Annexure 20

TRANSFORMATIVE GROWTH ENGINE BUILT THROUGH
WELL-CRAFTED PORTFOLIO OF FASHION BRANDS.

ADITYA BIRLA
FASHION & RETAIL

INTEGRATED ANNUAL REPORT 2022-23
ADITYA BIRLA FASHION AND RETAIL LIMITED

Mr. Aditya Vikram Birla
14.11.1943 - 01.10.1995

WE LIVE BY HIS VALUES.
INTEGRITY, COMMITMENT, PASSION, SEAMLESSNESS AND SPEED.

PRESENTING
OUR GROUP PURPOSE STATEMENT

**TO ENRICH LIVES,
BY BUILDING DYNAMIC AND
RESPONSIBLE BUSINESSES
AND INSTITUTIONS,
THAT INSPIRE TRUST.**

Chairman's Letter to Shareholders

Dear Shareholders,

The foundation of our group rests upon a philosophy of trusteeship, which imagines corporations as institutions that drive collective prosperity. This philosophy has played an integral role in shaping our actions for generations, guiding us in our quest to enrich lives. Over the years, this purpose, though unstated, has been our unwavering anchor.

In FY22-23, we formally put to words our group's purpose statement. At its heart is the commitment **to enrich lives by building dynamic and responsible businesses and institutions that inspire trust.** Every day, we strive to honour this commitment through our brands, products, services, solutions, actions, relationships, and institutions.

Our purpose statement stands both timeless and fresh against the backdrop of our extensive history. In

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a world of increasing opportunity, and also accelerating uncertainty, our purpose statement is meant to act as a talisman and remain at the core of our business decisions.

Our purpose offers us a unique lens with which to view the world, to bring perspective to it, and to thrive in it. Guided by this unique perspective, we navigate the evolving global landscape with resilience and foresight. As we turn our attention to the current state of the global economy, it is evident that we are charting a course through a 'new normal'.

Global Economy: Finding a New Normal

The global economy continues to pull itself out of the pandemic-triggered shock. It does so amid a complex environment marked by the ongoing conflict in Ukraine, geo-economic fragmentation, soaring interest rates, and looming risks of a banking contagion. Reflecting these concerns, the International Monetary Fund (IMF) expects global economic growth to dip from 3.4% in CY22 to 2.8% in CY23. Developed countries are predicted to experience a more pronounced deceleration, their aggregate growth stumbling to just 1.3% in CY23 - the slowest pace in a decade, excluding the pandemic-impacted CY20.

On the brighter side, China's economy marches towards normalization following the lifting of its COVID-related restrictions. Both China and India are set to significantly contribute to global economic growth in CY23, providing a much-needed stimulus as developed economies grapple with challenges.

Meanwhile, global supply chain pressures have largely normalized, helping ease commodity prices and peak inflation levels in most economies. Central banks, led by the US Federal Reserve, appear to be nearing the end of their rate-hiking phase, signaling cautious optimism for the global economy and financial markets. However, vigilance remains crucial in the face of potential risk events in this fragile environment.

India: The Shining Star

India's economic narrative paints a much brighter picture. With a government-led push to infrastructure investments and pragmatic policies such as the production-linked incentives scheme, private capex has seen a surge. This rise triggers a multi-year boom, providing valuable support to economic growth in the face of softening global demand.

A decadal reshaping of supply chains is underway. As global corporations start to look at countries across Asia as part of their China + 1 strategies, India is well positioned to benefit. Supported by the dynamism of its tech-based 'new economy' enterprises and the expanding digitization across sectors, India's growth momentum continues to strengthen.

The Reserve Bank of India (RBI) projects India's economy to grow at 6.5% in FY24, demonstrating the nation's resilience amidst subdued global economic conditions. Inflation seems to have peaked globally and in India. Easing inflation, robust foreign exchange reserves, and improving bank assets' quality provide a sizable cushion against potential destabilizing events in global markets.

A key component of the rise of any industrial ecosystem is the presence of a confident and skilled workforce. This year, India surpassed China in population, and already has the largest and youngest working age population globally. The lessons learnt from the transformations of other economies through the last few decades point to the importance of this demographic dividend.

In the grand theatre of global economic evolution, India stands not as a mere spectator, but as a charismatic lead.

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Aditya Birla Group in Perspective

As India takes center stage in this grand narrative, the Aditya Birla Group finds itself in a unique position to contribute to this monumental journey. Our enduring success amidst global uncertainties stems from our unyielding commitment to purpose, anchored in principles that are much more than just words.

And therefore, the articulation of purpose was just the first step. We cultivated a deep understanding of our Purpose across the depth and breadth of the Group, including the last mile. To transform Purpose from a concept to an embodied experience, approximately 600 of our senior leaders and managers took the initiative to receive training and facilitate introspective dialogues on Purpose. This facilitated their teams to internalize, personalize, and actualize our Purpose in a manner that was both unique and authentically representative of their roles within our dynamic group.

Driven by purpose, the fiscal year 2022-23 stands testament to the breadth and scope of entrepreneurial ventures we have embarked upon. We are exploring uncharted territories, backing our conviction with capital and talent. Our robust platform serves as a launch pad for new initiatives, allowing us to tap into opportunities across traditional and sunrise sectors.

This year, we've emphasized the implementation of our 3-year HR Strategy, guided by our Purpose Principles. This approach has enabled us to build enduring bonds with our stakeholders, including key employee segments, like early professionals, and attract high-quality talent across traditional and digital businesses.

As we continue to expand, our employer brand has empowered us to attract over 11,000 employees in FY23 - a diverse pool of new skills and capabilities.

Furthermore, our commitment to diversity is evident in the increasing representation of women in our workforce. Culture champions have been instrumental in fostering an inclusive and collaborative environment where every employee feels heard, valued, and respected.

Amidst shifting market dynamics, Learning and Leadership Development continues to be a key pillar, helping us equip over 35,000 employees with the skills necessary to drive business outcomes. Over 400 senior leaders, encompassing CEOs, CXOs, and Unit heads, have bolstered their capabilities in fields such as geopolitical analysis, interpretation of complex megatrends, inspirational leadership, and agile leadership methodologies. Our adaptability was made apparent in our diverse learning approaches, both in terms of design and implementation. Beyond the traditional classroom environment, we provided learning in various accessible forms - including bite-sized modules, self-paced curricula, and certification courses - thereby benefiting 87% of our management cadre employees.

With two-thirds of our workforce under 35, our attention is concentrated on equipping early career employees to fulfil their evolving aspirations and needs. Through a unique program titled 'CareerAbility', these employees have engaged in a series of self-guided learning bytes, self-assessments, psychometric evaluations, and leadership-led career guidance sessions. This diverse range of resources has been utilized more than 40,000 times.

Our commitment to the identification and cultivation of talent has remained resolute. We have recognized over 900 pivotal roles within our Group for which a robust succession pipeline is firmly in place. An avant-garde journey of learning is presently being undertaken to equip our future C-suite leaders, encompassing roles such as CFOs, CMOs, CIOs, and CHROs, with the skills and insights required for leadership in a rapidly evolving business landscape. This focus has significantly enhanced our internal versus external hiring ratio for leadership positions.

Amidst shifting market dynamics, Learning and Leadership Development continues to be a key pillar, helping us equip over 35,000 employees with the skills necessary to drive business outcomes.

As the country's first billion-dollar pure-play fashion powerhouse, your Company commands over 10.8 Mn. Sq. ft of retail space. Our expansive network now comprises of nearly 4000 stores spread across 900+ cities and towns, together with a presence in roughly 33,535 multi-brand outlets.

This shift is facilitated by our integrated approach to talent identification, development, and internal mobility. Over the past three years, we have seen 14% of our employees and 27% of our talent pool members transition into new roles, bringing our vision of 'A World of Opportunities' to life and fostering enduring bonds within our organization. This represents our steadfast commitment to talent growth and mobility, crucial for building a resilient and adaptive organization.

Your Company Performance

Your Company stands as one of India's leading branded fashion and lifestyle entities, with an impressive portfolio of top fashion brands and diverse retail formats. As the country's first billion-dollar pure-play fashion powerhouse, your Company commands over 10.8 Mn. Sq. ft. of retail space. Our expansive network now comprises of nearly 4000 stores spread across 900+ cities and towns, together with a presence in roughly 33,535 multi-brand outlets. This strong and vast infrastructure ensures that we meet the growing needs of our expanding base of brand-conscious consumers.

The performance of your company in FY23 is a testament to our resilience and determination. After weathering the impacts of the pandemic for two years, we have made significant strides in both expansion and sales growth, surpassing the previous year's figures despite the macroeconomic challenges that dampened demand in the fiscal year's second half. Our success has been driven by a targeted approach to growth, prioritizing distribution expansion, product innovation, customer engagement, and brand enhancement.

Your Company's revenue for FY23 stood at ₹ 12,418 Cr, with a 53% YoY growth. EBIDTA at ₹ 1,617 Cr witnessed a growth of 34% over the last year.

As we move forward, your Company has transitioned to its next phase of growth with both established and new businesses, set for rapid scale.

Our well-structured operational and profitability model primes both our Lifestyle and Pantaloons businesses for exponential growth. With a substantial presence already established in the innerwear, casual, ethnic, super-premium, and sportswear segments, your Company has laid a robust foundation for scaling these brands and creating new platforms for rapid growth.

In FY23, Your Company's Lifestyle brands further cemented their leadership position, recording best-ever revenues. Over the course of the year, these brands expanded their network, successfully reaching untapped markets and expanding the customer base. Significant strides were made in expanding the women's and kids wear segments, whilst simultaneously strengthening the small-town format— which now boasts about 600 stores.

The successful transition of Reebok has catapulted your Company to the forefront of the sportswear segment. Poised to capitalize on the brand's strength and potential, your Company is set to further reinforce its market position.

As Pantaloons celebrated its 25th anniversary, numerous initiatives were launched to enhance consumer engagement and brand identity. In FY23, the brand expanded its footprint by inaugurating over 60 new stores and introduced new private labels and categories to cater to evolving customer needs. Despite facing challenges in the latter half of the year due to macroeconomic headwinds and reduced post-festive demand, Pantaloons remains robust. Its emphasis on product quality, retail experience enhancement, and a strong customer connection reinforces its crucial role in shaping India's value and masstige fashion landscape.

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In 2018, your Company initiated a journey to create an extensive ethnic portfolio. Complementing this portfolio, your company recently announced the acquisition of TCNS Clothing Co. Limited to establish a credible presence in the premium ethnic womenswear category.

In 2018, your Company initiated a journey to create an extensive ethnic portfolio. Consistent with this strategy, over the recent years, we have acquired majority stakes in designer-led celebrity brands such as Sabyasachi, Shantnu & Nikhil, House of Masaba, and the artisanal brand Jaypore. We then developed our own brands, TASVA with Tarun Tahiliani and Marigold Lane, to penetrate key segments within the ethnic market, specifically premium men's and women's ethnic wear. TASVA has been aggressively expanding its network, now available in over 50 stores. Sabyasachi, with a vision to become the first luxury brand from India, has ventured into the US market with a grand store in New York, showcasing rich Indian culture and heritage. Our brands continue to discover new growth avenues through new sub-brands and categories. For instance, Shantnu & Nikhil launched SNCC by S&N, a sport-inspired lifestyle brand gaining substantial consumer traction. Furthermore, your Company ventured into the beauty and wellness space with the launch of 'LoveChild' from 'House of Masaba'.

Complementing this portfolio, your company recently announced the acquisition of TCNS Clothing Co. Limited to establish a credible presence in the premium ethnic womenswear category. This transaction, currently in progress and subject to necessary approvals, will be one of the largest in the Indian fashion industry.

In line with our strategy to diversify the Company's portfolio and penetrate evolving and growing markets, we entered into a partnership with Galeries Lafayette, a prominent French luxury department store chain. This alliance is set to bolster our presence in the luxury market with new outlets in prime locations, coupled with a dedicated e-commerce platform, in India.

Your Company is focused on building a strong e-commerce strategy that aligns with our business model and adapts to the evolving preferences of consumers. As part of our efforts, we revamped our brand websites and developed mobile applications this fiscal year, with the goal of delivering a superior online shopping experience that complements offline retail offering. Our e-commerce channel demonstrated substantial growth this year, posting over 1300 Cr. in revenue for FY23. A solid omnichannel infrastructure is in place, with roughly 2000 brand stores and around 300 Pantaloons stores now fully integrated with online capabilities.

With the incubation of TMRW, your company aims to build the next set of iconic digital-first brands, and substantial progress has already been made. TMRW continues to make business model advancements while creating value chain advantages for the brands in its portfolio.

Your Company holds a firm belief in the symbiosis of fashion and sustainability. Over the years, sustainability has been interwoven into our brand ethos and has become an integral part of our business model. We remain steadfast in our commitment to sustainable fashion, leveraging innovation and technology as catalysts for our future sustainability efforts. Our 'ReEarth 2.0' initiative embodies this commitment, shifting our approach from process-led to product-led and advocating circularity policies across the Indian apparel manufacturing value chain.

As always, our commitment is to build consumer-centric, resilient, and sustainable businesses, with a sharp focus on capital efficiency. This unwavering commitment to efficiency and profitability has been a cornerstone of our success, and we continue to strive for sustainable growth and value creation for all our stakeholders.

Our 'ReEarth 2.0' initiative embodies this commitment, shifting our approach from process-led to product-led and advocating circularity policies across the Indian apparel manufacturing value chain.

We remain confident that our track record of successful execution, coupled with a focus on innovation, agility, and digitalization, will further consolidate our leadership position in the branded fashion and lifestyle sector.

Outlook

India is at the cusp of a consumption surge, fuelled by rising disposable incomes, a young demographic, shrinking information gaps, and enhanced accessibility to goods and services through technology. This trend is markedly visible in discretionary spending, where individuals aspire to elevate their lifestyles and express their unique identities as per capita income grows. The apparel category, among discretionary consumption segments, distinguishes itself with a rapidly expanding and sizable addressable market.

Your Company's strategy, emphasizing brand-focus, a wide distribution network, and a dedicated team, positions it advantageously to exploit these market trends.

Your Company's portfolio of leading brands across a spectrum of price points, categories, and occasions, provides a significant opportunity for business expansion and market share growth. We remain confident that our track record of successful execution, coupled with a focus on innovation, agility, and digitalization, will further consolidate our leadership position in the branded fashion and lifestyle sector.

In conclusion, I hold the conviction that our Purpose broadens our perspective, enabling us to pursue even greater horizons. It serves as the bedrock that propels us towards the future, emboldening us to venture into more significant commitments and pursuits. As we grow, we expand our capacity to receive by enhancing our absorption of talent, technology, and capital.

