.59	604.21
(b) Purchase of stock-in-trade	34b	3,800.77	3,549.26
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	34c	(362.21)	(228.50)
(d) Employee benefits expense	35	1,080.53	913.02
(e) Finance costs	36	424.71	187.42
(f) Depreciation and amortisation expense	37	885.31	282.33
(g) Rent expense	45 & 4a	487.02	1,110.35
(h) Other expenses	38	1,784.33	1,615.31
<b>Total expenses</b>		<b>8,886.05</b>	<b>8,033.40</b>
<b>V Profit/ (loss) before tax (III - IV)</b>		<b>(32.89)</b>	<b>149.10</b>
<b>VI Income tax expense</b>			
(a) Current tax	39	0.01	21.84
(b) Deferred tax	39	132.12	(193.96)
		<b>132.13</b>	<b>(172.12)</b>
<b>VII Net Profit/ (loss) after tax (V - VI)</b>		<b>(165.02)</b>	<b>321.22</b>
<b>VIII Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Re-measurement gains/ (losses) on defined benefit plans		4.37	(1.72)
Income tax effect on above		(1.27)	0.60
(b) Fair value gains/ (losses) on equity instruments		2.95	-
Income tax effect on above		(0.74)	-
<b>Items that will be reclassified to profit or loss</b>			
(a) Exchange differences on translation of foreign operations		(0.06)	-
Income tax effect on above		0.01	-
<b>Total other comprehensive income</b>		<b>5.26</b>	<b>(1.12)</b>
<b>IX Total comprehensive income (VII + VIII)</b>		<b>(159.76)</b>	<b>320.10</b>
<b>X Profit/ (loss) attributable to</b>			
- Owners of the Company		(163.01)	321.22
- Non-controlling interest		(2.01)	-
		<b>(165.02)</b>	<b>321.22</b>

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

₹ in Crore

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>XI Other comprehensive income attributable to</b>			
- Owners of the Company		5.29	(1.12)
- Non-controlling interest		(0.03)	-
		5.26	(1.12)
<b>XII Total comprehensive income attributable to</b>			
- Owners of the Company		(157.72)	320.10
- Non-controlling interest		(2.04)	-
		(159.76)	320.10
<b>XIII Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2019 : ₹ 10)]</b>	40		
Basic (₹)		(2.11)	4.15
Diluted (₹)		(2.11)	4.15
<b>Summary of significant accounting policies</b>	2.2		
<b>The accompanying notes are an integral part of the consolidated financial statements.</b>			

As per our report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAWALA

Partner

Membership No.: 208382

Place: Bengaluru

Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ

(Chief Financial Officer)

Place: Bengaluru

Date : May 27, 2020

SUKANYA KRIPALU

(Director)

(DIN: 06994202)

Place: Mumbai

Date : May 27, 2020

GEETIKA ANAND

(Company Secretary)

(M.No.: 23228)

Place: Mumbai

Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

**A. Equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>Equity shares of ₹ 10 each issued</b>				
<b>As at the beginning of the year</b>	77,34,98,313	773.49	77,34,04,897	773.40
Exercise of Options (Refer Note - 44)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	77,39,64,840	773.96	77,34,98,313	773.49
	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>Equity shares of ₹ 10 each subscribed and fully paid</b>				
<b>As at the beginning of the year</b>	77,34,81,460	773.48*	77,16,93,984	771.69
Allotment to Non-Resident (NR) shareholders (Refer Note - 22)	-	-	16,94,060	1.69
Exercise of Options (Refer Note - 44)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	77,39,47,987	773.95	77,34,81,460	773.48*

\* The amount of share capital has been rounded off in ₹ Crore.

**B. Other equity**

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Securities premium (Refer Note - 22)	Retained earnings (Refer Note - 22)	Reserves and surplus	Capital reserve (Refer Note - 22)	Other comprehensive income	Equity attributable to owners of the Company	Non-controlling interest	Total other equity
	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)	(Refer Note - 22)
<b>As at April 01, 2018</b>	0.15	1.71	761.90	(473.31)	13.60	21.69	(4.32)	321.42	-	321.42
Profit/ (loss) for the year	-	-	-	321.22	-	-	-	321.22	-	321.22
Allotted to NR shareholders during the year	-	(1.69)	-	-	-	-	-	(1.69)	-	(1.69)
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	0.90	-	-	-	-	0.90	-	0.90
Other comprehensive income for the year	-	-	-	-	-	-	(1.12)	(1.12)	-	(1.12)
Recognition of Share based payment	-	-	-	-	14.74	-	-	14.74	-	14.74
Transfer to Securities Premium on exercise of Options	-	-	0.72	-	(0.72)	-	-	-	-	-
Share application money received/ (allotted) towards exercise of Options	(0.07)	-	-	-	-	-	-	(0.07)	-	(0.07)

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Securities premium (Refer Note - 22)	Retained earnings (Refer Note - 22)	Share options outstanding account (Refer Note - 22)	Treasury shares (Refer Note - 22)	Capital reserve (Refer Note - 22)	Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Foreign currency translation reserve (Refer Note-21)	Equity attributable to owners of the Company	Non-controlling interest	Total other equity
<b>As at March 31, 2019</b>	<b>0.08</b>	<b>0.02</b>	<b>763.52</b>	<b>(152.09)</b>	<b>27.62</b>	-	<b>21.69</b>	<b>(5.44)</b>	-	-	<b>655.40</b>	-	<b>655.40</b>
Adjustments pursuant to adoption of Ind AS 116 (net of tax) (Refer Note- 4)	-	-	-	(129.82)	-	-	-	-	-	-	(129.82)	-	(129.82)
Pursuant to business combination	-	-	-	-	-	-	-	-	-	-	-	21.94	21.94
Profit/ (loss) for the year	-	-	-	(163.01)	-	-	-	-	-	-	(163.01)	(2.01)	(165.02)
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	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)
<b>As at March 31, 2020</b>	<b>-</b>	<b>0.02</b>	<b>773.64</b>	<b>(444.92)</b>	<b>44.15</b>	<b>(100.49)</b>	<b>21.69</b>	<b>(2.31)</b>	<b>2.21</b>	<b>(0.05)</b>	<b>293.94</b>	<b>19.90</b>	<b>313.84</b>

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

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

per ADITYA VIKRAM BHADWALA  
Partner  
Membership No.: 208382

ASHISH DIKSHIT  
(Managing Director)  
(DIN: 01842066)  
Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)  
Place: Mumbai  
Date : May 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

GEETIKA ANAND  
(Company Secretary)  
(M.No.: 23228)  
Place: Mumbai  
Date : May 27, 2020

Place: Bengaluru  
Date : May 27, 2020

**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

₹ in Crore

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>			
<b>Profit/ (loss) before tax</b>		<b>(32.89)</b>	149.10
Adjustments for:			
Depreciation and amortisation expense	37	<b>885.31</b>	282.33
Finance costs	36	<b>421.96</b>	184.63
Gain on retirement of right-of-use assets	33	<b>(12.93)</b>	-
Loss on sale/ discard of property, plant and equipment	38	<b>2.77</b>	1.36
Share-based payment to employees	35	<b>20.02</b>	14.74
Interest income	33	<b>(0.38)</b>	(0.41)
Net gain on sale of current investments	33	<b>(4.85)</b>	(2.22)
Net unrealised exchange gain		<b>(2.64)</b>	(0.44)
Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss		<b>(24.26)</b>	1.21
Provision for doubtful debts, deposits and advances	38	<b>11.01</b>	6.94
Bad debts written off	38	<b>0.06</b>	3.67
<b>Operating profit before working capital changes</b>		<b>1,263.18</b>	640.91
Changes in working capital:			
(Increase)/ decrease in trade and other receivables		<b>(63.07)</b>	5.42
(Increase)/ decrease in inventories		<b>(431.56)</b>	(353.43)
(Increase)/ decrease in other assets		<b>(112.55)</b>	(171.64)
Increase/ (decrease) in trade and other payables		<b>(138.56)</b>	392.46
Increase/ (decrease) in provisions		<b>(12.37)</b>	8.52
Increase/ (decrease) in other liabilities		<b>145.47</b>	24.96
<b>Cash generated from operations</b>		<b>650.54</b>	547.20
Income taxes paid (net of refund)		<b>(6.50)</b>	(19.59)
<b>Net cash flows from operating activities</b>		<b>644.04</b>	527.61
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and capital advance		<b>(318.44)</b>	(286.72)
Consideration paid for acquisition of/ investment in subsidiaries, net of cash acquired		<b>(136.25)</b>	-
Purchase of current investments		<b>(6,859.51)</b>	(960.61)
Investment in treasury shares held by ESOP trust		<b>(100.49)</b>	-
Proceeds from sale of property, plant and equipment and intangible assets		<b>6.15</b>	7.54
Proceeds from sale/ maturity of current investments		<b>6,857.32</b>	962.83
Interest received		<b>0.33</b>	0.41
<b>Net cash flows used in investing activities</b>		<b>(550.89)</b>	(276.55)



**ADITYA BIRLA FASHION AND RETAIL LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020**

₹ in Crore

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		7.23	0.93
Proceeds from non-current borrowings (net off charges)		1,044.77	300.00
Proceeds from sale of property, plant and equipment under sale and leaseback arrangement		47.93	-
Proceeds/ (repayments) of current borrowings (net)		1,036.62	(95.01)
Repayment of non-current borrowings		(1,007.21)	(362.59)
Repayment of lease liabilities		(588.60)	-
Interest paid		(424.28)	(109.76)
<b>Net cash flows from/ (used) in financing activities</b>		<b>116.46</b>	<b>(266.43)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>209.61</b>	<b>(15.37)</b>
Cash and cash equivalents at the beginning of the year		57.19	72.56
<b>Cash and cash equivalents at the end of the year</b>	17	<b>266.80</b>	<b>57.19</b>
<b>Components of Cash and cash equivalents</b>			
Balances with banks - on current accounts		159.54	10.14
Balances with banks - on deposit accounts (original maturity less than 3 months)		100.00	-
Balances with credit card companies		0.05	28.64
Balances with e-wallet companies		0.13	0.01
Cash on hand		7.08	18.40
<b>Total Cash and cash equivalents</b>		<b>266.80</b>	<b>57.19</b>

**The accompanying notes are an integral part of the consolidated financial statements.**

As per our report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

per ADITYA VIKRAM BHAWALA

Partner

Membership No.: 208382

Place: Bengaluru

Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ

(Chief Financial Officer)

Place: Bengaluru

Date : May 27, 2020

SUKANYA KRIPALU

(Director)

(DIN: 06994202)

Place: Mumbai

Date : May 27, 2020

GEETIKA ANAND

(Company Secretary)

(M.No.: 23228)

Place: Mumbai

Date : May 27, 2020

## 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 and its subsidiaries (together referred to as the "Group") 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 27, 2020.

## 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 and its subsidiaries is determined on the basis of the primary economic environment in which it operates. 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) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an investee only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

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, the subsidiary 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, unless it is impracticable to do so.

Consolidation Procedures:

- 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.

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.

**(II) Current versus non-current classification**

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.

#### 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 and derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (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.

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
- 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**

### 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 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. 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 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;
- 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.

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 either 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 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**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.

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 Consolidated Statement of Profit and Loss as current tax for the year. Deferred tax assets include MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Consolidated Balance Sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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:

(a) Assets where useful life is same as Schedule II

Assets	Useful life as prescribed by Schedule II 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
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.

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) 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 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.

#### **(XII) 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.

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 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.

#### 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
Goodwill arising on acquisition of business division through demerger and business combination	-	No amortisation, tested for impairment
Brands/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	12 years	Amortised on straight-line basis over the period of franchise agreement
Non-Compete	7 years	Amortised on straight-line basis

#### **(XIII) 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 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 pro-rata 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.

#### (XIV) Leases

The Group's lease asset classes primarily consist of leases for land and buildings. 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.

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.

#### Transition to Ind AS 116

The Group has adopted Ind AS 116, effective April 01, 2019 and has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application. Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019. As a practical expedient the Group has applied Ind AS 116, to contracts that were previously identified as leases under Ind AS 17 and Appendix C of Ind AS 17.

Refer Note 2.2 (XII) – Significant accounting policies – Leases in the annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The weighted average incremental borrowing rate of 9.05% p.a. has been applied to lease liabilities recognised in the Consolidated balance sheet at the date of initial application.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar characteristics.
- Applied the exemption not to recognize rights-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the rights-of-use asset at the date of initial application.
- Applied hindsight approach, for determining the lease term for the contract contains options to extend or terminate the lease.

#### (XV) 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.

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories:

##### (a) Non-derivative financial assets

###### (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 (see 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 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 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 instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are 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 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 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:

- 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.

## (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 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 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 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 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.

### **(XVI) Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts, 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.

### **(XVII) 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 - 41).

### **(XVIII) 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.

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.

### **(XIX) Employee benefits**

#### **(a) Short-term employee benefits**

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) Defined benefit plan**

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 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 under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Consolidated Statement of Profit and Loss.

#### **(d) Compensated absences**

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.

#### **(XX) 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. Equity-settled 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 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.

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 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.

#### **(XXI) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings, considered in ascertaining the Group's earnings per share, is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(XXII) 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.

**NOTE: 3**  
**PROPERTY, PLANT AND EQUIPMENT**

	₹ in Crore								
	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Cost</b>									
As at April 01, 2018	5.92	14.32	150.29	252.37	86.96	435.66	127.82	9.71	1,083.05
Additions	-	24.79	49.45	42.20	17.32	113.84	4.39	6.94	258.93
Disposals	-	-	15.26	27.18	1.98	39.63	2.11	3.52	89.68
As at March 31, 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 combinations (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
<b>Depreciation</b>									
As at April 01, 2018	-	1.63	30.55	94.51	43.32	209.01	56.04	1.54	436.60
Depreciation for the year (Refer Note - 37)	-	1.03	47.83	54.57	25.07	119.84	8.65	3.12	260.11
Disposals	-	-	13.63	24.74	1.67	36.91	1.91	1.92	80.78
As at March 31, 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
<b>Net carrying value as at:</b>									
March 31, 2020	5.92	38.63	137.05	148.13	37.11	198.50	67.19	10.36	642.89
March 31, 2019	5.92	36.45	119.73	143.05	35.58	217.93	67.32	10.39	636.37

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	642.89	636.37
<b>Total</b>	<b>642.89</b>	<b>636.37</b>

\*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, which are held in the name of the demerged companies and is in the process of being transferred to the Group.



**NOTE: 4****RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Right-of-use assets**

	₹ in Crore						
	Land	Building	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment
<b>Cost</b>							
As at April 01, 2019	-	-	-	-	-	-	-
Asset Recognised as on April 01, 2019	-	1,815.77	-	-	-	-	-
Reclassification from prepayments pursuant to adoption of Ind AS 116	10.42	70.90	-	-	-	-	-
Additions	-	969.74	9.56	0.18	3.70	38.59	1.62
Addition pursuant to business combinations (Refer Note - 47)	-	18.69	-	-	-	-	-
Disposals	-	119.43	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>10.42</b>	<b>2,755.67</b>	<b>9.56</b>	<b>0.18</b>	<b>3.70</b>	<b>38.59</b>	<b>1.62</b>
<b>Depreciation</b>							
As at April 01, 2019	-	-	-	-	-	-	-
Depreciation for the year (Refer Note - 37)	0.39	631.00	0.04	-	0.02	0.18	0.01
Disposals	-	18.75	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>0.39</b>	<b>612.25</b>	<b>0.04</b>	<b>-</b>	<b>0.02</b>	<b>0.18</b>	<b>0.01</b>
<b>Net carrying value as at:</b>							
As at March 31, 2020	10.03	2,143.42	9.52	0.18	3.68	38.41	1.61
As at March 31, 2019	-	-	-	-	-	-	-

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Right-of-use assets	2,206.85	-
<b>Total</b>	<b>2,206.85</b>	<b>-</b>

**(b) Lease liabilities**

	₹ in Crore
	As at March 31, 2020
As at April 01, 2019	-
Liabilities recognised as on April 01, 2019	2,109.42
Additions	1,002.28
Addition pursuant to business combinations (Refer Note - 47)	19.24
Retirements	(113.61)
Interest expense on lease liabilities	211.99
Payments	(727.52)
<b>As at March 31, 2020</b>	<b>2,501.80</b>
<b>Current</b>	<b>680.97</b>
<b>Non-current</b>	<b>1,820.83</b>

The Group has adopted Ind AS 116 “leases” effective April 01, 2019 using modified retrospective method as a result of which comparative information are not required to be restated. 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). Therefore, rent expense, finance costs, depreciation and amortisation expense, other income and profit for the year ended March 31, 2019 are not comparable with year ended March 31, 2020. Also, total assets and total liabilities as at March 31, 2019 are not comparable with balances as at March 31, 2020.

For maturity analysis of lease liabilities, refer Note - 45(a).

Impact of Ind AS 116 on the consolidated financial statements for the year ended March 31, 2020 is as follows:

			₹ in Crore
	Year ended March 31, 2020 (Comparable)	Year ended March 31, 2020 (As per Ind AS 116)	Change due to Ind AS 116 Increase/ (Decrease)
Rent expense	1,251.40	487.02	(764.38)
Finance costs	212.72	424.71	211.99
Depreciation and amortisation expense	253.67	885.31	631.64
Other Income	52.37	65.30	12.93
Profit/ (loss) before tax	33.43	(32.89)	(66.32)

#### NOTE: 5

#### GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Brands/ Trademarks	Computer software	Technical know- how	Franchisee rights	Non- Compete right	₹ in Crore Total
<b>Cost</b>							
As at April 01, 2018	1,859.60	27.89	60.16	2.18	33.81	-	1,983.64
Additions	-	-	5.48	-	-	-	5.48
Disposals	-	-	0.08	0.34	-	-	0.42
As at March 31, 2019	1,859.60	27.89	65.56	1.84	33.81	-	1,988.70
Additions	-	-	16.56	-	-	-	16.56
Addition pursuant to business combinations (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
<b>Amortisation</b>							
As at April 01, 2018	-	6.91	35.29	0.68	4.91	-	47.79
Amortisation for the year (Refer Note - 37)	-	2.92	15.86	0.62	2.82	-	22.22
Disposals	-	-	0.08	0.34	-	-	0.42
As at March 31, 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

	₹ in Crore						
	Goodwill	Brands/ Trademarks	Computer software	Technical know- how	Franchisee rights	Non- Compete right	Total
<b>Net carrying value as at:</b>							
<b>March 31, 2020</b>	<b>1,983.06</b>	<b>63.39</b>	<b>17.28</b>	<b>0.56</b>	<b>23.26</b>	<b>2.71</b>	<b>2,090.26</b>
<b>March 31, 2019</b>	<b>1,859.60</b>	<b>18.06</b>	<b>14.49</b>	<b>0.88</b>	<b>26.08</b>	<b>-</b>	<b>1,919.11</b>

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Goodwill	1,983.06	1,859.60
Other intangible assets	107.20	59.51
<b>Total</b>	<b>2090.26</b>	<b>1919.11</b>

**NOTE: 5A****IMPAIRMENT TESTING OF GOODWILL**

Goodwill acquired through various business combinations has been allocated to the five Cash-Generating Units (CGUs) as below:

1. Pantaloons CGU
2. Madura Fashion & Lifestyle CGU
3. Forever 21 CGU
4. Jaypore CGU
5. Finesse 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 Collezione, 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 has 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.

### Finesse CGU

Effective July 26, 2019, the Company entered into a strategic partnership 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.

For the purpose of Segment reporting, Madura Fashion & Lifestyle, Forever 21, Jaypore and Finesse CGUs have been aggregated to form Madura Fashion & Lifestyle segment in accordance with Ind AS 108.

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
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	-
Finesse CGU	35.02	-
<b>Total</b>	<b>1,983.06</b>	<b>1,859.60</b>

### 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, 2020, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three year period. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. The Group has estimated Free Cash Flow and then have considered that as a base to arrive at the value of perpetuity using the terminal growth rate as mentioned in below table. 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

	Terminal growth rate		Discount rate	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Pantaloons CGU	6.00%	6.00%	17.20%	15.24%
Madura Fashion & Lifestyle CGU	6.00%	6.00%	18.79%	17.92%
Forever 21 CGU	6.00%	6.00%	19.26%	19.37%
Jaypore CGU	5.00%	-	15.90%	-
Finesse CGU	5.00%	-	14.40%	-

#### 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

##### NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Investments: (Carried at fair value through other comprehensive income)</b>		
Unquoted equity instruments		
7,000 (March 31, 2019: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	7.16	4.21
<b>Total</b>	<b>7.16</b>	<b>4.21</b>
* Increase is on account of fair valuation.		
Aggregate book value of unquoted investments	7.16	4.21
Aggregate amount of impairment in value of investments	-	-

#### NOTE: 7

##### NON-CURRENT FINANCIAL ASSETS - LOANS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	3.43	3.08
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>3.43</b>	<b>3.08</b>

#### NOTE: 8

##### NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 48)	7.70	-
Unsecured, considered good	293.19	271.26
Unsecured, considered doubtful	0.01	1.40
Provision for doubtful deposits	(0.01)	(1.40)
<b>Total</b>	<b>300.89</b>	<b>271.26</b>

**NOTE: 9****NON-CURRENT FINANCIAL ASSETS - OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Other bank balance		
Bank deposits with more than 12 months maturity from the Balance Sheet date	0.39	1.06
<b>Total</b>	<b>0.39</b>	<b>1.06</b>

**NOTE: 10****DEFERRED TAX ASSETS/ (LIABILITIES) (NET)****A. DEFERRED TAX ASSETS (NET)**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	194.96	263.38
Deferred tax liabilities	-	-
<b>Deferred tax assets (net)</b>	<b>194.96</b>	<b>263.38</b>

Deferred tax assets (net) relates to the following:

	₹ in Crore			
	Consolidated Balance Sheet		Consolidated Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax assets</b>				
Depreciation and amortisation expense	41.01	41.07	0.06	(41.07)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	44.98	53.32	8.34	(53.32)
Provision for share-based payment	2.49	9.62	7.13	(9.62)
Loss as per income tax computations available for offsetting against future taxable income	15.41	92.97	77.56	(24.15)
MAT credit (entitlement)/ write-off	-	21.84	21.84	(21.84)
<b>Impact of Ind AS 116</b>				
a) Lease equalisation charges	-	35.18	35.18	(35.18)
b) ROU assets and lease liabilities	20.72	-	(20.72)	-
c) Adjustment pursuant to adoption of Ind AS 116, recorded in retained earnings (Refer Note - 4)	69.73	-	-	-
Others	2.07	8.78	6.71	(8.78)
<b>Total (A)</b>	<b>196.41</b>	<b>262.78</b>	<b>136.10</b>	<b>(193.96)</b>
<b>Other comprehensive income (B)</b>	<b>(1.45)</b>	<b>0.60</b>	<b>2.05</b>	<b>(0.60)</b>
<b>Deferred tax (income)/ expense (A+B)</b>			<b>138.15</b>	<b>(194.56)</b>
<b>Net deferred tax assets/ (liabilities) (A+B)</b>	<b>194.96</b>	<b>263.38</b>		



**B. DEFERRED TAX LIABILITIES (NET)**

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	6.73	-
Deferred tax liabilities	13.98	-
<b>Deferred tax liabilities (net)</b>	<b>7.25</b>	-

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.