Indeed, with each stride in growth, we deftly weave in more threads of insights and capabilities, enriching the tapestry of our collective endeavour. This, in turn, enables us to increase our ability to give back, create impact, and enrich lives. This virtuous cycle is at the heart of being a successful purpose-driven organisation.

Your Company doesn't just pride itself on being a purpose-driven entity— it embodies it, living out this ethos in every endeavour, every relationship, and every venture. This commitment to purpose is what continues to steer us towards an even brighter, more impactful future.

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Yours sincerely,

Kumar Mangalam Birla
Chairman

LOUIS PHILIPPE

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When fine craftsmanship meets the mark of excellence, a Louis Philippe product is born. Louis Philippe rises to the occasion of adorning men with impeccable taste and with a refined sense of luxury for fashion. For more than 30 years, we've been honouring every moment of a man's life with the grandeur it deserves. From weddings, business meetings to wardrobe essentials such as t-shirts and chinos, there's something for every occasion. Welcome to the world of Louis Philippe – a statement woven in perfection, stitched together by passion and styled to perfection.

VAN HEUSEN

VAN HEUSEN

Van Heusen is India's No. 1 premium lifestyle brand for professionals. With a rich heritage of 128 years in the United States of America, the brand entered India in 1990. Over its 33 years of history in India, Van Heusen has emerged as a fashion authority for the ever-evolving Indian consumer and has established itself as the one-stop destination for 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, party wear and recently launched activewear.

ALLEN SOLLY

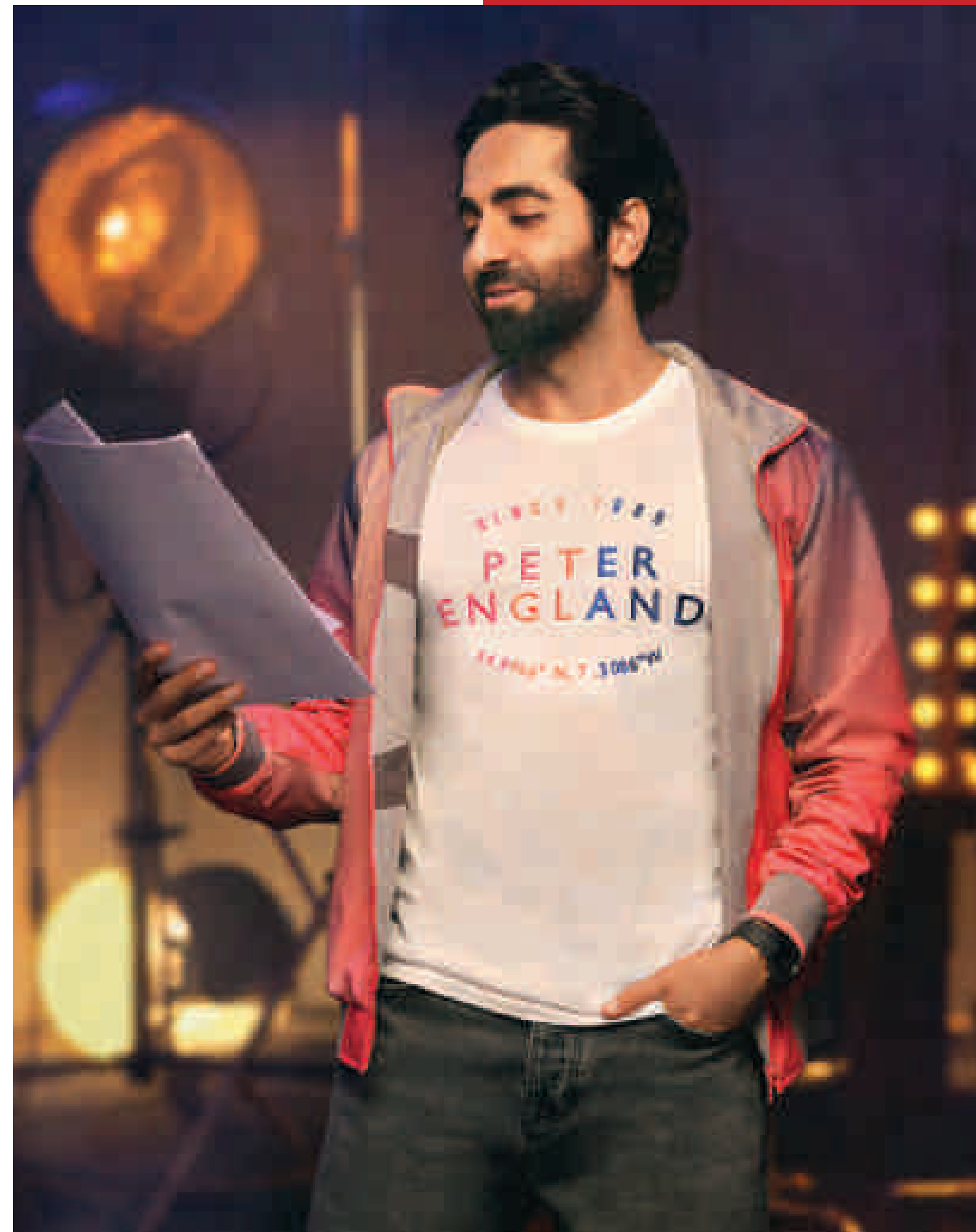
Allen Solly®

Over the course of time, Allen Solly has orchestrated a remarkable transformation in the realm of professional & work casual attire, capturing the hearts of the youthful populace of India. Through a steadfast commitment to unconventional workwear, Allen Solly has adorned the youth of India with fashionable smart casuals that solidify its distinctiveness in this domain. Allen Solly has boldly ventured into the realm of wedding wear with resounding success, epitomized by their exceptional tuxedo wedding collection.

Allen Solly Women, a trailblazing brand in casual workwear, has elevated its merchandise selection by strengthening to occasions beyond work catering to the multifaceted needs of the young modern working woman.

Embracing a spirit of fun and vibrancy, Allen Solly Juniors presents an intriguing assortment of t-shirts, shirts, denim, dresses, and accessories.

PETER ENGLAND



PETER ENGLAND

Peter England redefines style, attitude and comfort through its unparalleled range of shirts, trousers, denims, suits and blazers, t-shirts and activewear. It is a brand that has transformed the fashion landscape of today's young Indian men. Adding on to the brand's wide footprint of 1000+ stores panning the length and breadth of the country, over 79 stores were opened in FY 23.

Peter England is currently associated with the leading fashion icon Ayushmann Khurrana, as the brand ambassador.

Reebok

Reebok is a bold, disruptive and iconic sports, fitness and lifestyle brand which strives to inspire human movement. We carry an irreverent and unapologetic attitude towards life and create products that embody this spirit. Through our high-performance products and technologies, we ignite action with experimentation and challenger mindset. We bring the best of performance, and support everyone in their personal journeys. We use our voice to look out for each other and build a world which ensures that sport is afforded by all. Reebok believes that life is not a spectator sport. Move with purpose, and move freely, with Reebok.

FOREVER 21

Forever 21 is a fashion industry leader making the latest trends accessible to all consumers who choose to be trendy, fresh and young in spirit, while inspiring unique style and confidence. With a renewed focus on customer experience, the brand offers high style designs and fashion basics with compelling values to audiences who resonate themselves with quirkiness, are fun loving and are self-expressive in their own way through a dynamic store environment. While driving innovation across e-commerce and digital to expand access and convenience, the brand continues to strengthen its positioning as today's preferred destination for the fashionable consumer. Forever 21 is located in more than 572 locations globally and online.

SIMON CARTER
LONDON

The brand was built on Simon's love for all things vintage and different. Its philosophy is rooted in a tradition of eclectic English style, taking classic forms and adding a twist of eccentricity.

Simon Carter is about quality and refinement in a particularly witty style. The menswear collection is defined by its use of print and color, offering men the opportunity to develop their own sense of style and allowing their distinct personality to shine through.

With a potent blend of candid observations and artistic flavor, Simon Carter creates the most intriguing clothes for men in top wear, bottom wear along with complimenting accessories that accentuate an ensemble.

AMERICAN EAGLE

America's Favourite Jeans brand since 1977 - American Eagle, celebrates 5 years in India. American Eagle Outfitters is a portfolio of unique, loved and enduring brands with merchandise assortments that consist of high-quality, on-trend apparel, activewear and accessories. The iconic global denim brand stands for individuality, freedom, and self-expression. Focused on young casual consumers, the brand is both inclusive and empowering, with a purpose to show the world that there is real power in the optimism of youth. Rooted in authenticity, powered by positivity and inspired by its community – the brand welcomes all and believes that putting on a really great pair of #AEjeans gives you the freedom to be true to yourself.

PANTALOONS

pantaloons

Pantaloons, a division of Aditya Birla Fashion and Retail Ltd. is a playful and youthful fashion destination with 430 stores, spread across 195 cities and towns.

As a playground for fashion, Pantaloons offers a wide variety of styles across categories and occasions. The brand speaks to the ever-evolving millennial customer of today who is confident and expressive. Be it through the physical retail experience or online, the Pantaloons experience is exciting, friendly and uplifting. With a vibrant, expressive and fun-loving approach to style, the brand seeks to enable the customer to be their fashionable best.

marigold LANE

Marigold Lane is an Indo-western brand which caters to the modern independent Indian woman and her need for refined ethnic fusion apparel which reflects her unique & multi-dimensional personality. With an elegant mix of contemporary silhouettes, vibrant prints, & elevated fabrics, this brand speaks to an evolved style sensibility. Each design story from Marigold Lane carries a different aesthetic, drawing inspiration from art/ architecture/ cultures across the globe. Our products provide a premium outlook with novelty in workmanship & carefully chosen fabrics.

VAN HEUSEN INNERWEAR

Van Heusen Innerwear and Athleisure is one of the most innovative and fashion forward brands launched in the year 2016, aiming to redefine the category codes in mid premium segment. The brand is built on the pillars of innovation, performance, sophistication and fashion. They offer a wide range of styles across innerwear, athleisure, activewear and loungewear catering to ever evolving lifestyle of new age consumers.

The brand has entered its next phase of growth with commendable retail and trade footprint expansion and launched a mega campaign in 2022 with a provocative tagline of "Who are you underneath?" Spreading large scale awareness for its innerwear segment. The brand is also in limelight for winning the IFA's Images Most Admired Fashion Brand for the year 2022 for the third time, after achieving the same feat in 2019 and 2021.

FRED PERRY

Fred Perry has created a brand that presents 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.

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 the best kind of living through their 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.

TED BAKER
LONDON

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

HACKETT
LONDON

A quintessential British menswear brand started in 1983 by Jeremy Hackett, today the brand is known for its exquisite British tailoring along with, a diverse wardrobe of separates; and HKT, a new collection launched in 2019 to dress the millennial Hackett man. Hackett also proudly partners with many like-minded brands, all of whom share the same ethos, quality and tradition as we do, such as British Army Polo, Henley Royal Regatta and Aston Martin.

THE COLLECTIVE®

The Collective is India's first luxury multi-retail brand, offering great assortment available exclusively with THE COLLECTIVE in India put together with a unique point of view. The brand acts as a style mentor for its customers by housing the biggest and most exclusive names in global fashion, under the same roof.

TMRW

Revolutionizing fashion & lifestyle brands today! We aim to establish a leading 'House of Brands' powered by the Aditya Birla Group. Through strategic partnerships with D2C fashion & lifestyle brands, TMRW drives their transformation into customer-centric brands. Our fusion of category & brand building expertise and digital-first capabilities sets us apart. With a stellar leadership team, our brands thrive in today's market. We prioritize building enduring brands with solid fundamentals & unit economics. Expansion & a solid foundation go hand in hand. Our founder-model emphasizes shared success & wealth creation. Join us on our journey to reshape the future of fashion, captivating hearts with beloved brands across India.

SHANTNU NIKHIL | S&N SHANTNU NIKHIL | SNCC

Maison Shantnu & Nikhil houses the Legacy Ceremonial Couture brand Shantnu & Nikhil and Celebration wear brand S&N by Shantnu Nikhil, across 18 directly operated stores and a bevy of other point of sales through SIS formats, both offline and digital. The product lines of **Shantnu & Nikhil Couture** cover all areas of wedding apparel fashion including menswear, womenswear & accessories. **S&N by Shantnu Nikhil, a bridge-to-luxury offering** from the House of Shantnu & Nikhil Couture is a brand initiative where Indian heritage & nostalgia is enlivened by millennial spunk! The brand, as we believe is India's brand for the world, it redefines Indian celebration-wear with a millennial sensibility and a contemporary undercurrent. Military influences renewed with a festive aesthetic; unique, sartorial design hued in decadent palettes; S&N is a brand with a vision for our young Global Indians, celebrating Indian roots, its drapes and asymmetry. Our brand new **Lifewear Pret-a-Porter brand vessel, 'Shantnu Nikhil Cricket Club (SNCC)** is the third such narrative in the growing portfolio of brands at Shantnu & Nikhil and embraces the spirit of cricket in a unique amalgamation of sport meets lifestyle. Democratizing Couture to now revolutionizing celebration-wear & Lifewear, Maison Shantnu & Nikhil is furthering its edgy, global narrative!

TASVA

Tasva, a collaboration between Aditya Birla Group & ace couturier Tarun Tahiliani, was launched at the ghats of Banaras on 9th Dec 2021, with the ambition of changing the entire experience of wearing traditional and fusion Indian clothing into that of comfort with style. With this new perspective, Tasva brings a refreshed view of the celebration space and the individual's evolved relationship with it.

Tasva aims to redefine the Indian male celebratory experience. Whether it is fitting out the Indian groom or creating magnificent statements in our plethora of traditional celebrations. The brand has rapidly scaled its retail footprint, covering Metros, Tier 1 & Tier II; and is available online on Tasva.com and Myntra.com.

masaba | LOVECHILD masaba

House of Masaba:

House of Masaba is a home-grown, bridge-to-luxury womenswear label aimed at a trend-conscious, well-travelled consumer. Founded in 2009, the brand is quirky and features solution-driven, stand-out designs with strong play of print, colour and cut. Each design is a powerful conversation in print for an ever-evolving consumer. The brand is age versatile and has an aesthetic that is rooted in India with its eyes set on the world. The fashion label has become a go-to-resort wear name worldwide, perfect for the global woman and man who are traditional yet have modern style sensibilities.

House of Masaba will soon evolve into a 360-degree brand with offerings spanning Bridal, Fine Jewellery, Handbags, Home & Wellness- with a vision to offer something for everyone.

LoveChild:

Curated and attested by Masaba Gupta, LoveChild is an honest, embracive and playfully-vibrant beauty brand, made with empathy at its core. The brand offers an extensive range of high-performing products for all ages, skin colours & cultures. Enabling a unique expression of self-love, LoveChild celebrates the Queen in you! A responsible brand with products that do-good for your skin, LoveChild is a cosmo-wellness line that enhances one's natural beauty with India-proud products that match global standards.