**Deferred tax liabilities (net) relates to the following:**

₹ in Crore

	Consolidated Balance Sheet		Consolidated Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax assets</b>				
Depreciation and amortisation expense	1.98	-	(1.16)	-
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	0.39	-	(0.04)	-
Loss as per income tax computations available for offsetting against future taxable income	2.33	-	(2.03)	-
ROU assets and lease liabilities	0.84	-	(0.65)	-
Others	1.12	-	(0.15)	-
<b>Total (A)</b>	<b>6.66</b>	-	<b>(4.03)</b>	-
<b>Other comprehensive income (B)</b>	<b>0.07</b>	-	<b>(0.05)</b>	-
<b>Deferred tax (income)/ expense (A+B)</b>			<b>(4.08)</b>	-
<b>Net deferred tax assets/ (liabilities) (A+B)</b>	<b>6.73</b>	-		
<b>Deferred tax liabilities</b>				
Intangibles recognised in business combinations (Refer Note - 47)	13.93	-	-	-
Others	0.05	-	0.05	-
<b>Deferred tax (income)/ expense</b>			<b>0.05</b>	-
<b>Net deferred tax assets/ (liabilities)</b>	<b>13.98</b>	-		

\* The same is after adjustment of the Deferred tax assets of the acquired subsidiaries as at the date of acquisition. The component wise disclosure is not provided as the same is not material.

**C. Reconciliation of deferred tax assets/ (liabilities):**

₹ in Crore

	Deferred tax assets (net)		Deferred tax liabilities (net)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>263.38</b>	68.82	-	-
Adjustments pursuant to adoption of Ind AS 116 (Refer Note - 4)	<b>69.73</b>	-	-	-
Deferred tax pursuant to business combinations (Refer Note - 47)	-	-	<b>11.28</b>	
Tax (income)/ expense recognised in profit and loss during the year (Refer Note - 39)	<b>136.10</b>	(193.96)	<b>(3.98)</b>	-
Tax (income)/ expense recognised in OCI during the year (Refer Note - 39)	<b>2.05</b>	(0.60)	<b>(0.05)</b>	-
<b>As at the end of the year</b>	<b>194.96</b>	263.38	<b>7.25</b>	-

**NOTE: 11****OTHER NON-CURRENT ASSETS**

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
Capital advances	<b>9.70</b>	10.39
Prepayments	<b>14.39</b>	49.29
Balances with government authorities (other than income tax)	<b>51.82</b>	54.71
Other receivables	<b>1.84</b>	0.46
<b>Total</b>	<b>77.75</b>	114.85

**NOTE: 12****INVENTORIES**

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
<i>At lower of cost and net realisable value</i>		
Raw materials	<b>188.14</b>	125.12
Includes Goods-in-transit ₹ 33.52 Crore (March 31, 2019: ₹ 24.23 Crore)		
Work-in-progress	<b>22.25</b>	18.38
Finished goods	<b>186.98</b>	146.64
Stock-in-trade	<b>1,952.11</b>	1,621.24
Includes Goods-in-transit ₹ 4.21 Crore (March 31, 2019: ₹ 5.83 Crore)		
Stores and spares	<b>2.49</b>	1.36
Packing materials	<b>14.81</b>	8.54
<b>Total</b>	<b>2,366.78</b>	1,921.28

During the year ended March 31, 2020, ₹ 78.91 Crore (March 31, 2019: ₹ 18.53 Crore) is recognised as an expense for inventories carried at net realisable value.

**NOTE: 13**  
**CURRENT INVESTMENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Investments in mutual funds: (Carried at fair value through profit or loss)</b>		
Quoted investments		
2,20,441.32 (March 31, 2019: Nil) units of Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	7.04	-
<b>Total</b>	<b>7.04</b>	<b>-</b>

**NOTE: 14**  
**CURRENT FINANCIAL ASSETS - LOANS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	7.13	5.42
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>7.13</b>	<b>5.42</b>

**NOTE: 15**  
**CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Unsecured, considered good	108.33	80.19
Unsecured, considered doubtful	3.76	2.50
Provision for doubtful deposits	(3.76)	(2.50)
<b>Total</b>	<b>108.33</b>	<b>80.19</b>

**NOTE: 16**  
**TRADE RECEIVABLES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Trade receivables from others	840.46	780.81
<b>Total</b>	<b>840.46</b>	<b>780.81</b>

**Break-up for security details:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Trade receivables</b>		
Secured, considered good	62.51	73.27
Unsecured, considered good	777.95	707.54
Trade receivables, which have significant increase in credit risk	-	-
Credit impaired	19.64	10.44
	<b>860.10</b>	<b>791.25</b>
<b>Impairment allowance</b>		
Credit impaired	(19.64)	(10.44)
	<b>(19.64)</b>	<b>(10.44)</b>
<b>Total</b>	<b>840.46</b>	<b>780.81</b>

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 March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	0.04%	0.33%	-	0.11%	1.93%	0.04%
0-90 days	0.09%	1.07%	-	0.21%	6.02%	0.12%
91-180 days	0.13%	1.18%	-	0.40%	6.64%	0.18%
181-270 days	0.16%	1.54%	-	0.51%	9.52%	0.19%
271 - 365 days	0.17%	2.17%	-	0.57%	10.67%	0.20%
1-2 years	0.17%	2.17%	-	0.57%	10.67%	0.20%

**Ageing of receivables on which impairment allowance of doubtful debts is applied\***

	As at March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	209.63	15.34	-	78.38	34.63	26.00
0-90 days	104.92	16.79	-	85.50	-	0.80
91-180 days	-	-	-	31.66	-	-
181-270 days	-	-	-	-	-	-
271 - 365 days	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
<b>Total</b>	<b>314.55</b>	<b>32.13</b>	<b>-</b>	<b>195.54</b>	<b>34.63</b>	<b>26.80</b>

\* The amount is net of provision for discount and refund liabilities.

**Movement in the expected credit loss allowance**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>10.44</b>	9.89
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	(0.68)	(1.73)
Specific provision made/ (reversed)	9.88	2.28
<b>As at the end of the year*</b>	<b>19.64</b>	10.44

\* Includes expected credit loss allowance based on the provision matrix of ₹ 0.40 Crore (March 31, 2019: ₹ 1.08 Crore).

**NOTE: 17**  
**CASH AND CASH EQUIVALENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Current accounts	159.54	10.14
Deposit accounts (original maturity less than 3 months)	100.00	-
Balances with credit card companies	0.05	28.64
Balances with e-wallet companies	0.13	0.01
Cash on hand	7.08	18.40
<b>Total</b>	<b>266.80</b>	57.19

As at March 31, 2020, the Group has available of ₹ 847.85 Crore (March 31, 2019: ₹ 577.93 Crore) of undrawn committed borrowing facilities.

**Details of non-cash transactions from investing activities and changes in liabilities arising from financing activities:****Year ended March 31, 2020**

	₹ in Crore						
	As at March 31, 2019	Adjustments (Refer Note - 4)	Pursuant to business combinations (Refer Note - 47)	Cash flows (net)	Non-cash changes		As at March 31, 2020
					Fair value adjustments	Others	
<b>Investing activities</b>							
Right-of-use assets	-	1,815.77	18.69	-	-	372.39	2,206.85
Non-current investments	4.21	-	-	-	2.95	-	7.16
Current investments	-	-	-	6.85	0.19	-	7.04
<b>Total</b>	<b>4.21</b>	<b>1,815.77</b>	<b>18.69</b>	<b>6.85</b>	<b>3.14</b>	<b>372.39</b>	<b>2,221.05</b>
<b>Financing activities</b>							
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	(679.59)	-	1,052.73	2,501.80
<b>Total</b>	<b>1,702.86</b>	<b>2,109.42</b>	<b>24.24</b>	<b>394.59</b>	<b>0.99</b>	<b>1,052.73</b>	<b>5,284.83</b>

## Year ended March 31, 2019

	As at March 31, 2018	Adjustments	Pursuant to business combinations	Cash flows (net)	Non-cash changes		As at March 31, 2019
					Fair value adjustments	Others	
<b>Investing activities</b>							
Non-current investments	4.21	-	-	-	-	-	4.21
<b>Total</b>	<b>4.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.21</b>
<b>Financing activities</b>							
Non-current borrowings (including current maturities of non-current borrowings)	1,291.00	-	-	(62.59)	-	-	1,228.41
Current borrowings	570.45	-	-	(95.01)	(0.99)	-	474.45
<b>Total</b>	<b>1,861.45</b>	<b>-</b>	<b>-</b>	<b>(157.60)</b>	<b>(0.99)</b>	<b>-</b>	<b>1,702.86</b>

## NOTE: 18

## BANK BALANCE OTHER THAN THE ABOVE

	As at March 31, 2020	As at March 31, 2019
<b>Earmarked deposits*</b>		
Current accounts	0.11	0.10
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	0.03	0.12
<b>Total</b>	<b>0.14</b>	<b>0.22</b>

\* Bank balances other than the above are held as margin money under lien to banks for assuring guarantees.

## NOTE: 19

## CURRENT FINANCIAL ASSETS - OTHERS

	As at March 31, 2020	As at March 31, 2019
<b>Derivative contracts</b>	<b>6.82</b>	<b>-</b>
<b>Interest accrued on deposits</b>	<b>0.05</b>	<b>-</b>
<b>Other receivables</b>	<b>17.31</b>	<b>16.24</b>
<b>Right to return assets</b>	<b>153.79</b>	<b>123.35</b>
<b>Total</b>	<b>177.97</b>	<b>139.59</b>

## NOTE: 20

## OTHER CURRENT ASSETS

	As at March 31, 2020	As at March 31, 2019
<b>Prepayments</b>	<b>14.88</b>	<b>25.32</b>
<b>Advance to suppliers</b>	<b>142.64</b>	<b>128.26</b>
<b>Export incentives</b>	<b>1.35</b>	<b>1.13</b>
<b>Balances with government authorities (other than income tax)</b>	<b>224.46</b>	<b>190.76</b>
<b>Government grant receivables</b>	<b>0.81</b>	<b>0.73</b>
<b>Insurance claim receivables</b>	<b>0.24</b>	<b>34.64</b>
<b>Other receivables</b>	<b>11.85</b>	<b>3.62</b>
<b>Total</b>	<b>396.23</b>	<b>384.46</b>



**NOTE: 21****EQUITY SHARE CAPITAL****Authorised share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Increase during the year	-	-	-	-
<b>As at the end of the year</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>

**Issued equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	77,34,98,313	773.49	77,34,04,897	773.40
Increase during the year towards:				
Exercise of Options (Refer Note - 44)	466,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,64,840</b>	<b>773.96</b>	<b>77,34,98,313</b>	<b>773.49</b>

**Subscribed and paid-up equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
<b>As at the beginning of the year</b>	77,34,81,460	773.48*	77,16,93,984	771.69
Increase during the year towards:				
Allotment to Non-Resident (NR) shareholders (Refer Note - 22)	-	-	1,694,060	1.69
Exercise of Options (Refer Note - 44)	466,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,47,987</b>	<b>773.95</b>	<b>77,34,81,460</b>	<b>773.48*</b>

\* The amount of share capital has been rounded off in ₹ Crore.

**(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) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital
Birla Group Holdings Private Limited	17,15,06,727	22.16%	1,87,73,560	2.43%
Grasim Industries Limited	8,73,80,613	11.29%	8,73,80,613	11.30%
IGH Holdings Private Limited	8,50,30,930	10.99%	8,50,30,930	10.99%
Umang Commercial Company Private Limited	6,49,72,778	8.39%	6,49,72,778	8.40%
Hindalco Industries Limited	4,49,82,142	5.81%	4,49,82,142	5.82%
Reliance Mutual Fund and its Affiliates	3,95,24,985	5.11%	3,46,48,992	4.48%
TGS Investment and Trade Private Limited	-	-	7,02,35,027	9.08%
Trapti Trading and Investments Private Limited	-	-	4,90,04,462	6.34%

**(iii) 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, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	No. of shares	No. of shares	No. of shares	No. of shares	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	72,44,25,383	72,33,90,854	72,23,54,118

**(iv) 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**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Share application money pending allotment (Refer Note - 44)</b>		
As at the beginning of the year	0.08	0.15
Share application money received/ (allotted) towards exercise of Options	(0.08)	(0.07)
As at the end of the year	-	0.08
<b>Share suspense account (Refer Note - 21)</b>		
As at the beginning of the year	0.02	1.71
Allotted to NR shareholders during the year - Nil equity shares (March 31, 2019: 16,94,060 equity shares)	-	(1.69)
As at the end of the year	0.02	0.02

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
As at the beginning of the year	763.52	761.90
Premium on exercise of Options (including transfer from Share options outstanding account)	10.12	1.62
As at the end of the year	773.64	763.52
<b>Retained earnings</b>		
As at the beginning of the year	(152.09)	(473.31)
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	(129.82)	-
Profit/ (loss) for the year	(163.01)	321.22
As at the end of the year	(444.92)	(152.09)
<b>Share options outstanding account</b>		
As at the beginning of the year	27.62	13.60
Recognition of Share based payment	19.81	14.74
Transfer to Securities Premium on exercise of Options	(3.28)	(0.72)
As at the end of the year	44.15	27.62
<b>Treasury shares (Refer Note - 44)</b>		
As at the beginning of the year	-	-
Shares purchased by the ESOP Trust during the year	(100.49)	-
As at the end of the year	(100.49)	-
<b>Capital reserve</b>		
As at the beginning of the year	21.69	21.69
Changes during the year	-	-
As at the end of the year	21.69	21.69
<b>Other comprehensive income</b>		
<b>Remeasurement gains/ (losses) on defined benefit plans</b>		
As at the beginning of the year	(5.44)	(4.32)
Gains/ (losses) during the year	3.13	(1.12)
As at the end of the year	(2.31)	(5.44)
<b>Fair value gains/ (losses) on equity instruments</b>		
As at the beginning of the year	-	-
Gains/ (losses) during the year	2.21	-
As at the end of the year	2.21	-
<b>Foreign currency translation reserve</b>		
As at the beginning of the year	-	-
Gains/ (losses) during the year	(0.05)	-
As at the end of the year	(0.05)	-
<b>Other equity attributable to owners of the Company</b>	293.94	655.40
<b>Non-controlling interest</b>		
As at the beginning of the year	-	-
Pursuant to business combinations (Refer Note - 47)	21.94	-
Profit/ (losses) during the year	(2.04)	-
As at the end of the year	19.90	-

Other equity		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Share application money pending allotment (Refer Note - 44)	-	0.08
Share suspense account (Refer Note - 21)	0.02	0.02
Reserves and surplus		
Securities premium	773.64	763.52
Retained earnings	(444.92)	(152.09)
Share options outstanding account	44.15	27.62
Treasury shares (Refer Note - 44)	(100.49)	-
Capital reserve	21.69	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	(2.31)	(5.44)
Fair value gains/ (losses) on equity instruments	2.21	-
Gains/ (losses) on foreign currency translation	(0.05)	-
<b>Other equity attributable to owners of the Company</b>	<b>293.94</b>	<b>655.40</b>
<b>Non-controlling interest</b>	<b>19.90</b>	<b>-</b>

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**

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.

**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.

**NOTE: 23****NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

₹ in Crore				
	Effective interest rate (% p.a.)	Maturity	As at March 31, 2020	As at March 31, 2019
<b>Redeemable non-convertible debentures</b>				
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	300.00
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 10, 2022	498.67	-
<b>Term loans from banks</b>				
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	4.32	6.60
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	13.33	16.67
Term loan from HDFC Bank (Secured) <sup>3</sup>	10.25%	November 07, 2021	0.03	-
Term loan from Standard Chartered Bank (Secured) <sup>5</sup>	MCLR + 0.50%	March 31, 2034	1.88	-
<b>Term Loan from others</b>				
Other borrowings (Unsecured) <sup>6</sup>	14.37%	March 20, 2025	38.19	-
<b>Preference shares</b>				
Cumulative redeemable preference shares <sup>7</sup>	8.00%	March 31, 2024	0.50	0.50
Cumulative redeemable preference shares <sup>8</sup>	6.00%	October 14, 2024	0.01	0.01
<b>Total</b>			<b>856.93</b>	<b>723.78</b>

\*net of unamortised charges

**Current maturities of long-term borrowings (Refer Note - 29)**

₹ in Crore				
	Effective interest rate (% p.a.)	Maturity	As at March 31, 2020	As at March 31, 2019
<b>Current maturities of long-term borrowings</b>				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	400.00	-
Redeemable non-convertible debentures - Series 2 Zero coupon (Unsecured)	8.73%	May 31, 2019	-	300.00
Redeemable non-convertible debentures - Series 1 Zero coupon (Unsecured)	8.84%	April 12, 2019	-	200.00
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	2.28	1.30
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 HDFC Bank (Secured) <sup>3</sup>	10.25%	November 07, 2021	0.05	-
Term loan from Volkswagen Finance (Secured) <sup>4</sup>	9.33% - 10.11%	August 10, 2020	0.01	-
Term loan from Standard Chartered Bank (Secured) <sup>5</sup>	MCLR + 0.50%	March 31, 2034	0.64	-
Other borrowings (Unsecured) <sup>6</sup>	14.37%	March 20, 2025	7.91	-
<b>Total</b>			<b>414.22</b>	<b>504.63</b>
Aggregate secured borrowings			<b>19.27</b>	<b>20.00</b>
Aggregate unsecured borrowings			<b>1,251.88</b>	<b>1,208.41</b>

The Group has not defaulted on any loans payable, and there has been no breach of any loan covenants.

**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 Group's plant situated at Bhubaneswar, Odisha. The loan is repayable in 24 equal quarterly instalments commencing from June 15, 2019.
3. The 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 November 2014.
4. The 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 August 2015.
5. The 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.



6. The loan is repayable in 20 equal quarterly instalments commencing from March 2020.

#### Details of Cumulative redeemable preference shares

7. 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, 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 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the FY 18-19, 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.
8. 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 FY 18-19, 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: 24

#### NON-CURRENT FINANCIAL LIABILITIES- OTHERS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	60.13	101.66
<b>Total</b>	<b>60.13</b>	<b>101.66</b>

#### NOTE: 25

#### NON-CURRENT PROVISIONS

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligation		
Provision for gratuity (Refer Note - 43)	21.59	14.22
Provision for pending litigations (Refer Note - 46)	78.51	100.99
<b>Total</b>	<b>100.10</b>	<b>115.21</b>

**Movement of provision for pending litigations during the year:**

	₹ in Crore
	As at March 31, 2020
<b>Opening balance</b>	<b>100.99</b>
Add: provision made during the year	<b>14.17</b>
Less: provision utilised during the year	<b>(10.25)</b>
Less: provision reversed during the year	<b>(26.40)</b>
<b>Closing balance</b>	<b>78.51</b>

**NOTE: 26****OTHER NON-CURRENT LIABILITIES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	82.84
Deferred income	<b>12.29</b>	9.62
<b>Total</b>	<b>12.29</b>	<b>92.46</b>

**NOTE: 27****CURRENT FINANCIAL LIABILITIES - BORROWINGS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Loans repayable on demand from banks</b>		
Cash credit/ Working capital demand loan (Secured)	<b>235.90</b>	26.43
Cash credit/ Working capital demand loan (Unsecured)	<b>338.00</b>	0.28
Commercial paper (Unsecured)*	<b>297.03</b>	-
Buyers credit (Secured)	-	71.48
Loan repayable on demand (Unsecured)	<b>45.00</b>	-
Loan repayable on demand (Secured)	-	30.00
<b>Loans repayable on demand from others</b>		
Commercial paper (Unsecured)*	<b>595.95</b>	346.26
<b>Total current borrowings</b>	<b>1,511.88</b>	<b>474.45</b>
Aggregate secured borrowings	<b>235.90</b>	127.91
Aggregate unsecured borrowings	<b>1,275.98</b>	346.54

**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, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	99.39	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,190.53	2,291.84
<b>Total</b>	<b>2,289.92</b>	<b>2,397.42</b>

\* Includes payable to related parties, for terms and conditions with related parties (Refer Note - 48).

**Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
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	99.39	105.58
Interest due on the above	0.21	0.42
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;	0.86	2.70
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	4.19	3.12
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.	-	-

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**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings (Refer Note - 23)	414.22	504.63
Refund liabilities	296.53	251.12
Interest accrued but not due on borrowings	126.97	137.17
Interest accrued and due on borrowings	0.66	-
Creditors for capital supplies/ services	37.19	26.23
Derivative contracts	-	4.06
Deferred consideration for acquisition of subsidiaries	3.55	-
Others	0.26	0.10
<b>Total</b>	<b>879.38</b>	<b>923.31</b>

**NOTE: 30**  
**CURRENT PROVISIONS**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligation		
Provision for compensated absences	84.72	79.08
Provision for gratuity (Refer Note - 43)	3.78	7.85
Stock Appreciation Rights (SAR)	0.23	0.11
<b>Total</b>	<b>88.73</b>	<b>87.04</b>

**NOTE: 31**  
**OTHER CURRENT LIABILITIES**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	17.84
Advances received from customers	28.17	13.08
Deferred revenue*	29.33	22.94
Other advances received	1.96	1.90
Statutory dues (other than income tax)	46.68	28.50
Deferred income	0.04	0.04
<b>Total</b>	<b>106.18</b>	<b>84.30</b>

**\* Deferred revenue**

		₹ in Crore
	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>22.94</b>	<b>28.76</b>
Deferred during the year	210.97	136.75
Released to the Consolidated Statement of Profit and Loss	(204.58)	(142.57)
<b>As at the end of the year</b>	<b>29.33</b>	<b>22.94</b>

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, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

**NOTE: 32**  
**REVENUE FROM OPERATIONS**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from sale of products		
Sale of products	8,516.58	7,897.59
Revenue from redemption of loyalty points (Refer Note - 31)	204.58	142.57
<b>Total revenue from sale of products</b>	<b>8,721.16</b>	<b>8,040.16</b>
Revenue from rendering of services	3.23	3.02
Other operating income		
Scrap sales	9.25	5.77
Export incentives	7.45	9.94
Licence fees and royalties	2.70	2.35
Space on hire	0.73	0.68
Commission income	43.06	53.69
Others	0.28	2.11
<b>Total</b>	<b>8,787.86</b>	<b>8,117.72</b>

**(a) Right to return assets and refund liabilities:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Right to return assets	153.79	123.35
Refund liabilities	296.53	251.12

**(b) Contract balances:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Contract assets</b>		
Trade receivables	840.46	780.81
<b>Contract liabilities</b>		
Advances received from customers	28.17	13.08
Deferred revenue	29.33	22.94