JAYPORE®

Jaypore is on a remarkable journey to bridge the gap between India and the world by showcasing its rich cultural heritage through contemporary designs in apparel, jewelry, home decor and more. Jaypore as a brand is committed to preserving and reviving authentic Indian products suited for a modern lifestyle. The brand sources from more than 70 craft clusters and curates exquisite collections, which are featured on its website and are now available in 20 stores across Delhi, Bangalore, Mumbai, Pune, Indore, Kerala, Lucknow, Ahmedabad & Hyderabad. In a very short period of time, our handpicked curations & differentiated products have earned high respect & repute, making it India's leading destination for Craft based Artisanal goods. Jaypore ships worldwide, catering to a global audience who value Indian craft and heritage.

SABYASACHI
CALCUTTA

"For culture to be relevant it needs to be dynamic." - Sabyasachi Mukherjee

Sabyasachi is India's leading luxury house rooted in heritage, quality and craftsmanship. A brand that revels in India's legacy but with a unique perspective, capturing what was and what is, with a single-minded vision to create modern heirlooms. A market pioneer, Sabyasachi is the first Indian designer and brand to collaborate with Christian Louboutin, Bergdorf Goodman, Pottery Barn and H&M. Patrons of the brand include celebrities, intellectuals, and achievers from across the world. With flagship stores in major cities across India and a jewellery boutique in Dubai, the first international flagship was launched in New York in 2022. Sabyasachi is creating a unique global dialogue that brings together slow authentic luxury and the finest of Indian crafts.

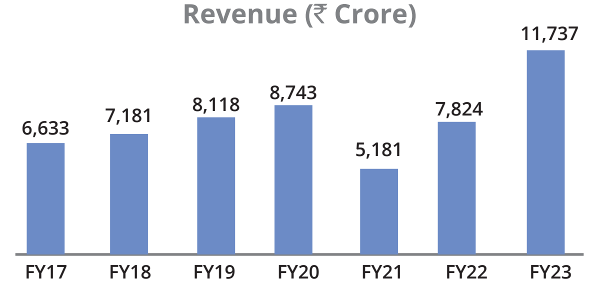
FINANCIAL HIGHLIGHTS

(in ₹ Crore)

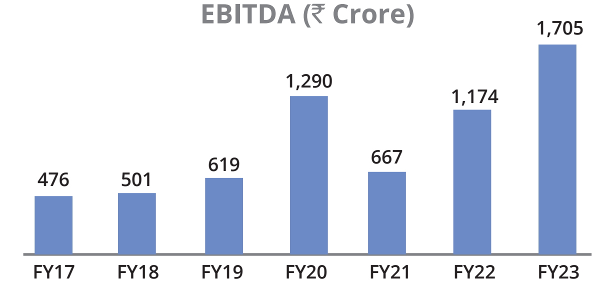
Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Revenue	6,633	7,181	8,118	8,743	5,181	7,824	11,737
EBITDA	476	501	619	1,290	667	1,174	1,705
EBIT	233	221	337	414	(278)	227	590
PBT	54	49	149	(9)	(776)	(113)	166
PAT	54	118	321	(145)	(650)	(81)	133
Revenue Growth		8.3%	13.0%	7.7%	-40.7%	51.0%	50.0%
EBITDA Growth		5.4%	23.5%	108.5%	-48.3%	76.0%	45.3%
EBITDA%	7.2%	7.0%	7.6%	14.8%	12.9%	15.0%	14.5%
EBIT%	3.5%	3.1%	4.1%	4.7%	-5.4%	2.9%	5.0%
PBT%	0.8%	0.7%	1.8%	-0.1%	-15.0%	-1.5%	1.4%
PAT%	0.8%	1.6%	4.0%	-1.7%	-12.5%	-1.0%	1.1%
Capital Employed	3,003	2,955	3,132	6,330	6,188	6,705	9,466
Capital Employed*	1,143	1,095	1,272	2,296	2,262	2,567	4,563
ROACE	8.1%	7.4%	11.1%	8.7%	-4.4%	3.5%	7.3%
ROACE*	22.2%	19.7%	28.4%	11.7%	-19.4%	2.4%	11.5%
Net Debt Equity Ratio	2.1	1.6	1.2	2.3	0.2	0.2	0.3

**Excluding Goodwill and Right of Use Assets on Pre Ind-AS 116 EBIT*
FY20, FY21, FY22 and FY23 are post implementation of Ind AS 116, hence not comparable with earlier periods

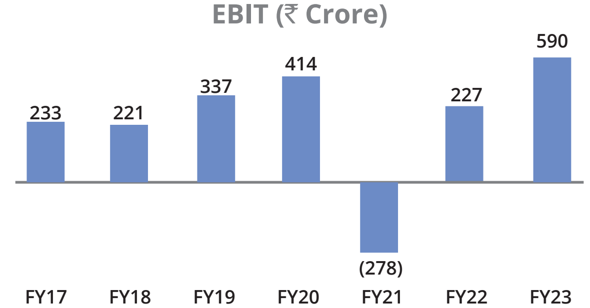
Revenue (₹ Crore)



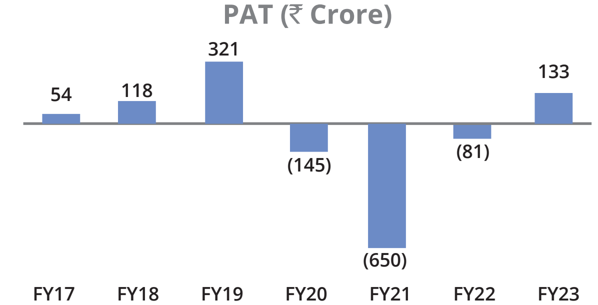
EBITDA (₹ Crore)



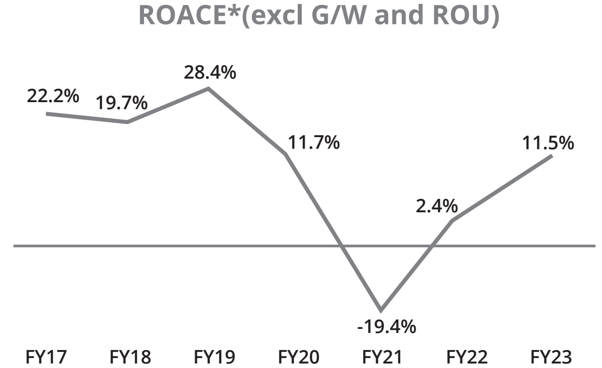
EBIT (₹ Crore)



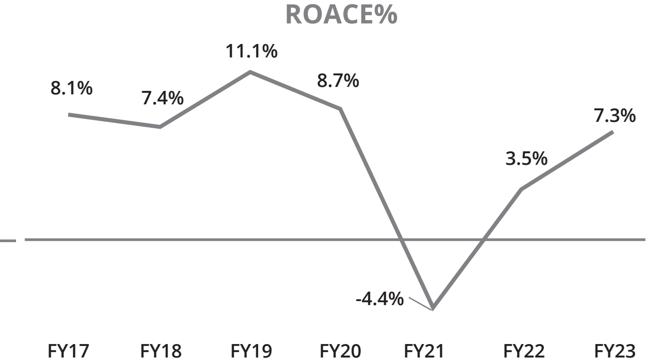
PAT (₹ Crore)



ROACE*(excl G/W and ROU)



ROACE%



Organisational Overview

THE GROUP

The Aditya Birla Group is a premium global conglomerate in the league of Fortune 500. Anchored by an extraordinary force of over ~140,000 employees belonging to 100 nationalities, the Group is built on a strong foundation of stakeholder value creation. The Group is a member of numerous global sustainability organisations, including the United Nations Global Compact and the World Business Council for Sustainable Development, and has followed responsible business practices for over seven decades.

ADITYA BIRLA FASHION AND RETAIL LTD.

ABFRL is part of the Aditya Birla Group. The Company has become India's leading fashion powerhouse in recent years. With a revenue of INR 12,418 Cr. spanning a retail space of 10.8 million sq. ft., ABFRL is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands, and one of India's most well-known retail format, Pantaloons. It is focused on leveraging its strong brand portfolio, evolving product portfolio in line with changing consumer preferences, expanding reach, accelerating omni-channel play and driving D2C growth in India.

ABFRL, with a network of 6,723 points of sale in department stores, has a presence across 33,535 multi-brand outlets throughout India.

Spanning from FY13 to FY23, this remarkable decade of ReEarth has been dedicated to the rejuvenation of our environment, the empowerment of society, and the implementation of exemplary governance policies, processes, and procedures for the benefit of all stakeholders.

Ashish Dikshit
Managing Director,
Aditya Birla Fashion and Retail Limited

Sustainability at ABFRL

We embarked on our structured sustainability journey with the launch of 'ReEarth - For Our Tomorrow' in FY13. This decade-long sustainability practices and implementing various processes has made us more responsive and resilient as an organisation – not just in shaping ourselves in anticipation of the future, but also contributing towards shaping a brighter future for all our stakeholders. We are celebrating a 'decade of sustainability' while preparing for the decades ahead.

Having achieved the first set of milestones in 2021, we embarked on a transition - Sustainability 2.0 – from 'Process-led to Product-led', with a 2025 agenda focusing on product design and development, customer centricity and supply chain.

SUSTAINABILITY STRATEGY 2025

The Product Life Cycle Approach is the fulcrum of our Sustainability 2025 Strategy. From product design and development, to supply chain and customer-centricity, and through use and end-use, this approach shall act as a pivot in integrating sustainability into products.

SUSTAINABILITY 2.0

For more information about ReEarth Mission, our Strategy and Sustainability 2.0, please refer ABFRL Sustainability Report 2023.

Sustainability Highlights

ENERGY

68% of energy from renewable energy sources across ABFRL's owned facilities

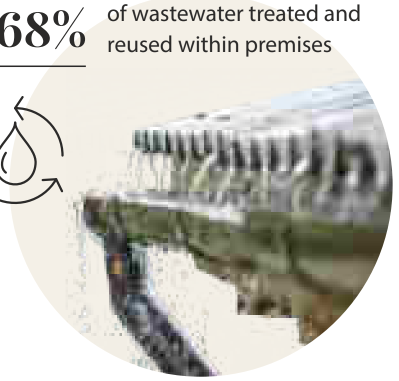
26% of energy from renewable energy sources across ABFRL's operation

WATER

Water positive across all facilities

53% of rainwater harvested and artificially recharged within premises

68% of wastewater treated and reused within premises



CLIMATE STRATEGY

4.9% reduction in Scope 1 & 2 emissions across ABFRL operations

Streamlined and accounted Scope 3 emissions at ABFRL level – 1,267,836 tCO_2

GREEN BUILDING

~12 lakh sq. ft.

of our built environment is green building certified

Haritha Apparels certified LEED Zero Water under USGBC rating system

Pilot of one facility to be LEED Zero Energy and Carbon under the USGBC rating system is under progress

CIRCULAR ECONOMY

ZERO Waste disposed to landfill achieved across ABFRL facilities

100% Waste Traceability across owned facilities

Fashion Craft Limited is certified as TRUE Zero Waste - Gold Award

SAFETY

ZERO HARM

No 'Category 5' Incidents

15,217 Man-days of safety training

121,737 Man-hours of safety training

PACKAGING

91.5% sustainable packaging

Compostable Polybag adopted in several businesses, including MFL & Pantaloons

SUSTAINABLE PRODUCTS

70.3% of products (by volume) have at least 1 sustainability attribute

More than 98% Tier-1 Vendors covered

CSR

Education
26,689 beneficiaries

Healthcare & Sanitation
49,241 beneficiaries

Sustainable Livelihood
2,416 beneficiaries

Water & Watershed
36,814 beneficiaries

Digitalisation
25,185 beneficiaries

Other Initiatives
(like Village Development Project and Tree Plantation etc.)
90,852 beneficiaries

Volunteering
29,439 person-hours

ABFRL retained sustainability leadership as Asia's 'Most Sustainable Company' and a global rank of 8th in the Textile, Apparel & Luxury Goods Industry by S&P Global CSA 2022.

ABFRL secured 12th rank globally under Textiles & Apparel with a score of 12.15 (Low Risk Category) being assessed for the first time by Sustainalytics, a global ESG Rating Standard of repute.

People

DECADE OF SUSTAINABILITY

Sustainability is a relentless pursuit. In a multivariate world where situations change instantaneously and crises deepen despite best collective efforts, we understand that a Decade of Sustainability is a milestone we cross, not a destination we rest in.

So, while we recount the successes of the decade gone by, we are taking the learnings and leveraging them for accelerating ESGbility and strengthening sustainability in the decade ahead.

2013-23

A DECADE OF ACHIEVEMENTS

ABFRL's structured sustainability journey began in FY13 with the launch of 'ReEarth for our Tomorrow' – a mission-led programme, aligned to the ABG Vision and Sustainable Business Framework.

Through dedicated efforts, we achieved remarkable success in all 10 Missions, ranging from sustainable packaging, zero waste to landfill, green building certification, WASH compliance, and the introduction of sustainable products. These achievements also garnered widespread recognition and accolades, including high rankings in global sustainability assessments and awards for reporting.

With Phase 2 of ReEarth in FY20, we took the dialogue and demonstration of sustainability a few notches higher. Our environmental targets included a significant reduction in grid electricity consumption, zero waste to landfills, water neutrality, taking preventive measures to ensure no fatal accidents occur at our occupational workplaces, and massive reduction in our packaging footprint.

Building on these accomplishments, in FY21, we transitioned to Sustainability 2.0, adopting a 'Product-led' approach with three key pillars: product design and development, customer centricity, and supply chain sustainability. We unveiled our 2025 agenda which focuses on six core areas: Energy, Water, Safety, CSR, Waste, and Green Buildings. Circularity and Digitalisation will be the key enablers for most of these areas.

Two years in a row, ABFRL was declared Asia's ***'Most Sustainable Company' in the Textile, Apparel & Luxury Goods Industry*** by S&P Global CSA 2020 and 2021.

2023-33

A DECADE OF ACCELERATION

For the decade ahead, we remain poised to tackle the evolving landscape of the fashion and retail industry. This year, we continued to forge ahead with our 2025 agenda. We have already achieved targets like being water positive, zero waste to landfill, ensuring zero harm and embedding at least one sustainable attribute in over half of our products; and are on track to achieving our emission reduction and renewable energy targets. We are also working towards developing a 'Net-zero' roadmap and will be communicating the same in future reports.

We continue to embed sustainability deeper and deeper into the fabric of our organisation, give it pride of place in our business goals and cascade it into our day-to-day operations and across our entire value chain.