**(c) Reconciliation of revenue as recognised in the Consolidated Statement of Profit and Loss with the contracted price:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	10,048.44	9,346.09
Less:		
Sales return	518.73	482.35
Discount	530.88	609.27
Loyalty points	210.97	136.75
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

**(d) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Madura Fashion &amp; Lifestyle</b>		
Revenue from retail operations	2,558.39	2,187.92
Revenue from non-retail operations	2,715.96	2,735.79
	5,274.35	4,923.71
<b>Pantaloons</b>		
Revenue from retail operations	3,431.89	3,101.08
Revenue from non-retail operations	81.62	92.93
	3,513.51	3,194.01
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

**(e) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss based on geographical segment:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from customers outside India	151.47	159.06
Revenue from customers within India	8,636.39	7,958.66
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

**NOTE: 33****OTHER INCOME**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	5.24	4.89
Net gain on sale of current investments	4.85	2.22
Foreign exchange gain (net)	-	8.89
Fair value gain on financial instruments at FVTPL	28.13	20.06
Gain on retirement of right-of-use assets (Refer Note - 4a & 45a)	12.93	-
Miscellaneous income	14.15	28.72
<b>Total</b>	<b>65.30</b>	<b>64.78</b>

**NOTE: 34****COST OF MATERIALS CONSUMED**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Raw materials consumed</b>		
Inventories at the beginning of the year	125.12	125.12
Add: Purchases	847.55	604.21
	972.67	729.33
Inventories taken over pursuant to business combinations (Refer Note - 47)		
Raw material	1.06	-
Less: Inventories at the end of the year	188.14	125.12
<b>Total</b>	<b>785.59</b>	<b>604.21</b>



	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>(b) Purchase of stock-in-trade</b>		
Purchase of stock-in-trade	3,800.77	3,549.26
<b>Total</b>	<b>3,800.77</b>	<b>3,549.26</b>
<b>(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Opening inventories		
Finished goods	146.64	295.00
Stock-in-trade	1,621.24	1,245.19
Work-in-progress	18.38	17.57
Inventories taken over pursuant to business combinations (Refer Note - 47)		
Finished goods	8.88	-
Stock-in-trade	3.62	-
Work-in-progress	0.37	-
	<b>1,799.13</b>	<b>1,557.76</b>
Less:		
Closing inventories		
Finished goods	186.98	146.64
Stock-in-trade	1,952.11	1,621.24
Work-in-progress	22.25	18.38
	<b>2,161.34</b>	<b>1,786.26</b>
<b>Increase in inventories</b>	<b>(362.21)</b>	<b>(228.50)</b>

**NOTE: 35****EMPLOYEE BENEFITS EXPENSE**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	930.38	788.50
Contribution to provident and other funds (Refer Note - 43)	55.32	45.66
Share-based payment to employees (Refer Note - 44)	20.02	14.74
Gratuity expense (Refer Note - 43)	17.09	12.75
Staff welfare expenses	57.72	51.37
<b>Total</b>	<b>1,080.53</b>	<b>913.02</b>

**NOTE: 36****FINANCE COSTS**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on borrowings	209.72	184.61
Interest expense on lease liabilities (Refer Note - 4a & 45a)	211.99	-
Other borrowing costs	0.19	0.02
Fair value impact on financial instruments at FVTPL	2.81	2.79
<b>Total</b>	<b>424.71</b>	<b>187.42</b>

**NOTE: 37****DEPRECIATION AND AMORTISATION EXPENSE**

₹ in Crore

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (Refer Note - 3)	229.91	260.11
Depreciation on right-of-use assets (Refer Note - 4a & 45a)	631.64	-
Amortisation on intangible assets (Refer Note - 5)	23.76	22.22
<b>Total</b>	<b>885.31</b>	<b>282.33</b>

**NOTE: 38****OTHER EXPENSES**

₹ in Crore

	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spares	5.72	4.56
Power and fuel	11.86	11.69
Electricity charges	132.19	117.78
Repairs and maintenance		
Buildings	0.71	0.52
Plant and machinery	13.27	12.95
Others	176.34	169.46
Insurance	11.09	5.94
Rates and taxes	13.25	10.24
Processing charges	74.76	50.31
Commission to selling agents	86.94	78.55
Brokerage and discounts	0.51	0.61
Advertisement and sales promotion	364.25	409.68
Transportation and handling charges	115.12	84.37
Royalty expenses	21.24	36.12
Legal and professional expenses	112.97	93.97
Bad debts written off	0.06	18.48
Less: Allowances released from doubtful debts	-	(6.39)
Less: Provision released from doubtful deposits	-	(8.42)
Allowances for bad and doubtful debts	9.20	6.94
Provision for bad and doubtful deposits and advances	1.82	-
Printing and stationery	17.35	14.27
Travelling and conveyance	99.34	88.24
Communication expenses	6.52	7.38
Loss on sale/ discard of property, plant and equipment	2.77	1.36
Bank and credit card charges	44.78	37.25
Payment to auditors (Refer details below)	2.04	1.49
Donation	-	0.35
Foreign exchange loss (net)	2.71	-
Information technology expenses	75.18	62.49
Outsourcing, housekeeping and security expenses	336.60	269.36
Corporate Social Responsibility (CSR) expenses (Refer Note - 42)	3.50	2.00
Directors' fees	0.38	0.22
Miscellaneous expenses	41.86	33.54
<b>Total</b>	<b>1,784.33</b>	<b>1,615.31</b>

**Payment to auditors\*:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
For audit fees (including Limited Review fees)	1.38	1.06
For tax audit fees	0.18	0.15
For other services	0.23	0.08
For reimbursement of expenses	0.25	0.20
<b>Total</b>	<b>2.04</b>	<b>1.49</b>

\* Includes fees of subsidiaries to other auditors.

**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 March 31, 2020	Year ended March 31, 2019
<b>Current income tax</b>		
Current income tax charge (including minimum alternate tax)*	0.01	21.84
<b>(A)</b>	<b>0.01</b>	<b>21.84</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	110.28	(172.12)
MAT credit (entitlement)/ write-off	21.84	(21.84)
<b>(B)</b>	<b>132.12</b>	<b>(193.96)</b>
<b>Total (A+B)</b>	<b>132.13</b>	<b>(172.12)</b>

**OCI section****Deferred tax related to items recognised in OCI during the year**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Net (gains)/ losses on re-measurement of defined benefit plans	1.27	(0.60)
Net (gains)/ losses on fair value of equity instruments	0.74	-
Exchange differences on translation of foreign operations	(0.01)	-
<b>Total</b>	<b>2.00</b>	<b>(0.60)</b>

**Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Accounting profit/ (loss) before income tax</b>	<b>(32.89)</b>	149.10
Tax expense/(credit) at India's statutory income tax rate of 25.17% (March 31, 2019: 34.94%)	<b>(8.28)</b>	52.10
Disallowance under Section 43B of the Income Tax Act, 1961	<b>(1.43)</b>	8.82
Expenses on which TDS has not been deducted under Section 40(a)(ia) of the Income Tax Act, 1961	<b>(8.81)</b>	5.24
Preliminary expenses allowed under Section 35DD of the Income Tax Act, 1961	<b>(1.62)</b>	(2.25)
Tax losses (utilised)/ availed	<b>16.26</b>	(59.12)
Depreciation (net of books and tax)	<b>(8.92)</b>	(11.14)
Provision for gratuity	<b>1.49</b>	0.68
Ind AS 116 related adjustments (net)	<b>16.64</b>	-
Loss on sale of assets	<b>0.70</b>	0.47
Others	<b>(6.03)</b>	5.20
	-	-
Current income tax charge (including minimum alternate tax)*	<b>0.01</b>	21.84
<b>Deferred tax expense/ (credit) (Refer Note - 10)</b>		
Relating to origination and reversal of temporary differences	<b>110.28</b>	(172.12)
MAT credit (entitlement)/ write-off	<b>21.84</b>	(21.84)
<b>Total</b>	<b>132.13</b>	(172.12)

\*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 (March 31, 2019: Company was assessed under section 115JB of Income Tax Act, 1961) (Refer Note - 41).

**NOTE: 40****EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit 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 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 and equity share data used in the basic and diluted EPS computations:

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit/ (loss) for calculation of EPS</b> (A)	<b>(163.01)</b>	321.22
Weighted average number of equity shares for calculation of Basic EPS (B)	<b>77,26,73,830</b>	77,34,43,865
<b>Basic EPS (₹)</b> (A/B)	<b>(2.11)</b>	4.15
Weighted average number of equity shares outstanding	<b>77,26,73,830</b>	77,34,43,865
Weighted average number of potential equity shares*	<b>20,76,441</b>	13,50,269
Weighted average number of equity shares for calculation of Diluted EPS	<b>77,26,73,830</b>	77,47,94,134
<b>Diluted EPS (₹)</b> (C)	<b>(2.11)</b>	4.15
Nominal value of shares (₹)	<b>10.00</b>	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

\*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.

**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.

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 Loss after tax for the year ended March 31, 2020 without the aforesaid adjustment would have been ₹ 35.43 Crore.

As at March 31, 2020, the Group has ₹ 1,075.59 Crore (March 31, 2019: ₹ 1,035.27 Crore) of tax losses carried forward as per income tax records of the Group. These losses pertain to unabsorbed depreciation 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.

Based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity & compensated absences has been re-assessed during the year ended March 31, 2020. For the purpose of assessing the attrition rate, the Group considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a reduction of closing gratuity and compensated absence liability by ₹ 14.97 Crore and ₹ 18.57 Crore respectively, 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, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

**(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. Provision is created 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 ₹ 19.64 Crore (March 31, 2019: ₹ 10.44 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**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The Group has been taking various precautionary measures to protect employees and their families from COVID-19. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, other intangible assets and in relation to other financial statement captions. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Group's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions. The Group has resumed its business activities by reopening its factories and retail stores on a gradual basis in line with the guidelines issued by the Government authorities.

**(k) 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**

The Group is required to spend ₹ 1.73 Crore (March 31, 2019: ₹ Nil) on the corporate social responsibility activities.

Amount spent during the year ended:

	₹ in Crore		
	In Cash	Yet to be paid in Cash	Total
<b>March 31, 2020</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	3.50	-	<b>3.50</b>
<b>March 31, 2019</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.00	-	<b>2.00</b>

**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, 2020	Year ended March 31, 2019
Current service cost	4.07	2.76
Interest cost on defined benefit obligation	1.30	1.03
<b>Total</b>	<b>5.37</b>	<b>3.79</b>

**Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening defined benefit obligation</b>	<b>15.54</b>	13.12
Addition pursuant to business combinations (Refer Note - 47)	2.60	-
Current service cost	4.07	2.76
Interest cost on defined benefit obligation	1.30	1.03
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(2.36)	0.27
Changes in financial assumptions	3.42	0.21
Experience adjustments	0.78	0.39
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>1.84</b>	0.87
Benefits paid	(1.39)	(2.06)
Liabilities assumed/ (settled)*	0.11	(0.18)
<b>Closing defined benefit obligation</b>	<b>24.07</b>	<b>15.54</b>

**Funded defined benefit plan****Net benefit expense recognised through the Consolidated Statement of Profit and Loss**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Interest on plan assets	(4.05)	(3.80)
	11.72	8.96

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, 2020	As at March 31, 2019
<b>Opening defined benefit obligation</b>	58.97	49.69
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(20.74)	-
Changes in financial assumptions	12.38	0.82
Experience adjustments	2.29	(0.13)
<b>Actuarial (gain)/ loss recognised in OCI</b>	(6.07)	0.69
Benefits paid	(5.03)	(5.34)
Liabilities assumed/ (settled)*	0.82	1.17
<b>Closing defined benefit obligation</b>	64.46	58.97

**Change in fair value of plan assets**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening fair value of the plan assets</b>	52.44	48.69
Contributions by the employer	6.53	-
Interest income on plan assets	4.05	3.80
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest cost on plan assets	0.14	(0.16)
<b>Actuarial gain/ (loss) recognised in OCI</b>	0.14	(0.16)
Asset acquired/ (settled)*	-	0.11
<b>Closing fair value of the plan assets</b>	63.16	52.44

\*On account of inter-company transfer.

## Amounts recognised in the Consolidated Balance Sheet

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Present value of the defined benefit obligation at the end of the year:		
Funded	64.46	58.97
Unfunded	24.07	15.54
	88.53	74.51
Fair value of plan assets	63.16	52.44
<b>Net liability/ (asset)</b>	<b>25.37</b>	<b>22.07</b>
Net liability is classified as follows:		
Current	3.78	7.85
Non-current	21.59	14.22
<b>Net liability</b>	<b>25.37</b>	<b>22.07</b>

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 March 31, 2020	As at March 31, 2019
<b>Discount rate</b>		
Funded plan	6.60%	7.70%
Unfunded plan	6.55% to 6.80%	7.70%
<b>Salary escalation rate</b>		
Funded plan		
Management	8.00%	8.00%
Staff	7.00%	7.00%
Workers	5.00%	5.00%
Unfunded plan		
Stores	7.00% to 9.00%	7.00%
HO and Zones	8.00% to 9.00%	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.

A quantitative sensitivity analysis for significant assumptions is as follows:

	As at March 31, 2020		As at March 31, 2019	
<b>Sensitivity level</b>				
<b>Discount rate</b>	<b>0.50% increase</b>	<b>0.50% decrease</b>	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	(2.68)	2.88	(3.97)	4.36
Unfunded plan	(0.97)	1.07	(0.95)	1.05
<b>Salary escalation rate</b>	<b>0.50% increase</b>	<b>0.50% decrease</b>	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	2.86	(2.69)	4.35	(3.99)
Unfunded plan	1.01	(0.95)	1.00	(0.93)

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, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	8.67	3.39
Between 2 and 5 years	34.46	12.49
Between 6 and 10 years	36.84	20.35
Beyond 10 years	99.34	239.21
<b>Total</b>	<b>179.31</b>	<b>275.44</b>

The Group is expected to contribute ₹ 11.98 Crore to the gratuity fund during the year ended March 31, 2021.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 to 17 years (March 31, 2019: 13 to 15 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, 2020	Year ended March 31, 2019
Contribution to Government provident fund	39.21	29.32
Contribution to superannuation fund	1.26	1.11
Contribution to Employee Pension Scheme (EPS)	4.95	4.25
Contribution to Employee State Insurance (ESI)	8.99	10.39
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	0.08	0.07
Contribution to Labour Welfare Fund (LWF)	0.12	0.10
Contribution to National Pension Scheme (NPS)	0.71	0.42
<b>Total</b>	<b>55.32</b>	<b>45.66</b>

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.

### 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, 2020	Year ended March 31, 2019
Expense arising from equity-settled share-based payment transactions	19.80	14.74
Expense arising from cash-settled share-based payment transactions	0.22	-
<b>Total</b>	<b>20.02</b>	<b>14.74</b>

**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 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, vide a resolution passed by the Committee at its meeting held on October 25, 2013, the Scheme 2013 was finalised.

**i) Details of the grants under the Scheme 2013**

	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
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
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 07, 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 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>#</sup>	(1,24,115)	102.10	(2,627)	10.00
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>12,129</b>	<b>102.10</b>	<b>-</b>	<b>-</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>12,129</b>	<b>102.10</b>	<b>-</b>	<b>-</b>
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
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.	-	-
<b>Outstanding at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>

<sup>#</sup> The weighted average share price at the date of exercise of these Options was ₹ 207.44.

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, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>1,42,087</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(5,843)	102.10	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>5,843</b>	<b>118.20</b>	<b>-</b>	<b>-</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(5,843)	118.20	-	-
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>60,600</b>	<b>10.00</b>
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year*	N.A.	N.A.	(22,760)	10.00
Lapsed during the financial year	N.A.	N.A.	-	-
<b>Outstanding at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>

\* The weighted average share price at the date of exercise of these Options was ₹ 150.95.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2020, is 3 years (March 31, 2019: 4 years) and for RSUs outstanding as at March 31, 2020, is 2 years (March 31, 2019: 3 years).

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options		RSU		
	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, vide the resolution passed by the NRC at its meeting held on September 08, 2017, the Scheme 2017 was finalised.

### i) Details of the grants under Scheme 2017

	Options				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

### 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, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>29,80,244</b>	<b>178.30</b>	<b>10,54,637</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>^</sup>	(3,26,279)	178.30	-	-
Lapsed during the financial year	(1,27,855)	178.30	(70,411)	10.00
<b>Outstanding at the end of the financial year</b>	<b>25,26,110</b>	<b>178.30</b>	<b>9,84,226</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>14,37,149</b>	<b>178.30</b>	<b>9,84,226</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>10,88,961</b>	<b>178.30</b>	<b>-</b>	<b>-</b>

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 2</b>				
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	-	-
<b>Tranche 3</b>				
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 <sup>^</sup>	(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	-	-
<b>Tranche 4</b>				
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	-	-

<sup>^</sup>The weighted average share price at the date of exercise of these Options was ₹ 227.80.

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, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
Outstanding at the beginning of the financial year	34,63,187	178.30	12,11,842	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>^^</sup>	(46,483)	178.30	-	-
Lapsed during the financial year	(4,36,460)	178.30	(1,57,205)	10.00
Outstanding at the end of the financial year	29,80,244	178.30	10,54,637	10.00
Unvested at the end of the financial year	22,58,383	178.30	10,54,637	10.00
Exercisable at the end of the financial year	7,21,861	178.30	-	-

	As at March 31, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 2</b>				
Outstanding at the beginning of the financial year	14,406	148.10	14,568	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(7,203)	148.10	(7,284)	10.00
Outstanding at the end of the financial year	7,203	148.10	7,284	10.00
Unvested at the end of the financial year	5,402	148.10	7,284	10.00
Exercisable at the end of the financial year	1,801	148.10	-	-
<b>Tranche 3</b>				
Outstanding at the beginning of the financial year	2,88,122	163.60	1,17,144	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(36,015)	163.60	(32,166)	10.00
Outstanding at the end of the financial year	2,52,107	163.60	84,978	10.00
Unvested at the end of the financial year	1,89,079	163.60	84,978	10.00
Exercisable at the end of the financial year	63,028	163.60	-	-
<b>Tranche 4</b>				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	90,039	150.80	30,349	10.00
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	90,039	150.80	30,349	10.00
Exercisable at the end of the financial year	-	-	-	-

^^The weighted average share price at the date of exercise of these Options was ₹ 199.57.

4,502 Options (Tranche 1) were exercised during the year ended March 31, 2019. However, the consequent allotment of 4,502 Equity Shares was pending as at March 31, 2019 (Refer Note - 21). The said allotment was done on April 30, 2019.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 years) and for RSUs outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 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
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	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	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

**III. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019**

During the year ended March 31, 2020, pursuant to approval of the Board of Directors ("Board") and Shareholders of the Company on its meeting held on July 26, 2019 and August 21, 2019 respectively, 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 and of its holding and subsidiary companies. Based on the loan given by the Company, the Trust has purchased 44,61,261 equity shares as at March 31, 2020.

Accordingly, vide the resolution passed by the Nomination and Remuneration Committee at its meeting held on December 02, 2019, the Scheme 2019 was finalised.

**i) Details of the grants under Scheme 2019**

	Options	RSUs
	Tranche 1	Tranche 1
No. of Options/ RSUs	33,42,876	11,18,385
Method of accounting	Fair value	Fair value
Vesting plan	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
Grant date	December 02, 2019	December 02, 2019
Grant/ exercise price (₹ per share)	225.25	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 226.90 NSE - 226.65
Method of settlement	Equity	Equity

**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, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	-	-	-	-
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
<b>Outstanding at the end of the financial year</b>	<b>33,28,332</b>	<b>225.25</b>	<b>11,08,335</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>33,28,332</b>	<b>225.25</b>	<b>11,08,335</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	-	-	-	-

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2020, is 7 years (March 31, 2019 : Nil) and for RSUs outstanding as at March 31, 2020, is 8 years (March 31, 2019 : Nil).



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 1
Expected dividend yield (%)	Nil	Nil
Expected volatility (%)	32.88	32.88
Risk-free interest rate (%)	6.66	6.76
Weighted average fair value per Option/ RSU (₹)	112.00	216.18
Model used	Binomial model	Binomial model

b. **Stock Appreciation Rights (SARs)**

The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.22 Crore (March 31, 2019: ₹ Nil) 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, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
Outstanding at the beginning of the financial year	10,613	102.10	47,409	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year	(8,056)	102.10	(34,239)	102.10
Lapsed during the financial year	(2,557)	102.10	(2,557)	102.10
Outstanding at the end of the financial year	-	-	10,613	102.10
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	10,613	102.10

	As at March 31, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	-	-	10,225	118.20
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	(10,225)	118.20
<b>Outstanding at the end of the financial year</b>	-	-	-	-
<b>Unvested at the end of the financial year</b>	-	-	-	-
<b>Exercisable at the end of the financial year</b>	-	-	-	-

The remaining contractual life for SARs outstanding as at March 31, 2020 is Nil (March 31, 2019: 1 year).

**iii) The following table lists the inputs to the model used for SARs:**

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Expected dividend yield (%)	-	-	Nil	-
Expected volatility (%)	-	-	27.50	-
Risk-free interest rate (%)	-	-	6.78	-
Weighted average fair value per SAR (₹)	-	-	102.10	-
Model used	-	-	Black-Scholes 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.

**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).

**i) The details of the Plan are as below:**

	SARs	
	Tranche 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 March 31, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Option SARs</b>				
Outstanding at the beginning of the financial year	-	-	-	-
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	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	61,226	178.30	-	-
<b>RSU SARs</b>	-	-	-	-
Outstanding at the beginning of the financial year	-	-	-	-
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	-	-
Unvested at the end of the financial year	6,880	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-

The remaining contractual life for SARs outstanding as at March 31, 2020 is 3 years (March 31, 2019 : Nil).

**iii) The following table lists the inputs to the model used for SARs:**

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1		Tranche 1	
	Option SARs	RSU SARs	Option SARs	RSU SARs
Expected dividend yield (%)	Nil	Nil	-	-
Expected volatility (%)	32.53	31.74	-	-
Risk-free interest rate (%)	5.88	6.24	-	-
Weighted average fair value per SAR (₹)	27.42	144.94	-	-
Model used	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 - 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 March 31, 2020	As at March 31, 2019
<b>Other income</b>		
Gain on retirement of right-of-use assets	12.93	-
<b>Rent</b>		
Minimum lease payments (pre Ind AS 116)	-	678.94
Expense relating to short-term leases	75.97	-
Expense relating to leases of low value assets	9.93	-
Variable rent*	401.12	431.41
<b>Finance cost</b>		
Interest expense on lease liabilities	211.99	-
<b>Depreciation and impairment losses</b>		
Depreciation on right-of-use assets	631.64	-
<b>Other expenses</b>		
Processing charges	22.42	-
Sublease payments received (not shown separately in the Consolidated Statement of Profit and Loss)	1.41	1.76

\* 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, 2020	As at March 31, 2019
Within one year	836.00	440.72
After one year but not more than five years	1,881.79	1,117.98
More than five years	260.16	103.92
<b>Total</b>	<b>2,977.95</b>	<b>1,662.62</b>

The difference between the operating lease commitments disclosed as at March 31, 2019 under Ind AS 17 and the value of the lease liabilities recognised on April 01, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liabilities, exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient and discounting the lease liabilities to the present value under Ind AS 116.