Recognising the impact of changing consumer preferences, climate change, supply chain disruptions, and resource scarcity, we have taken proactive measures to face these challenges. Embracing digitalisation and new technologies like AI, we have integrated innovation across our operations, incorporating greener processes, digitised customer feedback mechanisms, and digital-first fashion brands.

Sustainability will be at the centre of innovation in the fashion industry in the coming decade and while tools and technologies will change, it is intellectual capital, the commitment and the learnings that will see ABFRL honing its edge.

Being ***India's largest pure-play fashion & lifestyle player,*** we believe it is our responsibility to demonstrate ***sustainability excellence*** and lead the sector by example.

Value Creation Model

INPUTS

FINANCIAL CAPITAL

Net Opex	₹ 11,256.54 Crore
Net Capex	₹ 2,264.32 Crore
Net Worth	₹ 3,786.89 Crore
Total Liabilities	₹ 11,686.33 Crore

INTELLECTUAL CAPITAL

Innovation Centres	Technology Management Centre (TMC), Knowledge Management Centre (KMC), Design Studio, Manufacturing Excellence Centre
Life Cycle Analysis	LCA study conducted for Casual & Formal Shirts category

MANUFACTURED CAPITAL

Factories	10 MFL Factories
Warehouses	3 MFL / 4 Pantaloons / Innerwear Warehouse
Manufacturing Capacity (in-house)	26,978,855 Garments
Net Fixed Asset	₹ 4,531.11 Crore

NATURAL CAPITAL

Solar Installed Capacity	3 MW
Energy Consumption	350 TJ
Surface Water Withdrawal	12,287 m^3
Ground Water Withdrawal	158,713 m^3
Packaging Tonnage	14,510 tons
Non-hazardous Waste Generated	5,480 MT

HUMAN CAPITAL

Total permanent employees	28,390
Total contractual employees	19,855
Women employees	15,632
Safety trainings (man-days)	15,217

SOCIAL & RELATIONSHIP CAPITAL

Amount spent on CSR	₹ 3.55 Crore
Employee volunteering hours	29,439 hrs
No. of tier 1 suppliers	550+
Retail Stores	3,546

BUSINESS MODEL SHOWING KEY ASPECTS

ADITYA BIRLA
FASHION & RETAIL

VISION

To passionately satisfy Indian consumer needs in fashion, style and value, across wearing occasions in Apparel and Accessories through strong brands and high-quality consumer experience with the ultimate purpose of delivering superior value to all our stakeholders

ReEarth FOR OUR TOMORROW

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

VALUES

Seamlessness | Passion | Speed | Commitment | Integrity

STAGES IN PRODUCT LIFECYCLE

PRODUCT DESIGN AND DEVELOPMENT
- Close loop design
- Chemical management
- Resource conservation
- Sustainable materials

RAW MATERIAL SOURCING
- Energy management
- Human rights and compliance
- Water management
- Chemical management

MANUFACTURING
- Human rights and compliance
- Energy management
- Water management
- Chemical management
- Zero defects

LOGISTICS, STORAGE AND PACKAGING
- Sustainable packaging
- GHG emission management
- Plastic waste management

MARKETING AND SALES
- Sustainable packaging
- Sustainable product labelling

USE
- Water management
- Energy management
- Plastic free
- Durability

END TO END
- Circularity
- Recycling and upcycling

RISKS & OPPORTUNITIES

PERFORMANCE

STRATEGY & RESOURCE ALLOCATION

OUTLOOK

OUTPUTS

FINANCIAL CAPITAL

Revenue	₹ 11,847.02 Crore
Profit/Loss After Tax	₹ 132.52 Crore
EBITDA	₹ 1,704.94 Crore
Market Capital	₹ 20,336.42 Crore

INTELLECTUAL CAPITAL

- 70.3% of ABFRL products (MFL, PFRL, and VH innerwear only) have at least one sustainability attribute (by volume)
- Distributors event to experience our products has been converted into a digital trade show, 3D technology deployed eliminating physical creation of garments anymore
- Process efficiencies measures resulted in reduced environmental impacts; including eco-design and decision-making as part of our LCA approach

MANUFACTURED CAPITAL

- 6 facilities are certified under green building rating systems i.e., USGBC / IGBC
- Manufacturing facility - Haritha Apparels, got certified LEED Zero Water under the US Green Building Council rating system
- 23,076,033 garments manufactured in FY23
- Pilot of 1 facility to be LEED Zero Energy and Carbon under the USGBC rating system is under progress

NATURAL CAPITAL

Renewable Energy	68% owned facilities; 26% operations
YoY reduction in energy intensity	13% (at a garment level)
Water recycled & reused	68%
Rainwater harvested	53%
Sustainable packaging	91.5%
Compostable Polybag adopted in several businesses (MFL & Pantaloons)	
Zero Waste to Landfill	

HUMAN CAPITAL

New joinees	16,002
Employees under age of 30	51%
Women across levels	55%
Differently abled	75
No 'Category 5' incident across premises	

SOCIAL & RELATIONSHIP CAPITAL

- 231,197 beneciaries impacted
- >98% of tier 1 vendors assessed on Vendor Code of Conduct
- 8 lakh consumer conversations through Mission Happiness in the reporting year and collected 25 lakh+ feedback across in-store and online channels

OUTCOME

Financial Capital
- Sustained growth in revenue driven by operational performance and innovation
- Robust balance sheet, sustained cash flow and strong liquidity position
- Long-term value creation for shareholders through increased returns

Intellectual Capital
- Driving product stewardship, building portfolio encouraging sustainability, innovation and quality
- Spearheading R&D, support prototyping for various categories channelises best practices and drives product benchmarking, development and innovation
- Enhancing share of sustainable raw materials - BCI Cotton, Liva Eco and Liva Reviva as sustainable raw materials

Manufactured Capital
- State-of-the-art facilities, improved infrastructure efficiency
- Sustainably built facility ecosystem
- Production of quality garments sustainably, increased operational efficiency
- Capacity to support increasing market growth

Natural Capital
- Reduction in environmental footprint and restoring ecosystem
- Water Positive at an organisation front
- Efforts to alleviate the impact of climate change
- Leveraging on sustainable / alternate packaging material
- Journey to boost circular ecosystem across operating ecosystems

Human Capital
- Purpose-driven behaviour and delivering high quality
- Engaged and motivated workforce
- Inclusive and diverse culture
- Equal opportunity employer | Safe & healthy workplace

Social & Relationship Capital
- Active contribution to the social and economic development of the communities operated
- Responsible and sustainable value chain with robust supplier engagement
- Consistent customer satisfaction by providing high-quality customer experience that delivers superior value

Materiality

We consider the materiality assessment as a pivotal endeavour in crafting a customised sustainability strategy for our business. Through a comprehensive materiality assessment process, we identified universal aspects, engaged with more than 300 internal and stakeholders, and evaluated the relevance and significance of issues to prioritise ABFRL's sustainability goals and objectives.

NO.	MATERIAL TOPIC
01	Renewable Energy
02	Energy Efficiency
03	Carbon Footprint of Logistics
04	Water
05	Waste
06	Supply Chain Traceability
07	Environmental Aspects in Supplier Assessment
08	Sustainable Product
09	Chemical Use
10	Packaging
11	International Standard Factories
12	Revenue & Market Share Growth
13	CAPEX for Environmental Performance
14	Innovation
15	Manufacturing Efficiency
16	Supplier Capacity Building
17	Cluster Development
18	Health & Safety
19	CSR
20	Ethical Workplace
21	Diversity
22	Training
23	Compliance with Laws & Regulations
24	Grievance Redressal
25	Human Rights
26	Supplier Social Practices
27	Communication

Key material topics

For more information about our materiality assessment process, please refer ABFRL's sustainability report 2023.

Financial Capital

Over the past decade, ABFRL has experienced a remarkable financial journey, marked by resilience and sustained growth. As we celebrate this success, our commitment to sustainable value creation remains unwavering.

In FY23, we accelerated our growth and continued to make significant progress in line with our long-term strategy of building strong, timeless brands and managing the businesses with flexibility, and agility.

PERFORMANCE SNAPSHOT – FY23

	FY22	FY23
Growth in revenue	51%	50%
Stores added	255+	500+
Revenue (in INR crore) *	7,918	11,847
Economic Value Retained (in INR crore)	833.23	1,282.93
Economic Value Generated and Distributed		
Operating Costs	5,684.03	8,782.37
Employee Benefits and Wages	1,043.43	1,338.06
Payments to Providers of Capital	340.19	424.23
Payments to Government	14.32	15.93
Community Investments	3.09	3.5
Total	**7,085.06**	**10,564.09**

**Includes other incomes. These are standalone numbers.*

Louis Philippe

BUSINESS-WISE PERFORMANCE

Lifestyle Brands

Consists of Louis Philippe, Van Heusen, Allen Solly and Peter England.

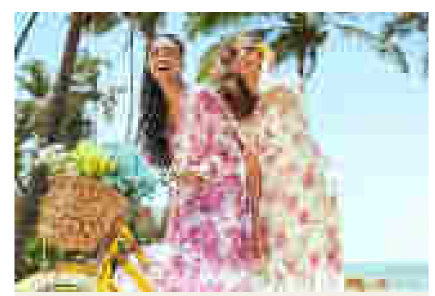
INR 6,608 crore

in revenue, up by 46% over FY22

16.6%

positive EBITDA margin at INR 1,095 crore - a milestone

Pantaloons



INR 4,069 crore

in revenue, up by 55% over FY22

15.6%

positive EBITDA margin at INR 635 crore

For more business-wise overview and financial updates, please refer ABFRL Sustainability Report 2023.

Manufactured Capital

As a leading fashion and retail company, we acknowledge the pivotal role of manufactured capital in delivering high-quality products and services to our customers. This encompasses tangible assets such as infrastructure, technology, and operational facilities, as well as intangible assets like brand reputation and intellectual property. Here is a snapshot of our built environment in FY23:

Offices	Factories - Only Madura Fashion and Lifestyle (MF&L)	Warehouses	Stores
Head Office - Bengaluru	Crafted Clothing - Bengaluru	MF&L	MF&L
Registered Office - Mumbai	Fashion Craft - Bengaluru	Attibele Warehouse - Bengaluru	Stores - PAN India[1]
	Europa Garments - Bengaluru	Hoskote Warehouse - Bengaluru	Pantaloons
	Classical Menswear - Bengaluru	E-commerce Warehouse - Bengaluru	Stores - PAN India
	English Apparels - Bengaluru	Pantaloons	
	Haritha Apparels - Bengaluru	Warehouse - Bengaluru	
	Alpha Garments - Bengaluru	Warehouse - Bhiwandi	
	Little England Apparels - Thalli[2]	Warehouse - Hooghly	
	Mancheshwar Apparels Limited - Mancheshwar, Odisha	Warehouse - Gurgaon	
	Aditree Apparels Manufacturing Pvt. Limited - Bengaluru	Innerwear	
		VH Innerwear - Bengaluru	

[1] Scope is limited to Safety only

[2] Little England Apparels is located in Thalli, Tamil Nadu

10.80 million sq.ft. footprint

3,546 Brand Stores

33,535 Multi-brand Outlets

431 Pantaloons Stores

6,723 SIS across Dept. Stores

Intellectual Capital

As an innovative fashion and retail company, we recognise the power of knowledge, creativity, and intangible assets in driving success. We stay attuned to the shifting technological trends and strive to gain a comprehensive understanding of evolving customer preferences to create products that exceed their expectations.

To foster a culture of innovation and creativity, we rely on our three Centres of Excellence – (1) Technology Management Centre (TMC) (2) Garment Technical Cell (3) Knowledge Management Centre, and Product Lifecycle Management (PLM) to monitor and measure market trends, and customer preferences, which helps us in upholding our market leadership position.

Our 1,714 trademarks, 8 copyrights and 13 patents give us a competitive IP edge in the textile and apparel industry.

In FY22, we conducted a detailed Life Cycle Analysis (LCA) of casual and formal shirts category. A similar LCA is underway for t-shirts and denim jeans category.

We are also leveraging the power of partnerships and collaborations to create a culture of innovation within the organisation as well as the industry:

- We have partnered with Circular Apparel Innovation Factory (CAIF) to accelerate sustainable fashion concepts and build an industry-level platform for circular textile eco-system for the apparel industry in India.
- As a part of develoPPP project between ABFRL and GIZ, we have initiated an innovation challenge to provide a platform for innovators in the textile and apparel industry to develop new and creative solutions for circularity within the sector.

70.3 % of ABFRL products – MFL, Pantaloons, and VH innerwear – have at least one sustainability attribute (by volume)

Natural Capital

We have been dedicated to mitigating climate change, adapting to its impacts, and placing it at the core of our sustainability journey for a decade now. Over the next decade, the interconnections between biodiversity loss, pollution, natural resource consumption, climate change, and socioeconomic drivers will create a dangerous mix. ABFRL acknowledges these intricate linkages and is firmly committed to implementing robust sustainability measures that address these challenges.

By preserving and enhancing natural capital, Aditya Birla Fashion and Retail Ltd. aims to contribute to a healthier planet, mitigate environmental risks, and create long-term value for its stakeholders, while also fostering resilience in the face of emerging sustainability challenges.

Strategic focus areas:

RESOURCE EFFICIENCY

GREEN & NET-ZERO BUILDINGS

CIRCULAR ECONOMY

CLIMATE STRATEGY

RESOURCE EFFICIENCY

ENERGY

As a part of our two-pronged strategy for energy, we are in a constant endeavour to reduce energy use by operational improvements such as remote energy management systems, increase the share of renewables in the energy mix and switch fuel (such as effective use of biomass fuel), so that we can improve our carbon footprint at the facility as well as product level.

Energy Consumption *in TJ*

	FY21	FY22	FY23
Total Electricity Consumption	126	187	306
Total Fuel Consumption	78	115	144
Total Energy Consumption	**205**	**301**	**450**

*Note - **1.** Evidenced significant increase (by ~70%) in electricity consumption and (by ~59%) in fuel consumption retail stores compared to FY22. | **2.** Increase in overall energy consumption can be attributed to overall increase in reporting scope (owned facilities) as well as retail stores, post-pandemic normalcy in operations and business expansion in general.*

Energy Mix *in TJ*

	FY21	FY22	FY23
From Renewable Sources	**69**	**99**	**119**
Consumed as Electricity	9	8	9
Consumed as Fuel	60	91	109
From Non-Renewable Sources	**136**	**203**	**331**
Consumed as Electricity	118	179	297
Consumed as Fuel	18	24	35

For more information about our energy performance, please see the Environment Performance section of ABFRL Sustainability Report 2023.

WATER

Across our facilities, ABFRL has adopted various measures like installation and strengthening of rainwater harvesting systems, sewage treatment plants, and waterless/water-efficient fixtures. We continue to remain water positive across owned facilities.