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 Company 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, 2020 is ₹ 1,236.96 Crore.

In March 2020, 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 ₹ 47.93 Crore were realised upon sale of such assets. The lease arrangement is for a period of 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, 2020
Lease commitment for short-term leases	9.95
Lease commitment for leases of low value assets	3.77
<b>Total</b>	<b>13.72</b>

#### Future Cash Outflows to which the Group is potentially exposed and not reflected in measurement of lease liabilities

	₹ in Crore	
	March 31, 2020	
Increase/ (decrease) in sales	Increase by 5%	Decrease by 5%
Rent	20.06	(20.06)

#### b) Capital commitments

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	76.12	61.19
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	3.22	2.61
<b>Total</b>	<b>79.34</b>	<b>63.80</b>

#### NOTE - 46

#### CONTINGENT LIABILITIES NOT PROVIDED FOR

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Claims against the Group not acknowledged as debts</b>		
Commercial taxes	29.18	33.13
Excise duty	0.50	2.61
Customs duty	2.54	2.54
Textile committee cess	0.75	0.75
Labour laws - Minimum Wages Act	-	0.09
Others*	16.78	5.95
<b>Total</b>	<b>49.75</b>	<b>45.07</b>

\* 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 ₹ 78.51 Crore as at March 31, 2020 (March 31, 2019: ₹ 100.99 Crore).

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts.

#### NOTE - 47

#### BUSINESS COMBINATIONS

##### 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 replacement cost method. 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 is 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 merchandise under its own brand "Jaypore" and of other third-party brands, by entering into a Share Purchase Agreement with its existing shareholders;
- "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.

	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
<b>Assets taken over</b>		
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



	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
<b>Liabilities taken over</b>		
Trade payables	12.36	
Other payables	15.66	
Deferred tax liabilities	3.48	31.50
<b>Total identifiable net assets at fair value</b>		<b>16.56</b>
<b>Purchase consideration transferred</b>		<b>105.00</b>
<b>Goodwill arising on acquisition</b>		<b>88.44</b>
<b>Net cash flow on acquisition</b>		
		₹ in Crore
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
<b>Total</b>		<b>105.71</b>

\* 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 have been 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 on acquisition	
	₹ in Crore	₹ in Crore
<b>Assets taken over</b>		
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

	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
<b>Liabilities taken over</b>		
Trade payables	10.19	
Other payables	17.51	
Deferred tax liabilities	7.80	35.50
<b>Total identifiable net assets at fair value</b>		<b>44.77</b>
<b>Company's share of net assets</b>		<b>22.83</b>
<b>Non-controlling interest</b>		<b>21.94</b>
<b>Purchase consideration transferred</b>		<b>57.85</b>
<b>Goodwill arising on acquisition</b>		<b>35.02</b>
<b>Net cash flow on acquisition</b>		
		<b>₹ in Crore</b>
Transaction costs of the acquisition (included in cash flows from operating activities)		0.45
Purchase consideration paid in cash (included in cash flows from investing activities)		57.85
<b>Total</b>		<b>58.30</b>

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 have been 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, 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.

#### NOTE - 48

#### RELATED PARTY TRANSACTIONS

##### Names of related parties and related party relationship with whom transactions have taken place:

##### **Name of related parties**

##### **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)

Aditya Birla Online Fashion Private Limited

Aditya Birla Management Corporation Private Limited - with effect from July 01, 2019

##### **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. Ashish Dikshit - Managing Director

Mr. Arun Thiagarajan - Independent Director - upto May 10, 2020

Mr. Bharat Patel - Independent Director - upto August 20, 2019

Mr. Sanjeeb Chaudhuri - Independent Director

Ms. Sukanya Kripalu - Independent Director

Mr. Pranab Barua - Non-Executive Director - upto December 31, 2019

Mr. Sushil Agarwal - Non-Executive Director

Mr. Jagdish Bajaj - Chief Financial Officer

Ms. Geetika Anand - Company Secretary

Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director with effect from January 01, 2020

Mr. Sunirmal Talukdar - Independent Director with effect from March 11, 2020

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, 2020		Year ended March 31, 2019	
	KMP	Other related parties	KMP	Other related parties
Purchase of goods	-	32.42	-	0.67
Purchase of property, plant and equipment	-	0.10	-	-
Reimbursement of expenses paid to	-	18.81	-	-
Contribution to trusts	-	11.30	-	2.00
Deposits given	-	7.70	-	-
Post-employment liabilities transferred from	-	-	-	0.57
Services received from KMP*	16.57	-	12.33	-

\* Includes director sitting fees

**Balances outstanding**

	₹ in Crore			
	As at March 31, 2020		As at March 31, 2019	
	KMP	Other related parties	KMP	Other related parties
Amounts owed to related parties	-	3.95	-	-
Deposits receivable	-	7.70	-	-

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, 2020
<b>Grasim Industries Limited</b>	
Purchase of goods	4.70
Sale of Services	0.80
Reimbursement of expenses Recovered from	1.84

**Balances outstanding**

	₹ in Crore
	As at March 31, 2020
<b>Grasim Industries Limited</b>	
Amounts owed to entity	0.57

\* With effect from April 01, 2019.

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, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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, 2020	Year ended March 31, 2019
Short-term employee benefits	10.24	8.76
Post-employment benefits	0.46	1.08
Share-based payment	5.87	2.49
<b>Total</b>	<b>16.57</b>	<b>12.33</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

**KMPs interests in the Employee Stock Options and RSUs**

Scheme	Grant date	Expiry date	Exercise price	As at March 31, 2020	As at March 31, 2019
				Number outstanding	Number outstanding
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
Options - Tranche 1	September 08, 2017	September 07, 2026	178.30	468,202	468,202
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	90,039	90,039
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
Options - Tranche 1	December 02, 2019	December 01, 2028	225.25	529,092	-
<b>Total</b>				<b>1,087,333</b>	<b>558,241</b>
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	97,118	97,118
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
RSUs - Tranche 1	December 02, 2019	December 01, 2027	10.00	148,744	-
<b>Total</b>				<b>276,211</b>	<b>127,467</b>

**NOTE - 49****SUBSIDIARIES INFORMATION**

The consolidated financial statements of the Group include subsidiaries listed in the table below (Refer Note - 47):

Name of the Subsidiary	Country of incorporation	Principal Activities	Proportion of ownership interest and voting power held by Parent	
			As at March 31, 2020	As at March 31, 2019
Jaypore E-Commerce Private Limited	India	Retailing	100%	-
TG Apparel & Decor Private Limited	India	Retailing	100%	-
Jaypore Inc.	USA	Retailing	100%	-
Finesse International Design Private Limited	India	Manufacturing and retailing	51%	-

**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 and Forever 21 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.

#### Year ended March 31, 2020

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	5,274.35	3,513.51	8,787.86	-	8,787.86
Inter-segment	205.23	-	205.23	(205.23)	-
<b>Total revenue</b>	<b>5,479.58</b>	<b>3,513.51</b>	<b>8,993.09</b>	<b>(205.23)</b>	<b>8,787.86</b>

#### Year ended March 31, 2020 and As at March 31, 2020

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Expenses/ (income)</b>					
Depreciation and amortisation expense	507.10	378.21	885.31	-	885.31
<b>Segment profit/ (loss)</b>	<b>225.92</b>	<b>184.49</b>	<b>410.41</b>	<b>(443.30)</b>	<b>(32.89)</b>
<b>Total assets</b>	<b>5,679.87</b>	<b>3,769.05</b>	<b>9,448.92</b>	<b>316.64</b>	<b>9,765.56</b>
<b>Total liabilities</b>	<b>3,674.45</b>	<b>2,117.50</b>	<b>5,791.95</b>	<b>2,885.82</b>	<b>8,677.77</b>
<b>Other disclosures</b>					
Capital expenditure	385.89	127.80	513.69	-	513.69

#### Year ended March 31, 2019

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	4,923.71	3,194.01	8,117.72	-	8,117.72
Inter-segment	107.83	-	107.83	(107.83)	-
<b>Total revenue</b>	<b>5,031.54</b>	<b>3,194.01</b>	<b>8,225.55</b>	<b>(107.83)</b>	<b>8,117.72</b>

#### Year ended March 31, 2019 and As at March 31, 2019

					₹ in Crore
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Expenses/ (income)</b>					
Depreciation and amortisation expense	137.71	144.62	282.33	-	282.33
<b>Segment profit/ (loss)</b>	<b>263.44</b>	<b>86.78</b>	<b>350.22</b>	<b>(201.12)</b>	<b>149.10</b>
<b>Total assets</b>	<b>3,732.93</b>	<b>2,694.30</b>	<b>6,427.23</b>	<b>193.84</b>	<b>6,621.07</b>
<b>Total liabilities</b>	<b>2,114.61</b>	<b>1,187.22</b>	<b>3,301.83</b>	<b>1,890.36</b>	<b>5,192.19</b>
<b>Other disclosures</b>					
Capital expenditure	171.90	69.01	240.91	-	240.91

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.



**Adjustments and eliminations**

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 those 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, 2020	Year ended March 31, 2019
<b>Segment profit</b>	<b>410.41</b>	350.22
Other unallocable (expenditure)/ income (net)	4.06	1.74
Finance costs (Refer Note - 36)	(424.71)	(187.42)
Inter-segment (loss)/ profit on sales (elimination)	(22.65)	(15.44)
<b>Profit/ (loss) before tax</b>	<b>(32.89)</b>	149.10

**Reconciliation of assets**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Segment operating assets</b>	<b>9,448.92</b>	6,427.23
Cash and cash equivalents	249.47	0.09
Deferred tax assets (net) (Refer Note - 10)	194.96	263.38
Non-current tax assets (net)	22.48	16.20
Non-current investments (Refer Note - 6)	7.16	4.21
Other corporate assets	0.17	0.10
Inter-segment eliminations	(157.60)	(90.14)
<b>Total</b>	<b>9,765.56</b>	6,621.07

**Reconciliation of liabilities**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Segment operating liabilities</b>	<b>5,791.95</b>	3,301.83
Current borrowings (Refer Note - 27)	1,511.88	474.45
Non-current borrowings (Refer Note - 23)	856.93	723.78
Current maturities of long-term borrowings (Refer Note - 29)	414.22	504.63
Interest accrued but not due on borrowings (Refer Note - 29)	126.97	137.17
Interest accrued but not due on borrowings (Refer Note - 24)	60.13	101.66
Deferred tax liabilities (net) (Refer Note - 10)	7.25	-
Deferred consideration for acquisition of subsidiaries (Refer Note - 29)	3.55	-
Other corporate liabilities	3.00	1.97
Inter-segment eliminations	(98.11)	(53.30)
<b>Total</b>	<b>8,677.77</b>	5,192.19

## Geographical segment

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from customers outside India	151.47	159.06
Revenue from customers within India	8,636.39	7,958.66
<b>Total</b>	<b>8,787.86</b>	<b>8,117.72</b>

## 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, 2020 and March 31, 2019 are as follows:

As at March 31, 2020

	₹ in Crore						
	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
<b>Financial assets</b>							
Investments (Refer Notes - 6 and 13)	7.04	7.16	-	14.20	7.04	-	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 the above (Refer Note - 18)	-	-	0.14	0.14	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	171.54	171.54	-	-	-
Derivative contracts (Refer Note - 19)	6.82	-	-	6.82	6.82	-	-
<b>Total</b>	<b>13.86</b>	<b>7.16</b>	<b>1,698.72</b>	<b>1,719.74</b>	<b>13.86</b>	<b>-</b>	<b>7.16</b>
<b>Financial liabilities</b>							
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	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,363.22</b>	<b>8,363.22</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2019

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
<b>Financial assets</b>							
Investments (Refer Notes - 6 and 13)	-	4.21	-	4.21	-	-	4.21
Loans (Refer Notes - 7 and 14)	-	-	8.50	8.50	-	-	-
Security deposits (Refer Notes - 8 and 15)	-	-	351.45	351.45	-	-	-
Trade receivables (Refer Note - 16)	-	-	780.81	780.81	-	-	-
Cash and cash equivalents (Refer Note - 17)	-	-	57.19	57.19	-	-	-
Bank balance other than the above (Refer Note - 18)	-	-	0.22	0.22	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	140.65	140.65	-	-	-
<b>Total</b>	<b>-</b>	<b>4.21</b>	<b>1,338.82</b>	<b>1,343.03</b>	<b>-</b>	<b>-</b>	<b>4.21</b>
<b>Financial liabilities</b>							
Non-current borrowings (Refer Note - 23)	-	-	723.78	723.78	-	-	-
Current borrowings (Refer Note - 27)	-	-	474.45	474.45	-	-	-
Current maturities of long-term borrowings (Refer Note - 29)	-	-	504.63	504.63	-	-	-
Lease liabilities (Refer note - 4b)	-	-	-	-	-	-	-
Deposits	-	-	192.56	192.56	-	-	-
Trade payables (Refer Note - 28)	-	-	2,397.42	2,397.42	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	516.28	516.28	-	-	-
Derivative contracts (Refer Note - 29)	4.06	-	-	4.06	4.06	-	-
<b>Total</b>	<b>4.06</b>	<b>-</b>	<b>4,809.12</b>	<b>4,813.18</b>	<b>4.06</b>	<b>-</b>	<b>-</b>

\* Carrying value of financial instruments measured at amortised cost equals to the fair value.

#### Key inputs for level 1 and 3 fair valuation techniques

- Investment in mutual funds: based on the net asset value of the Scheme as provided by the Asset Management Company of the fund (level 1)
- Derivative contracts: fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Group (level 1)
- Investment in 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)

#### 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, 2020 and March 31, 2019.

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, 2020.

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, 2020 and March 31, 2019.

**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, 2020, approximately 45% of the Group's borrowings are at a fixed rate of interest (March 31, 2019: 71%).

**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 31, 2020		As at March 31, 2019	
Basis points (%)	0.50%	0.50%	0.50%	0.50%
Increase/ (decrease) on profit before tax	increase	decrease	increase	decrease
₹ in Crore	(7.69)	7.69	(2.51)	2.51

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, 2020, the Group has hedged Nil (March 31, 2019: Nil) of its receivables in foreign currency and 90% (March 31, 2019: 57%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Balance Sheet date:

**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, 2019**

	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (hedge of payables)	USD	1.82	129.59

The details of unhedged foreign currency exposure as at the Balance Sheet date are as follows:

**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

**As at March 31, 2019**

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	1.37	95.00
	EURO	0.03	2.00
	GBP	0.05	4.11
	HKD	0.11	1.01
Trade receivables	USD	0.33	22.70
	EURO	0.03	2.38
	GBP	0.11	9.71
Bank balances	CNY	0.01	0.15

**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 profit/ (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.

	As at March 31, 2020		As at March 31, 2019	
Basis points (%) Increase/ (decrease) on profit before tax	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
₹ in Crore	(0.11)	0.11	(0.48)	0.48

**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 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, 2020, the Group has 12 customers (March 31, 2019: 12 customers) that owed the Group more than ₹ 5.00 Crore each and accounts for approximately 79% (March 31, 2019: 72%) of all the receivables outstanding. There are 99 customers (March 31, 2019: 86 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 12% (March 31, 2019: 14%) 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 Balance Sheet as at March 31, 2020 and March 31, 2019, is the carrying amount as provided in Note - 16.

**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, 69% of the Group's debt will mature in less than one year as at March 31, 2020 (March 31, 2019: 58%) 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.



**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
Derivatives	-	-	-	-
<b>Total</b>	<b>5,670.58</b>	<b>2,908.63</b>	<b>260.16</b>	<b>8,839.37</b>

**As at March 31, 2019**

	₹ in Crore			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	979.08	719.94	3.33	1,702.35
Cumulative redeemable preference shares	-	0.50	0.01	0.51
Other financial liabilities	414.62	101.66	-	516.28
Deposits	111.34	81.22	-	192.56
Trade payables	2,397.42	-	-	2,397.42
Derivatives	4.06	-	-	4.06
<b>Total</b>	<b>3,906.52</b>	<b>903.32</b>	<b>3.34</b>	<b>4,813.18</b>

**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.

**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, 2020	As at March 31, 2019
Short-term debts (including current maturities of long-term borrowings)	1,926.10	979.08
Long-term debts	856.93	723.78
<b>Total borrowings</b>	<b>2,783.03</b>	<b>1,702.86</b>
Equity attributable to owners of the Company	1,067.89	1,428.88

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 loan covenants.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

#### NOTE - 53

#### ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

##### Year ended March 31, 2020 and As at March 31, 2020

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in 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
<b>Parent</b>								
Aditya Birla Fashion and Retail Limited	99.82%	1,085.87	87.98%	(145.19)	103.61%	5.45	87.47%	(139.74)
<b>Subsidiaries</b>								
<b>Indian</b>								
Jaypore E-Commerce Private Limited	-0.87%	(9.47)	8.28%	(13.66)	-1.71%	(0.09)	8.61%	(13.75)
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)
<b>Foreign</b>								
Jaypore Inc.	-0.06%	(0.65)	0.02%	(0.03)	0.00%	-	0.02%	(0.03)
Adjustments arising out of consolidation	-0.16%	(1.69)	2.25%	(3.71)	-0.76%	(0.04)	2.35%	(3.75)
<b>Total</b>	<b>100.00%</b>	<b>1,087.79</b>	<b>100.00%</b>	<b>(165.02)</b>	<b>100.00%</b>	<b>5.26</b>	<b>100.00%</b>	<b>(159.76)</b>
<b>Non-controlling Interest in subsidiary</b>								
Finesse International Design Private Limited		19.90		(2.01)		(0.03)		(2.04)
<b>Total</b>		<b>1,067.89</b>		<b>(163.01)</b>		<b>5.29</b>		<b>(157.72)</b>

**NOTE - 54****PREVIOUS YEAR FIGURES**

Previous years' figures have been regrouped/ rearranged wherever necessary to conform to the current year's classification(s). The Company acquired Jaypore, TG Apparel, Jaypore Inc. and Finesse which forms part of "Madura Fashion & Lifestyle" segment of the Group with effect from July, 2019. These are the first consolidated financial statements of the Group. Accordingly, the figures for the year ended March 31, 2020 are not comparable to that extent.

**NOTE - 55****DEBENTURE REDEMPTION RESERVE**

The Company has made losses in the current financial year. Hence, the Company is not required to transfer any amount to the Debenture Redemption Reserve as per provisions of Section 71 of the Companies Act, 2013.

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 BHAWALA  
Partner  
Membership No.: 208382

Place: Bengaluru  
Date : May 27, 2020

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 27, 2020

JAGDISH BAJAJ  
(Chief Financial Officer)

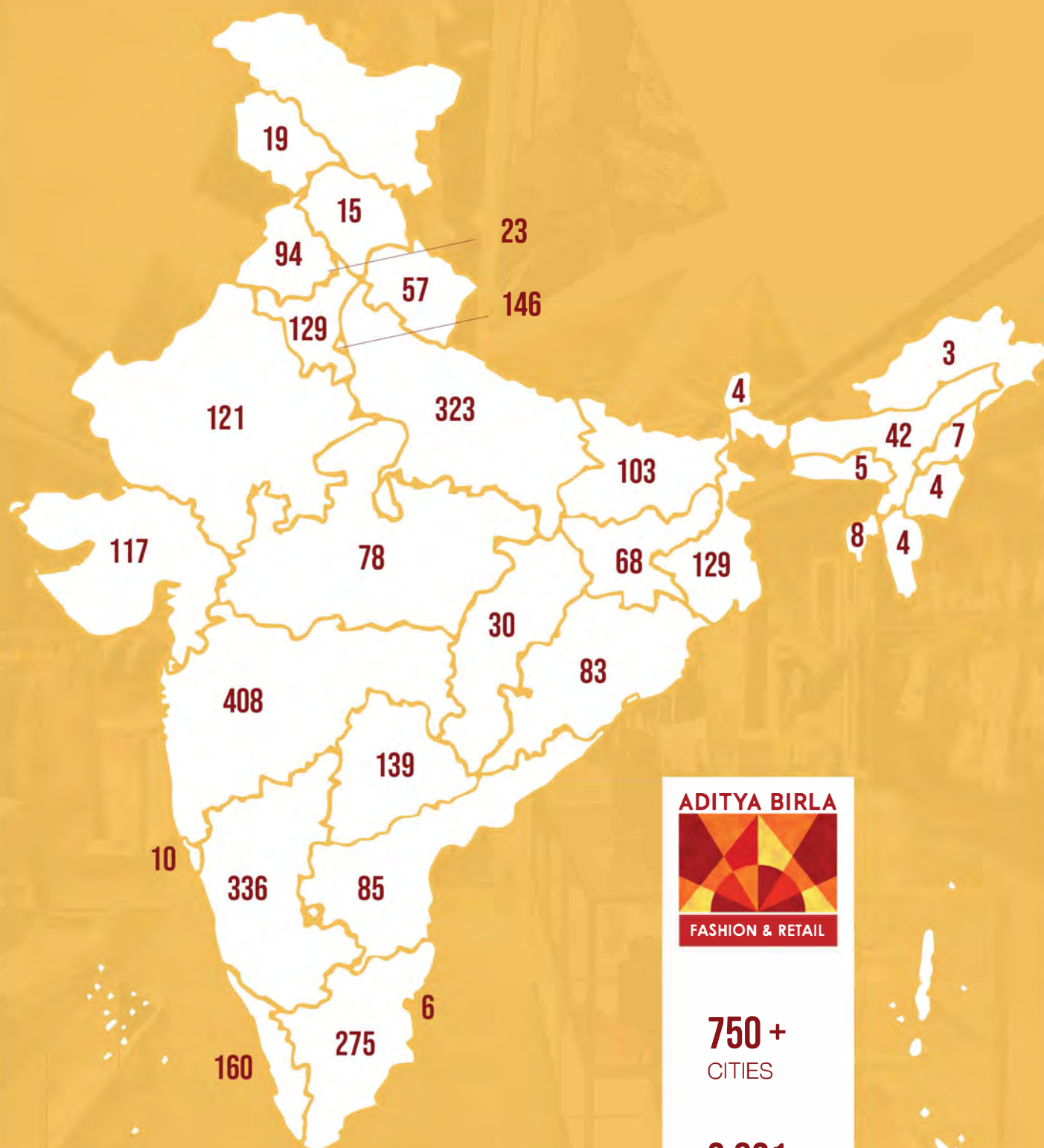
Place: Bengaluru  
Date : May 27, 2020

SUKANYA KRIPALU  
(Director)  
(DIN: 06994202)  
Place: Mumbai  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020

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**ADITYA BIRLA**



**FASHION & RETAIL**

**750 +**  
CITIES

**3,031**  
STORES



**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](http://www.abfrl.com)

**E-mail:** [secretarial.abfrl@adityabirla.com](mailto:secretarial.abfrl@adityabirla.com)