Water Footprint *in kl*

ABFRL Facilities	FY21	FY22	FY23
Surface Water	9,343	8,726	12,287
Groundwater	99,612	132,530	158,713
Third party Water	9,841	8,774	27,783
Total Water Withdrawal	118,796	150,030	198,784
Total Water Discharged	4,072	4,398	8,005
Total Water Consumption	114,724	145,631	190,778
Turnover (INR Crore)	5,249	8,136	12,418
Water Consumption Intensity (kl / INR Crore)	**21.9**	**17.9**	**15.4**

*Note: **1.** Groundwater consumption has increased in FY23 due to addition of new facilities in the reporting scope. **2.** Total water consumption is difference in water withdrawal and wastewater discharged. | **3.** Area of operation with Water Stress: Bengaluru, Tamil Nadu and Gurgaon; Purpose: Domestic Use | **4.** CSR numbers are monitored separately and are excluded from 'Water Footprint (kl)' table.*

Water Harvested and Recycled *in %*

ABFRL Facilities	FY21	FY22	FY23
Rainwater Harvested	45%	41%	53%
Water Recycled & Reused	75%	72%	68%

Water Conservation through Community Rainwater Harvesting *in kl*

ABFRL Facilities	FY21	FY22	FY23
Total Rainwater Harvested	27,160	36,818	64,934

GREEN & NET-ZERO BUILDINGS

We strongly believe in minimising the environmental impacts from our built environment across facilities by pursuing green building certification. Approx. 12 lakh sq. ft of our built environment is green building certified.

Across our built environment, we have integrated sustainable practices from the design-to-construction-to-operating phase embracing adaptable and flexible initiatives to build and operate high-performance buildings. We have six facilities certified under the green building rating system at various levels.

- Existing building category - HAL, FCL, CCL, and LEA, Attibele Warehouse
- New building category - Innerwear Warehouse

We are also focusing on creating Net-Zero Water Buildings and Net-Zero Energy Buildings. In FY23, while Haritha Apparels got certified LEED Zero Water under USGBC rating system, a pilot for one facility to be LEED Zero Energy and Carbon is under progress. This is a unique initiative of ABFRL and first in the apparel and retail sector.

CIRCULAR ECONOMY

At ABFRL, pioneering circular economy and resource efficiency are integral to our 'ReEarth' programme. Circular economy drives us, and we are constantly seeking solutions that help us minimise the negative impacts of our activity throughout the lifecycle of our products. We have a dual approach for circularity: (i) Reduce overall waste and (ii) establish end-to-end traceability.

Total Waste Generated *in MT*

	FY21	FY22	FY23
Non-Hazardous	2,234	3,730	5,480
Hazardous	6	5	9.5
Total	**2,240**	**3,735**	**5,555.5**

For more detailed waste generation by type, please see ABFRL Sustainability Report 2023.

Waste Disposal and Treatment for FY23 *in Tonnes*

Waste Recyclable	57.05%
Waste Reusable	41.39%
Compostable	1.49%
Incineration (Biomedical Waste)	0.07%

CLIMATE STRATEGY

Over the years, we have adopted various initiatives across Scope 1, 2 emissions and initiated dialogue with stakeholders for mitigating Scope 3 emissions across the value chain.

Our climate change agenda and sustainability 2025 goals are defined in accordance with the Paris Agreement.

Absolute GHG Emissions - Scope 1 & 2 *tCO_2e*

	FY21	FY22	FY23
Direct Emissions (Scope 1)	1,467	1,926	2,890
Indirect Emissions (Scope 2)	25,841	39,300	66,716
Total	**27,308**	**41,226**	**69,605**

*Note - **1.** Increase in Scope 1 & 2 emissions is due to addition of new facilities and retail stores in the reporting boundary. **2.** The Global Warming Potential (GWP) taken into consideration while calculating GHG emissions for FY22 & FY23, emission factor for tCO_2 and tCO_2e are different.*

Emissions (Other than GHG) *in MT*

	FY21	FY22	FY23
NOx	2.8	2.2	3.0
SOx	1.6	0.7	1.9
Particulate Matter (PM)	5.5	3.0	5.6

Increase in emission other than GHG due to addition of new facilities in the reporting boundary.

Absolute GHG Emissions - Scope 3 *tCO_2e*

	FY21	FY22	FY23
Indirect Emissions (Scope 3)	436,159	112,853	1,297,038

Note - We accounted 4 out of 15 categories in FY21 and increased to 10 categories in FY22 & FY23. The increase in reporting categories from resulted to increase in emission.

Human Capital

Our people vision is to

'Drive a High Performing and Customer Centric Culture with Happy and Value Oriented Employees'.

Our decade-long sustainability journey is powered by our people, who drive our commitment to create a positive impact on the environment and society. We have a diverse workforce of 28,390+ permanent employees who come from varying social, economic, and geographical backgrounds.

As we continue to build an inclusive environment for our diverse workforce, our people add to the depth of the Company's ever-growing knowledge capital, with a range of educational and industry experience.

Our people approach keeps evolving but continues to remain guided by the Aditya Birla Group philosophy of building dynamic and responsible businesses and institutions that enrich lives and inspire trust. We have put human aspects at the centre of the HR equation. We listen and engage with our employees regularly, take their suggestions and implement ideas that align with the organisation's goal to develop their sense of belonging.

Workforce Snapshot

Workforce	FY21	FY22	FY23
Total permanent employees	22,351	24,818	28,390
Total contractual employees	14,336	16,959	19,855
Total permanent women employees	12,066	13,840	15,632
New employees joined in the reporting period	6,788	11,871	16,002
Specially-abled employees	75	80	75
Percentage of Employee under the age of 30 years (%)	0.48	0.49	0.51

Note - There is no major variance in number of employees in the Company and all the headcount numbers are reported as on 31st March, 2023.

For more detailed breakup of our employee strength and turnover, please refer ABFRL Sustainability Report 2023.

SAFETY

We understand that a safe and healthy working environment enhances and extends the productive life of the workforce. Safety is also essential in attracting talented and engaged future employees. Therefore, we are implementing well-thought-out initiatives and programmes, while leveraging technology and digitalisation to make ABFRL a safe place to work.

Highlights

- **Zero Fatality at workplace**
- **15,217 Person-days of safety training**
- **80 Trainings conducted monthly (on an average)**
- **3 Lost Time Injuries, with no fatalities in operations under our control**
- **0.03 LTIFR (Lost Time Injury Frequency Rate)**

ABFRL Training Man-days

MF&L	Factories	3,922
	Warehouses	1,397
	Stores & Offices	488
Pantaloon	Warehouses	265
	Stores	8,841
VH IN	Warehouses	304
Total		**15,217**

Average No. of Employees Trained Per Month

MF&L	Factories	4,439
	Warehouses	1,192
	Stores & Offices	955
Pantaloon	Warehouses	220
	Stores	15,243
VH IN	Warehouses	325
Total		**22,374**

Social & Relationship Capital

Recognising that success goes beyond financial gains, we at ABFRL, place great value on our relationships with customers, employees, suppliers, and the communities in which we operate. By fostering strong social ties, promoting ethical practices, and engaging in sustainable initiatives, we aim to create long-term value and positive social impact, while also strengthening our reputation as a responsible corporate citizen.

CORPORATE SOCIAL RESPONSIBILITY

Inspired by the visionary leadership of Mrs. Rajashree Birla, Chairperson of Aditya Birla Centre for Community Initiatives and Rural Development, and Dr. (Mrs.) Pragnya Ram, Group Executive President & Group Head - CSR, Legacy Documentation & Archives, ABFRL unwaveringly upholds the Aditya Birla Group's CSR Policy. Our commitment lies in serving marginalised communities and embodying the profound concept of Trusteeship, transcending mere business interests to create a substantial, lasting impact. ABFRL's CSR endeavours are concentrated within five pillars that define our focus:

- EDUCATION
- HEALTH & SANITATION
- SUSTAINABLE LIVELIHOOD
- WATER AND WATERSHED
- DIGITALISATION

In order to execute these initiatives effectively, we have established the Aditya Birla Fashion and Retail Jan Kalyan Trust (ABFR Jan Kalyan Trust) as an independent entity. Through this Trust, we carry out CSR interventions across Karnataka, Tamil Nadu, Maharashtra, Odisha, and Andhra Pradesh.

Highlights

- **INR 3.55 crore invested in CSR activities**
- **29,439 hours contributed by employee volunteers**
- **231,197 beneficiaries covered through various initiatives**
- **Three model villages achieved 100% relevant attributes as per Sansad Adarsh Gram Yojana (SAGY) guidelines in FY23**
- **Approx. 64,934 kl of water conserved in Karnataka, Tamil Nadu and Odisha**

CSR MISSION PROGRESS - FY23

Focus Area	Targeted Beneficiaries FY23	Achievement
Education	19,130	26,689
Health & Sanitation	132,880	49,241
Sustainable Livelihood	2,678	2,416
Water & Watershed	35,341	36,814
Digitalisation	24,241	25,185
Others - Village Development Project, New Business CSR projects	13,328	90,852
Volunteering	20,000 (Hours)	29,439
	2,000 (Employees)	4,464
Grand Total	**227,598**	**231,197**

STAKEHOLDER ENGAGEMENT FRAMEWORK

In the age of collaboration and shared responsibility in creating a sustainable future, stakeholder engagement has been a vital strategy for us. We recognise the power of working together with our stakeholders to drive positive change. By listening to perspectives of employees, customers, suppliers, communities; understanding their concerns and incorporating their feedback, we ensure that our sustainability initiatives align with their needs and aspirations.

S	**IDENTIFICATION OF ISSUES**	All the issues from different sources specific to sector and business are identified
P	**STAKEHOLDER ANALYSIS**	Prioritise stakeholders and assess to what extent each stakeholder group identifies the issues as important
S	**EXTERNAL REQUIREMENTS**	Assess the importance of each issue with respect to external reporting requirements - both generic and sector specific
P S	**BUSINESS OBJECTIVES**	Assess to what extent each of the issues identified contribute to the achievement of the strategic business objectives
P S	**RISK ASSESSMENT**	Assess to what extent each of the issues identified contribute to the mitigation of key business risks
P	**SIGNIFICANCE OF ISSUES**	Determined by assessing the 'Magnitude' and 'Probability' of occurrence of each issue

Importance of Stakeholders

Importance to ABFRL

P *Primary Research (Stakeholder Consultation)* S *Secondary Research (Document Analysis)*

Through collaborative efforts and partnerships with our value chain partners, innovators and global forums over the years, our business ecosystem has strengthened, garnering innovative, scalable and shared solutions. We have participated and collaborated with various global platforms such as ICCE, UNEP, SAC, ZDHC, CAIF, GIZ, Ellen McArthur Foundation, SU.RE, CII, FICCI, IACC, and S&P Global.

For more information on our collaboration with other key stakeholder, please refer to the Stakeholder Engagement section.

Board Of Directors

Kumar Mangalam Birla
Chairman and
Non-Executive Director

C E F G H I
M R S T NRC

Aryaman Vikram Birla
Non-Executive Director

C E F G H
M R S I T

Ananyashree Birla
Non-Executive Director

C E F G H
M R S I T

Ashish Dikshit
Managing Director

C E F G H I
M R S T CSR / SRC

Sangeeta Pendurkar
Whole-time Director

I E F G T
M R S

Vishak Kumar
Whole-time Director

I E F G T
M R S

Arun Adhikari
Independent Director

C E F G H
M R S AC | NRC

Nish Bhutani
Independent Director

E F G H M
R T AC | NRC | CSR

Preeti Vyas
Independent Director

E G I M T
CSR

Sukanya Kripalu
Independent Director

C E F G H
I M R T
AC | NRC | SRC

Sunirmal Talukdar
Independent Director

C E F G R
AC | NRC | RMSC

Vikram Rao
Independent Director

E G H I M
S SRC | RMSC

Yogesh Chaudhary
Independent Director

E G I T
CSR | RMSC

Pankaj Sood
Nominee Director

C E F G H
I M R S T

Average Age

53 Years

26 Years — 72 Years

Avg Tenure on the Board

02 Years

01 Year — 09 Years

Board Independence

50% Independent — 50% Non-Independent

Avg Tenure of Independent Directors on the Board

03 Years

01 Year — 09 Years

SKILLS & COMPETENCIES

C Corporate Governance Legal & Compliance	H Human Resource Development
E Expertise - Strategic	M Marketing
F Financial Literacy	R Risk Management
G General Management	S Sustainability
T Technology, Digitisation & Innovation	I Industry Knowledge

COMMITTEE COMPOSITION

AC	Audit Committee
CSR	Corporate Social Responsibility Committee
NRC	Nomination and Remuneration Committee
RMSC	Risk Management and Sustainability Committee
SRC	Stakeholders Relationship Committee

Chairperson | Member

For detailed profile of Directors refer http://www.abfrl.com/corporate-governance/

Leadership Team

Left To Right Standing

Chandrashekhar Chavan
Chief Human Resource Officer

R. Sathyajit
CEO - International Brands

Anil Malik
President, Company Secretary

Sooraj Bhat
CEO - Ethnic Business

Ashish Dikshit
Managing Director

Puneet Malik
CEO - Innerwear & Athleisure Business

Jagdish Bajaj
Chief Financial Officer

Vishak Kumar
Whole-time Director - ABFRL, CEO of Madura Fashion & Lifestyle

Prashanth Aluru
CEO & Co-Founder - TMRW

Left To Right Sitting

Swaminathan Ramachandran
Chief Supply Chain Officer

Sumati Mattu
CEO - Sabyasachi Calcutta LLP

Dr. Naresh Tyagi
Chief Sustainability Officer

Sangeeta Pendurkar
Whole-time Director - ABFRL, CEO of Pantaloons, Marigold Lane & Style Up

Praveen Shrikhande
Chief Digital and Information Officer

CONTENTS

REPORT OF THE BOARD OF DIRECTORS *(Including Management Discussion and Analysis)* 1

CORPORATE GOVERNANCE REPORT 61

GENERAL SHAREHOLDER INFORMATION 82

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT 92

INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS 129

STANDALONE FINANCIAL STATEMENTS 146

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS 257

CONSOLIDATED FINANCIAL STATEMENTS 270

REPORT OF THE BOARD OF DIRECTORS

(INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS)

Dear Members,

Your Company's directors hereby present the Sixteenth Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2023 ("year under review/ FY 2022-23").

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During this year, industries experienced resurgence, with many sectors either returning to or surpassing pre-COVID levels. However, this revival has not been devoid of challenges, as geopolitical situations and inflationary pressures created several uncertainties, especially in global markets. In the global context, India continues to be a relative out-performer supported by domestic drivers such as strong consumption demand, robust corporate balance sheets, Government's focus on infrastructure and its appeal as an attractive destination for foreign inflows.

Global Economy Overview

The year 2022 witnessed a mix of positives and negatives, while there was economic recovery led by pent-up demand, there were also challenges caused by geopolitical tensions and a resurgence of COVID in China. These uncertainties gave rise to various issues, including inflationary pressures and decline in consumer and investor confidence. The global economy is anticipated to experience a slowdown in the current calendar year due to factors such as rising interest rates, slowdown in consumption etc. Per International Monetary Fund (IMF), global growth is expected to be 2.8% in 2023.

Although, with inflation beginning to ease, there is a growing sense of optimism, particularly in emerging economies. These economies are expected to continue being a major driving force for global growth, contributing a significant portion to overall GDP growth in the upcoming decade. For 2023, GDP growth for emerging markets and developing economies is expected to be 3.9% against 1.3% for advanced economies.

Indian Economy Overview

Indian economy has shown promising growth, with RBI estimating GDP growth rate of around 7% for the fiscal year 2022-23.

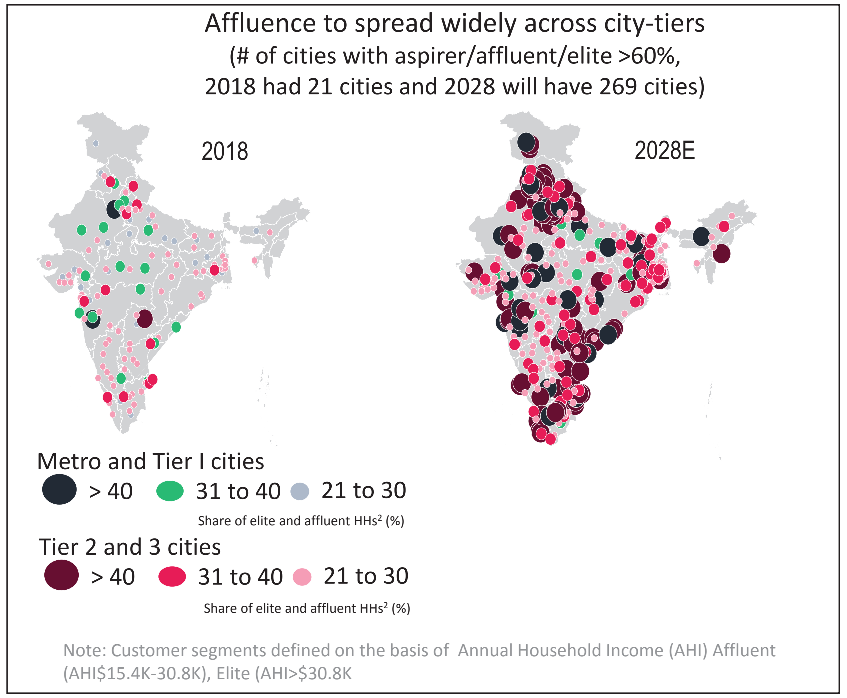
India's economic growth in FY23 has been principally led by increase in private consumption and capital formation. The nationwide vaccination drive had a significant impact on the public's outlook, resulting in rise in consumer spending and also return to restaurants, hotels, malls, and cinemas. This, in turn, improved corporate balance sheets, which had a positive effect on the banking system, as it overcame the challenges related to asset quality. Additionally, the robust collection of goods and services tax (GST) and direct taxes also resulted in increased Government spending.

This path to sustained recovery continued to face several challenges, including rising inflation, supply chain constraints, aggressive tightening of monetary policy across the central banks of advanced economies. However, India has demonstrated resilience by successfully navigating through these challenges without a significant loss of growth momentum.

Indian Economic Outlook: Long Term Optimism

As we step into the fiscal year 2023-24, India is expected to experience reasonably strong growth driven by multiple growth catalysts, leading to a GDP growth rate of 6.5% as forecasted by RBI. India's prospects for FY24 are marked by improving capacity utilization, Government's emphasis on capital spending, sustained buoyancy in services and strong domestic demand.

Consumer demand particularly amongst the affluent class in metros and tier I cities shall continue to remain strong. In addition to robust urban trends, the improvement in aspirations of rural and tier II/III cities shall contribute positively to the overall aggregate demand.



Despite unfavourable global factors that have dampened the near-term growth momentum, the country's resilient domestic growth drivers are anticipated to sustain and propel long-term economic growth.

India recently emerged as the fifth-largest economy in the world, and will continue to be seen as one of the key contributors to world economy. The country is an emerging manufacturing hub within global value chains, an expanding consumer market, and a frontrunner in driving digital transformation across both public and private sectors. The Government has been consistently taking proactive steps to support businesses, whether it's through promoting trade liberalization, refining tax rates, or maintaining an open approach towards foreign investments. At the back of these strong measures, the Indian economy continues to outshine and make a compelling case of investment for global investors.

Industry Review

Global Apparel Industry

After experiencing a huge setback during and after pandemic, the worldwide fashion industry made a strong recovery in 2021 and continued to grow at the start of 2022. However, the industry's momentum slowed down in the second half of 2022 due to deceleration in spending, macroeconomic volatility, rising inflation, and weak consumer confidence.

In 2023, the apparel industry's sales are expected to grow at a reasonable pace as the demand recovers in second half of the year. Per Euromonitor, the worldwide Apparel Market size is expected to grow from USD 1.37 trillion in CY 2022 to USD 1.48 trillion in CY 2023 at an annual growth rate of 8%. This Market is expected to grow to USD 1.8 trillion in 2027 at a CAGR of 6%.

The Luxury category is expected to grow at a faster pace owing to its superior resilience to inflation, compared to other categories. Casualwear and Sportswear segment are projected to continue expanding, while Occasion wear is expected to gain momentum due to re-emergence of events such as weddings and festive celebrations on a grand scale following the pandemic. There is also an increasing demand for sustainable and eco-friendly clothing, as consumers become more environmentally conscious.

With the direct-to-consumer (DTC) model gaining prominence, consumers are looking for more personalized and convenient shopping experiences. Brands continue to move beyond traditional retail channels and sell their products directly to consumers through their online and offline channels.

The Indian Apparel Industry

As India undergoes rapid economic growth, number of individuals with higher disposable income will be on a rise, fueling increasing spend on non essential goods and services. The rapid urbanization of the country has also played a significant role, as urban centres foster access to an array of lifestyle choices. Moreover, the demographic landscape, has resulted in an expanding working-age group and an increase in dual-income households, further boosting the demand for discretionary products. As India's per capita income is experiencing rapid growth, among various categories, fashion apparel is anticipated to exhibit the highest growth rate and maintain its position as one of the largest segments. With increasing affluence, consumers are likely to enhance their fashion preferences and keep up with evolving trends, driving sustained demand for apparel products in the market.

The Indian Apparel Market expanded to approximately INR 5.5 trillion in FY23. The market exhibited an uneven recovery, with urban markets demonstrating a more robust bounce-back and surpassing pre-COVID levels in FY23. While on the other hand, rural, tier III and IV markets have faced inflationary headwinds and hence remain in recovery phase.

In this post-pandemic world, many fashion and apparel retailers have continued to expand their retail footprint. The year 2022 highlighted that e-commerce and omnichannel play became a permanent feature in the retail industry. Several brands have increasingly adopted omnichannel play, leveraging their physical stores to fulfil online orders and enhancing customer value proposition.

Outlook: Positioned for a significant growth

India's apparel market has been experiencing steady growth, supported by several factors such as rising fashion consciousness, increasing young working population, and the emergence of branded players. This growth trend, positions India as a key player in the global fashion industry, especially when coupled with the country's growing economy and increasing digital consumption. As a result, India is poised to become a major fashion hotspot in the future with Indian apparel market expected to reach approximately INR 7.5 trillion by FY25.

India's young population sets it apart from other major economies, and this demographic advantage is anticipated to drive the expansion of organized retail. With a median age of approximately 28.2 years, the younger consumer exhibits a greater propensity for discretionary spending and possesses the ability to quickly embrace and interpret fashion trends. Consequently, the anticipated contribution of "**Gen Z and Millennials**" is expected to substantially bolster the growth prospects of the apparel sector.

Technology continues to play an increasingly important role in the Indian fashion industry, helping designers, manufacturers, and retailers to improve their processes, increase efficiency, and provide better customer experiences. E-commerce platforms have transformed the Indian fashion industry, making it easier for customers to shop online for apparel and accessories. Many Indian fashion brands have launched their E-commerce portals to sell products directly to customers. To remain competitive in a digitally driven retail landscape, fashion brands are investing in enhancing their retail technology prowess.

In this highly competitive apparel retail industry, the ever-changing consumer preferences offer a great opportunity to companies and brands to evolve, which in turn, is essential for brand success and market leadership. In the current landscape, brands that are "**agile to align**" with rapidly changing preferences are more likely to thrive and gain a competitive edge.

Key Trends in the Indian Apparel Industry

1. **Continued Premiumization**

   Premiumization is significantly impacting the Indian fashion industry by driving the demand for premium and luxury brands, designer fashion, and personalized experiences. It has led to the emergence of appealing retail spaces, an increased focus on quality and craftsmanship, and the growth of customized fashion offerings.

2. **Emergence of new fashion categories**

   Post-pandemic, there has been a significant shift in consumer preferences towards multipurpose clothing. This trend, is driven by various factors, including changing lifestyles, increasing popularity of athleisure and streetwear styles and is expected to continue gaining momentum.

3. **Value fashion: A switch to branded fashion**

   In recent years, the Indian apparel market has witnessed significant migration from the unorganized to the organized segment. This shift has made consumers more sensitive to the price-value mix, leading to the rise of value fashion price-points.

   This move towards value fashion has created enormous opportunities for several retail players operating in this segment. These value fashion retailers offer trendy and fashionable clothing at affordable prices, making it accessible to a wider range of consumers.

   With increase in brand consciousness across cities and towns and rising disposable income, the value fashion segment is poised for continued growth and success in the future.

4. **Rise and Continued growth of E-com and D2C business models**

   As e-commerce growth normalises post-pandemic, it has moved beyond the large cities to tier II, III and smaller towns across the length and breadth of the country. The promise of easy access to large assortments at attractive prices has unlocked large cohorts of buyers in under-penetrated markets.

   The D2C brands continued to increase their presence across the e-commerce landscape, showing a marked preference for driving user-engagement and sales through their brand websites. Several brands have invested heavily in technology to build a strong supply chain ecosystem and drive traffic to their brand websites. As reported by a top E-commerce solution provider, brand websites experienced higher volume growth YoY compared to marketplaces in the fashion segment. In the digital-first segment, fashion start-ups currently account for one of the largest shares, while also displaying promising potential for future growth.

   Furthermore, social commerce, where social media platforms play a vital role in the entire shopping process, from discovering products to completing the purchase, has become increasingly important for brands across categories.

5. **Omnichannel Shopping: Building delightful customer experiences**

   Apparel retailers are increasingly focused on providing customers with a seamless and consistent shopping experience across multiple channels. Shoppers are now looking for the omni experience, where they can seamlessly transition between online and offline channels, access a broader range of products, and leverage the convenience of digital tools while still enjoying the in-store experience. Hence, traditional EBOs are now transforming into "**store of the future**" models incorporating virtual and endless aisles, as well as online catalogues and trials.

   This approach not only improves shopping experience but also enhances customer lifetime value and fosters greater customer loyalty. To achieve this, many retail players are collaborating with logistic companies to streamline their supply chain management and provide an integrated and efficient experience for customers.

6. **Fashion's Sustainable Future: The Shift Towards Ethical and Eco-Friendly Practices**

   Consumers are becoming increasingly conscious of the environmental impact of the clothing they purchase. As a result, sustainable fashion, also known as eco-fashion or ethical fashion, is becoming an increasingly important trend in the industry.

   Brands are introducing organic cotton, bamboo, and linen, which are grown without synthetic pesticides and fertilizers. Recycled materials, such as recycled polyester and nylon, are also becoming more popular as they help to reduce waste and pollution.

   Another key aspect of sustainable fashion is the use of sustainable production methods. This includes reducing water and energy consumption, using low-impact dyes, and implementing fair labour practices. As consumers become conscious about their purchasing power and environmental impact, it is expected that sustainable fashion production will become increasingly important.

7. **India's Growing Luxury Business**

   The increasing purchasing power and availability of a wide range of branded products have resulted in the emergence of aspirational consumers in India. They are now exposed to global brands and lifestyles, which have positively influenced their perception towards luxury products. The luxury market in India is relatively untapped with low penetration rate compared to several other developed and emerging economies. As a result, the market in India presents significant opportunities for both international as well as domestic brands.

Business overview

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

Your Company's revenue stood at INR 12,418 Crore against INR 8,136 Crore last year, demonstrating a 53% growth. Company's EBITDA stood at INR 1,617 Crore with margin of 13%. Your Company added more than 500 stores as it expanded its network to 3977 stores including 431 Pantaloons stores. Its total retail footprint increased to 10.8 million sq. ft vs 9.2 million sq.ft. last year.

Your Company has strategically established a portfolio encompassing various segments, categories, occasions, and price points. This empowers your Company to cater to a significantly wider range of customer preferences and desires, allowing to capture lucrative opportunities across multiple market segments and amplify the long-term growth potential. By creating such a varied portfolio, your Company is poised to adapt to ever-changing consumer trends and demands. The ability to respond flexibly to market dynamics fosters resilience and ensures sustained growth over the long term.

By adeptly targeting ethnic, luxury and digital-first segments, your Company has successfully unlocked new market segments, expanding customer reach and solidifying the market presence. Your Company's focus on specific occasions ensures customer relevance and engagement, instilling loyalty. Moreover, the accommodation of different price points secures your Company's accessibility to a wide spectrum of customers.

Today, your Company encompasses a collection of widely recognized brands and retail formats that cater to a broad range of consumer needs.

Luxury/Super Premium Retail Formats			
Brands	**Western Brands**	**Ethnic Brands**	**Digital-First Brands** **Portfolio of 7 brands**
Masstige and Value Retail formats			

A) Super Premium and Luxury Retail

The Super Premium and Luxury market has been consistently growing through the COVID period aided by rising affinity for these brands.

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

The Collective, presents a truly unmatched retail concept, known for its extensive selection of exclusive global brands. Curating the world's finest fashion brands under one roof, this distinctive multi-brand retail format offers individuals with a one-of-a-kind perspective to express their unique personal style. The apparel offerings include formal, semi-formal, casual, denim and activewear from iconic international brands. The expansive collection of accessories includes watches, shoes, ties, belts, leather products, jewellery and sunglasses to create a perfect ensemble.

In FY23, the super-premium segment continued to grow profitably. **The business** grew approximately 60% over last year on account of strong L2L growth, expansion to newer markets and excellent performance in E-commerce channel.

By expanding its reach and presence in different regions, The Collective has been able to tap into previously untapped customer segments and increase its customer base. The brand's growing website traffic and conversion rates, targeted marketing campaigns, and focus on E-commerce will help it to become one of the largest luxury e-commerce portals in India. The brand has continued strengthening its visibility and recognition aimed at maximizing buying efficiency, ensuring that customers have access to a suitable assortment of products.

Your Company has announced strategic partnership with **Galeries Lafayette**, Paris to open luxury departmental stores and a dedicated e-commerce platform. This format shall bring more than 200 luxury and designer brands under one roof, enabling your Company to create a world class destination of global luxury brands for Indian consumers. The first store under this partnership is under work and is expected to be launched next year.

B) Western wear brands

1. Lifestyle brands

Your Company's Lifestyle brands houses four of India's iconic apparel brands, addressing diverse customer needs uniquely:

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

Lifestyle Brands reported a revenue of INR 6,608 Crore up by 46% over the previous year. The EBITDA margin was positive 16.6% at INR 1,095 Crore compared to INR 788 Crore in FY22.

The Lifestyle business, at the back of its robust L2L growth, aggressive retail expansion and strong e-commerce growth achieved highest ever yearly revenues in FY23, maintaining their leadership position and expanding their loyal customer base to over 26.3 million satisfied customers.

Premiumization and casualization are the two key drivers contributing to growth for these iconic brands. In the past year, along with formal wear, categories such as denim, suits and blazers, T-shirts, and accessories have posted significant growth. The womenswear and kidswear businesses have made remarkable advancements and are ready for their next phase of growth.

The business also intends to enhance its women's product range across various occasions and distribution channels.

After a two-year hiatus, the brands intensified their advertising investments to strengthen the brand identity, renew their communication and engagement with customers. Brands have maintained their momentum in expanding their digital presence through brand.com and online marketplaces. Furthermore, the Buy Online Ship from Store (BOSS) network has also grown to around 2000 stores facilitating rapid scaling up of Omnichannel capabilities across the country. The small-town network has experienced impressive growth with overall network of about 600 stores with a strong presence across all the brands.

Lifestyle brands have cemented their leadership positions in the respective segments and are now closer to their customers.

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

Lifestyle brands (Retail KPIs)	FY18	FY19	FY20	FY21	FY22	FY23
Walk-ins (Crore)	0.82	0.79	0.72	0.39	0.43	0.95
Conversion	46%	50%	55%	83%	89%	90%
Average selling price *("ASP")*	1,747	1,714	1,626	1,680	1,701	1,881
Average bill value *("ABV")*	4,211	4,256	4,072	3,693	3,844	4,576
Items per bill	2.4	2.5	2.5	2.2	2.3	2.4
like-to-like *("LTL")* volume growth	8%	4%	3%	-9%	25%	26%
LTL ASP growth	0%	1%	1%	-11%	16%	12%
LTL value growth	8.6%	5.3%	4.5%	-19.6%	46%	40%
No. of Stores	1813	1980	2253	2379	2522	2650
Total Retail Area (mn. sq.ft.)	2.40	2.56	2.83	3.01	3.24	3.55

2. Youth Western Fashion

American Eagle is among one of the top choices for "**Premium Denim**" in India, given its reputation for premium product quality, diverse range, and an elevated shopping experience across channels. These factors have helped the brand establish a strong presence and resonate with Indian consumers. The brand's revenue grew by 89% over last year on the back of strong L2L growth and improved accessibility. The brand expanded into newer markets through owned stores and department store doors, well supported by marketing campaigns that have resulted in increased awareness among its target customers.

Forever 21 is building a viable retail and scalable E-commerce model, and is rapidly evolving as a preferred brand for young and fashionable consumers. During the year, the brand continued to expand in newer markets with a higher propensity for fresher and more youthful fashion. Through the increased contribution of men's clothing, the brand has successfully evolved into a comprehensive one-stop-shop for all fashion needs. It has adopted a strategic approach to ensure deeper consumer connect by optimizing store layouts and product assortments for a more impactful presentation of merchandise. The brand is continuously enhancing its margins by leveraging improved scale and effectively utilizing local sourcing to its advantage.

Reebok is an established global brand in the sporting goods industry with a rich sports legacy. Reebok develops products and technologies that connects with the consumers' fitness priorities – whether it's functional training, running, sports, walking, dance, yoga or aerobics.

Your Company acquired Reebok India business through signing of agreements in FY22, to strengthen its sportswear portfolio in the youth fashion space. From 1st Oct 2022, the Reebok business transitioned into ABFRL and has commenced expanding its presence by launching new stores, relaunching its website Reebok.in, and initiating marketplace operations. The brand has also signed a set of new ambassadors and launched a fresh marketing campaign "**I Am the New**" to build a leadership position in sportswear category in the country. The brand continues to have a strong focus on retail expansion, scaling digital business, offering multiple category products, and rebuilding a fresh brand identity.

3. Van Heusen Activewear, Athleisure, and Innerwear

The innerwear and activewear market in India has seen several trends and developments in recent years, driven by the growing demand for comfortable and high-quality products and increasing popularity of online shopping. Per report by Wazir advisors, the innerwear and activewear market is set to grow to approximately INR 1.1 trillion by 2025.

Your Company's foray into the innerwear and athleisure market through its brand, Van Heusen, has met with notable success in a short period of time. Since 2016, brand has consistently scaled its distribution network and now has a vast multi-brand outlet (MBO) footprint of more than 32,000 trade outlets and the EBO network of 175 stores. The brand is also now available across key departmental stores, and large e-commerce platforms.

The brand is making consistent efforts to enhance the sales experience for both its distributors and end-consumers. It is achieving this by focusing on building a robust online presence and refining its supply chain operations. Its ecommerce platform, Van Heusen Intimates, caters exclusively to women's lingerie, lounge wear, athleisure, and activewear needs and operates at the intersection of content and commerce.

Van Heusen Innerwear offers a comprehensive collection that blends stylish designs with advanced product features, providing exceptional comfort and fit. The brand is dedicated to its consumer-centric philosophy and continuously introduces innovative products for both men and women. Each collection caters to different consumer segments, offering a unique range of choices. The brand has successfully launched a pilot kidswear line on its website and select MBOs.

The brand has accelerated its marketing efforts as it launched its first-ever national television and digital campaign. Furthermore, the brand is working on creating an impressive retail identity pegged on innovation and fresh fashion. These initiatives are aimed at strengthening the brand's visibility and creating resonance with its target audience.

The brand is relentlessly working towards enhancing the customer experience, curating a relevant product assortment for both offline and online channels, driving product innovation and category extensions, and establishing a strong position to spearhead the growth of the brand.

C) Ethnic wear Brands

The ethnic wear market is the largest segment in Indian apparel industry. This category accounts for around 30% of the overall apparel market in the country and its organized market is expected to grow at a CAGR of over 17% per reports. The market has witnessed high traction on account of a shift from tailored wear to ready-to-wear, and rising interests of millennials to deepen the connect with their culture. The market is characterized by a wide range of price points, with both high-end and affordable options available. At the higher price point, the ethnic market offers luxury and premium products that showcase exquisite craftsmanship, intricate detailing, and high-quality materials. The ethnic market also thrives at lower price points by offering affordable options that are accessible to a broader customer base. These budget-friendly products embrace ethnic aesthetics and incorporate cultural influences while ensuring affordability.

Your Company has already built a comprehensive portfolio and is present across multiple occasions and price points. The collaboration with celebrity designers such as Tarun Tahiliani and Sabyasachi allows your Company to have a strong play in the luxury wedding and super premium space. TASVA was launched in partnership with Tarun Tahiliani to specifically address the need for men's good quality wedding and celebration ensembles. Brand Shantnu and Nikhil with their couture and pret line, is now ready to grow further. Jaypore has established a viable retail model and the business is set to grow rapidly across channels. Your Company also completed the transaction to acquire celebrity designer Masaba's "House of Masaba" brand in FY23 that aims to create a young, aspirational and digital-led play in apparel, beauty and personal care business.

Your Company's comprehensive ethnic portfolio*

*Post completion of TCNS transaction, portfolio will be further strengthened.

Jaypore is India's leading premium artisanal brand for apparel, jewelry and accessories with 18 exclusive offline stores across 9 cities and a robust e-commerce platform which allows customers from around the world to purchase their products. The brand witnessed approximately 90% growth over last year on account of strong offline expansion and introduction of new categories like home, jewelry and men's wear.

Shantnu and Nikhil appeals to contemporary luxury shoppers with designs that cater to the clothing preferences of millennials. They offer Occasion and Ceremonial contemporary apparel for men and women across 15 stores in more than 7 cities. Apart from the couture line, S&N by Shantnu Nikhil, the bridge-to-luxury brand launched in 2020 has been very well received by the customers.

TASVA

In partnership with Tarun Tahiliani, Your Company forayed into affordable premium men's ethnic wear by launching a new brand, **TASVA**, in FY22. Tasva addresses the ceremonial wear needs of Indian men with high quality products at sharp price points. The brand offers an exquisite blend of innovation and tradition with contemporary tailoring and fits. Tasva is now available across 51 stores in 30 cities. The brand has rolled out a national campaign "**Ek Naya Nazariya**" in collaboration with its newly signed brand ambassadors. The brand's products saw consistent traction at the back of premium finish and feel, infusion of fashion and innovation and its contemporary take on traditionalism.

House of Masaba was transitioned into your Company in FY23. House of Masaba is a young, aspirational and digital-led brand across the affordable luxury segment in the fashion, beauty and accessory categories. The brand has 8 stores in 5 cities and poised for rapid expansion. The brand launched a new beauty and personal care line named "**LoveChild**" with a wide range of products across categories. With its foray in the promising apparel and beauty business, the brand is poised for accelerated growth.

Marigold Lane is a premium womenswear ethnic wear brand for contemporary Indian women. Marigold Lane is present across 75+ Pantaloons doors and 11 select EBOs.

Sabyasachi aspires to establish itself as a global Indian luxury brand, offering bridal wear, ethnic wear, handcrafted jewelry, and accessories. The brand continued to grow profitably and has maintained its status as the preferred choice for celebrity weddings. It has meticulously developed a strong presence by staying deeply entrenched in the Indian cultural heritage. The brand has 8 exclusive stores across 6 cities including New York. Sabyasachi in line with its global expansion strategy opened its first-ever exclusive brand store in New York in Oct 2022, which has been well received by customers.

D) TMRW: A portfolio of digital-first brands

The Indian E-Commerce market is expected to be USD 135 Billion by FY27, with 450 Million consumers. The growth is supported by strong underlying fundamentals such as large consumer base with growing affluence, growing Internet and smartphone penetration enabled by low data prices, and low shipment costs. Fashion and Beauty and Personal Care are projected to be largest online categories with a market size of USD 37 Billion by FY27.

India has also witnessed a massive scale-up of digital-first brands with increasing share of E-Commerce garnering greater than USD 2 Billion funding in the last 5 years. Consumers especially millennials and Gen Z that are digital native, are experimenting and adopting new age brands with loyalty and repeat purchase behaviour taking effect over time for leading brands. Brands that are 'Born on Instagram', 'Born on Shopify' or 'Born on Marketplace Platforms' will continue to disrupt and grab share from leading brands by adopting a cross-channel expansion path. The estimated addressable market for digital-first brands in fashion and lifestyle is expected to be USD 15 Billion by FY27.

In April 2022, your Company set-up a new entity "**TMRW**" to capitalize on this growing opportunity. TMRW is well positioned to become a leading House of Brands player by building on the strong ABFRL and ABG foundation, bringing in deep E-Commerce as well as technology capabilities and an ability to deploy capital with a long-term view. Your Company's strategy is to focus on fashion and lifestyle category and build the next generation of iconic brands that consumers love. TMRW shall work with D2C founders that have identified product market fit and help them scale rapidly.

Your Company will have a focused play in few attractive sub-categories:

- Large addressable market categories (e.g. Casual, Women's Western, Women's Ethnic)
- Emerging high growth categories (e.g. Athleisure and Active, Expressive Wear, Women's Fashion, Beauty and Personal Care, etc.).

A healthy mix of brands with D2C and marketplace footprint

Leading casual and expressive wear brand with loyal consumer base and distinct brand positioning

Youth focused D2C athleisure brand offering functional and fashionable designs

Leading denim lifestyle brand with winning marketplace products, robust sourcing ecosystem, low lead times

Fashion forward, Gen Z focused casual wear brand, offering trendy, expressive apparel at competitive prices

Leading kids and teen wear brand with strong consumer traction and **distinct design language**

E) Masstige & Value Retail

1. Pantaloons

Pantaloons reported annual revenue of INR 4069 Crore, up by 55% over last year, while EBITDA stood at INR 635 Crore compared to INR 368 Crore last year. The EBITDA margin was 15.6% for FY23 up from 14% last year. The brand's performance has remained strong, even though value and masstige fashion segment has been impacted by sustained inflationary pressures, particularly in the second half of the fiscal year.

Pantaloons is one of the most widely known retailer in the masstige segment of the Indian fashion retail industry. The brand recently marked its 25th anniversary by launching several successful campaigns and engaged with its customers. The brand continued to expand aggressively by adding 54 net stores to the network in FY23, bringing the total number to 431 stores. This year, Pantaloons strengthened its private label portfolio with the launch of "**Coolsters**" for tweens and "**7 Alt**" a casual wear brand for men, while sharpening the design aesthetics of its existing private label portfolio. Pantaloons has consistently pursued sharp markdown reductions, resulting in better value realizations for its customers. This approach has enabled the brand to enhance its reputation for delivering quality and fashionable products at affordable prices to Indian middle-class customers.

Overview of KPIs:

Pantaloons (Retail KPIs)	FY18	FY19	FY20	FY21	FY22	FY23
Walk-ins (Crore)	4.6	5.4	5.7	2.3	3.6	6.2
Conversion	22.4%	24.3%	26.1%	31.5%	26.2%	21.6%
ASP	665	643	665	649	727	813
ABV	1,842	1,880	2,001	2,075	2,325	2,468
Items per bill	2.8	2.9	3.0	3.2	3.2	3.0
LTL volume growth	-3.3%	3.1%	-2.1%	-50.5%	18.0%	31.5%
LTL ASP growth	0.8%	-1.7%	4.9%	-1.7%	12.7%	12.1%
LTL value growth	-2.6%	1.4%	2.7%	-51.3%	33.0%	47.5%
No. of Stores	275	308	342	346	377	431
Total Retail Area (Mn. sq.ft.)	3.76	4.02	4.36	4.46	4.92	5.72
HS vs Mall Store Mix	39%	40%	42%	42%	44%	48%

HS – High street

Pantaloons has made significant progress in delivering delightful shopping experience to customers across channels and geographies, **with over 120 stores** adopting the brand's new retail identity and the launch of multiple innovative campaigns. Additionally, the brand has scaled its E-commerce channel by introducing a mobile application, while also making notable improvements in technology and logistics. The brand is on track to build truly '**Phygital stores'** through a revamped loyalty program and improved digitalized shopping experience at stores leveraged through Omni-channel play. It has scaled up omni-network to around 300 stores. With these advancements, Pantaloons is well-positioned for significant growth in the future.

Pantaloons Private labels meeting needs of consumers across occasions and age groups.

2. **Style Up**

Style Up's value proposition is uniquely designed for value-conscious fashion shoppers, aiming to offer stylish and trendy everyday fashion at budget-friendly prices. Style Up's consumer base is spread across diverse markets, spanning from metros to smaller cities and towns, throughout the country.

In FY23, Style Up relaunched its identity, including a new logo, refreshed products and enhanced experience at stores. This new initiative has received an overwhelming response from its customers. Your Company will continue to assess the market and its potential across various locations.

Style Up new refreshed retail identity

Business strategy:

1. **Building Strong Brands**

Your Company is known for having built India's iconic apparel brands. These brands have attained their distinguished status through a continuous process of product innovation, which is supported by a strong and expansive distribution network that drives access to customers. Your company's success in building these brands has been driven by world-class marketing campaigns that effectively connect with customers on a deeper level. These brands represent your Company's most valuable strategic assets and are continuously evolving to adapt to changing customer preferences.

With several brands in the growth phase, your Company has a unique opportunity to transform these emerging brands into iconic ones. Your Company has already built a meaningful presence in the innerwear, casual, sportswear, ethnic, super premium, digital-first segments, and is further leveraging existing knowledge and insights to foster the development and success of these brands.

2. **Wide and Deep Distribution Network**

Your Company's business boasts of an extensive distribution network, making it a dominant player in the country's fashion retail landscape. With around 4000 stores and 32,000+ points of sale, your Company has strategically positioned itself to cater to a vast customer base across regions.

As your Company has successfully established a strong presence in its current markets with an extensive distribution network, it shall pursue expansion into newer markets. Expanding its existing and newer brands into untapped regions presents an exciting growth opportunity for your Company to broaden its customer base. Your Company's strong brand reputation and customer loyalty cultivated in its current markets can serve as a valuable asset in the new markets. Investing in localized marketing and understanding the unique challenges and opportunities of each region will be instrumental in fostering a strong connection with the target consumers.

3. **Penetrating into tier II and III markets**

Tier II and III markets continues to play a vital role in the country's growth narrative owing to their progress in the real estate landscape, work environment, quality of life and digital penetration.

With value space set to grow exponentially, tier II and III will be key drivers of growth. **Peter England Red**, **Allen Solly Prime, Van Heusen Gold, Louis Philippe All Star** are specific small-town format of the Lifestyle brands. With a robust network comprising 600 stores, these brands are set to fuel your Company's next phase of growth. **Pantaloons**, too, is well placed to capture a significant portion of this opportunity with evenly distributed presence across metros, tier I, II and III cities. **Style Up** was relaunched with a new brand identity offering quality fashion for every occasion with a special focus on small towns with population more than one lakh.

By actively targeting tier II and III markets, your Company is tapping into a rapidly growing market segment, poised for exponential growth. Its commitment to delivering value, quality, and high fashion that resonates with the aspirations of consumers in these cities positions it as a preferred choice. Leveraging its extensive network, brand strength, and understanding of local preferences, your Company is well-equipped to capture a significant portion of the opportunity presented by tier II and III cities, thus driving its growth and market leadership.

4. **Online Acceleration**

According to reports, online retail spending in India is projected to increase six-fold to reach USD 300 billion by 2030 attributable to the rising number of digitally influenced and online shoppers. Your Company remains uniquely positioned to capture the above growth given its branded offerings across segments, categories and price points.

In FY23, your Company launched a **new super app** for Lifestyle brands, laying the foundation for the inclusion of other brands in the future. The launch of Pantaloons.com and Pantaloons' mobile app witnessed significant traction, and are now set to increase its share in overall portfolio through improved customer experience and reduced lead times. Besides this, several other brands also continue to focus on their website as brand.com plays an important role in establishing brand identity, and building brand loyalty. Your Company will continue to build omni-capabilities to improve customer retention, generate higher customer lifetime value for business and leverage extensive store network.

By accelerating the growth of the online channel and leveraging the power of digital platforms, your Company aims to seize the opportunities presented by the evolving retail landscape, ensuring sustained growth and long-term success.

5. **Building a Diverse Portfolio with presence in High-Growth Categories**

Your Company is focused on expanding its portfolio by venturing into attractive and new high-growth categories.

Van Heusen Innerwear has already established a strong presence in the country and will continue to lead through an aggressive network expansion, product leadership, and innovation capabilities.

Reebok is exceptionally well positioned to become one of the leading **sportswear** brands in the country, with focus on retail expansion and scaling up its digital business.

Your Company's brands such as Van Heusen, Allen Solly and Forever 21 has already built a reasonable presence in **women's western wear** category. It will continue to nurture and scale it significantly. **Pantaloons** continued to strengthen **womenswear** category by introducing new products to appeal young women.

The **Fashion accessories** market has experienced substantial growth, driven by personalization, wide range availability with the convenience of E-commerce. The **Handbags and Footwear category** of the Lifestyle brands have shown promising growth. Sabyasachi's jewelry and accessories business is set to be a major revenue driver in the coming years. **Pantaloons** has also expanded into the **home category** with 'Living Scapes' and is actively strengthening and scaling up its accessories segment.

Your Company forayed into affordable **premium men's and women's ethnic wear** by launching TASVA and Marigold Lane respectively. Collaboration with Tarun Tahiliani and Sabyasachi allows your Company to have a strong play in the fast-growing **luxury wedding and designer wear** market.

TMRW was set up with an aim to create a rich portfolio of digital-first disruptor brands in fashion and lifestyle segment. **TMRW** has already established a strong portfolio of 7 brands across multiple large and growing categories such as kids wear, denim wear, casual, western wear and athleisure. Over the next three years, TMRW will continue to acquire as well as incubate 30+ innovative, customer-obsessed brands within a synergistic 'house of brands' play.

By diversifying its portfolio across these high-growth categories and leveraging the strength of its brands, your Company is well-positioned to capture market opportunities, drive growth, and deliver value to its customers and shareholders.

Building a meaningful play in super premium and luxury segment

The Indian luxury landscape is constantly evolving and has witnessed significant growth in recent years driven by increasing income levels and wealth of the country's middle and upper class, rise of E-commerce platforms and proliferation of international luxury brands in the country. Luxury and super premium segment are set for rapid double-digit growth over the next few years.

The portfolio of super premium brands has already surpassed its pre-pandemic levels and shall sustain its growth trajectory. This achievement can be attributed to the increased reach of the E-commerce channel, expansion to newer markets and better engagement with consumers. In pursuit of capturing this lucrative market, your Company has entered in a partnership with French luxury department store chain **Galeries Lafayette** to extend its luxury play across all categories through a multi brand format. Your Company plans to open destination stores in prime locations along with a dedicated E-commerce platform to cater to other markets.

By leveraging this collaboration and capitalizing on the evolving luxury landscape, your Company is well-positioned to establish a credible and impactful presence in the super premium and luxury segment. Your Company's commitment to deliver exceptional quality, curated offerings, and an unmatched customer experience will drive growth and solidify its position as a leading player in the luxury market.

Digital Transformation Roadmap

Your Company remains committed to its digital transformation journey, leveraging the strength of its brands. It has made significant strides in enhancing its digital presence and capabilities and continued focusing on building a brand-led E-commerce ecosystem that seamlessly integrates with its offline business model.

Through in-house development, your Company has created a robust E-commerce platform that empowers individual brands or a group of brands to have their own dedicated websites, mobile sites, mobile apps, and virtual stores. This approach allows for a tailored and immersive digital experience that aligns with the unique identity of each brand. Additionally, seamless integration with over 10 different marketplaces further expands the reach and visibility of the brands in the digital landscape.

A key aspect of the digital transformation roadmap is the implementation of a unified order management and supply chain system. This system provides a single view of inventory, including warehouses and stores, across all digital channels. The integration of inventory data ensures efficient fulfilment processes and enables seamless omnichannel capabilities. Customers can enjoy a consistent shopping experience, whether they choose to shop online or in-store, with the convenience of accessing a wide range of products and services. Your Company has successfully established a robust omnichannel infrastructure, with around 2000 brand stores and around 300 Pantaloons stores now fully omnichannel enabled.

This year, your Company achieved significant milestones in its digital transformation journey.

- Pantaloons scaled up its website and mobile app, incorporating hyper-personalization capabilities.
- Lifestyle brands launched a new multi-brand website and app with plans to add more brands in the future.
- 'TASVA' introduced its dedicated website.
- 'LoveChild' by Masaba, the newly launched cosmetics brand, flagged off its own website.

These initiatives enhance the online shopping experience and cater to specific customer preferences. Your Company continues to invest in digital platforms to engage customers and drive growth.

Your Company has prioritized the enhancement of its e-commerce platform, focusing on personalization, hyperlocal capabilities, content management, and performance optimization.

Integration with analytics and marketing automation platforms enables customer funnel tracking and real-time notifications. The implementation of a cloud-based Point-of-sale system across over 2000 stores enables seamless omnichannel capabilities and quick delivery of online orders.

Core IT systems have been modernized and automated, including the upgradation and consolidation of multiple ERP platforms across businesses and the rollout of cloud-based ERP for new businesses. A company-wide data warehouse has been established for reporting and MIS, promoting data democratization. Innovative developments include a **Single View of Customer** mobile app for Store Managers, a **Markdown Management System** utilizing AI/ML, and analytics. These initiatives strengthen your Company's digital infrastructure and optimize operational efficiency.

Human Resources

Your Company's philosophy of **'The Biggest Brands and Best People'** fuels it to give its best. While your Company has several well-known brands under its umbrella, the people behind the brands make it a power-house. You Company's unique **Employee Value Proposition (EVP) – 'A World of Opportunities'** makes it a preferred employer for professionals in the industry.

FY 23 Human Resource Achievements

- Unwavering commitment to fostering internal talent growth, resulted in 17% of employees getting new roles.
- Consumer grade experience of key HR processes provided to 24,810 retail employees by implementing Alt Life HRMS program through simplified, tech-enabled app-based HR process.
  - o Power BI Dashboards were launched for HR & Business teams with Line manager and store manning dashboard receiving the highest usage
  - o Institutionalized HR Service Delivery for seamless employee experience, standardization of processes under a single platform
- Ethnic businesses experienced valuable talent infusion from Jewellery, Beauty and Personal Care, and accessories sectors. Furthermore, a successful talent ramp-up has been achieved for TMRW, further enhancing the overall strength of the organization.
- Deployment of Gig workforce in 150+ stores of Pantaloons PAN India resulting in manpower savings. Also, 850 apprentices hired in MFL in FY23 resulting in savings.
- Significant boost in engagement as a result of our strategic focus on cohort-based properties on social media, in line with EVP. Additionally, successfully designed and launched campus initiatives, namely Pantaloons Next Top Designer (NTD), which garnered an impressive 900+ applications, and Showstopper, which received a staggering 10,965 applications from over 300 esteemed business schools.
- In a pioneering move within the industry, we successfully implemented a Digital Health Assessment with follow-through for over 9,900 front-end, head office, and zone employees.
  - o This initiative marks a significant milestone, underscoring our commitment to prioritizing employee well-being.
  - o Furthermore, targeted programs focused on enhancing physical, mental, emotional, and financial wellness were launched.
- Developed a solid footing on social media, with a surge of 12,000 (500% growth over LY) new followers on our Instagram account "Life At ABFRL", and an astounding 140,000+ fresh additions to LinkedIn family which makes it a total followership of 400 K.

1. Talent Management and Career Growth

The Employee Value Proposition at ABFRL has two key pillars — Career growth and development. Focused initiatives under these pillars prepare our employees to unleash their potential and achieve personal and professional goals aligned with the organisation's strategy.

Your Company has institutionalised **Talent Councils** that actively review the organisation's talent pipeline, succession plans for key roles and requisite development interventions. The succession planning ensures that all roles are reviewed for their criticality by the management team and a strong pipeline of talent is identified as successors for these roles. We have in place annual career conversations, which are structured to understand employee aspirations, provide them a clear vision of their career path.

To support continuous learning and growth, your company has partnered with **well-known educational platforms**, and your Group's inhouse **Gyanodaya Campus** for classroom programmes. These provide employees with a plethora of opportunities to develop and grow in their careers. Exposure to leaders through mentorship and coaching help employees learn from the experiences of industry stalwarts and be future ready. All these initiatives and efforts by the organisation have helped retain employees and keep them engaged.

Your Company's focuses on the career movements of employees to ensure they get diverse experience in terms of functions, geographies, and formats to facilitate your Company's efforts to build all-round leaders across the organisation. Your Company drives the philosophy of giving diverse experiences to young talent in the formative years of their career and emphasise 2*2*2 experience (2 Business units * 2 Functions * 2 Locations).

Young Talent

Your Company has a **Young Talent Program** that is designed to attract and nurture young professionals across various disciplines such as Business Management, Fashion Management, Chartered Accountancy, and Retail Operations.

Learning and Development

Transition to circular economy is changing the way your Company works. In this evolving ecosystem, the focus is on behavioural and functional learning, knowledge, and skills development of employees, empowering them with the right knowledge. This also enables us to develop future-ready leaders.

The learning of employees is anchored by our internal capability-building academy, ABFRL University as well as Gyanodaya, the Aditya Birla Group Global Centre for Leadership. There are several leadership development programs that are focused on strengthening three key areas – Leading Self, Leading Digital, and Leading Others. These initiatives help build competence in the following areas: Personal Leadership, Financial Acumen, Immunity to Change, Digital Transformation, Employee Relations, Sustainability, Problem Solving, Analytics, and Presentation Skills.

2. Rewards and Recognition

Remuneration and Benefits

Our approach to rewards at ABFRL is drawn from our overall people philosophy.

Your Company has a comprehensive, agile, balanced and inclusive approach towards remunerations and benefits and our rewards programme aims to attract, engage and retain top class talent in the industry. Our rewards value proposition is anchored in Total Rewards where we incorporate both the monetary (Fixed Compensation, Variable Pay and Long-Term Incentives) and the non-monetary elements (Benefits, Recognition and Work-Life Effectiveness).

Pay decisions are rooted in pay for performance, long-term potential of the individual and competitiveness with respect to our market peers.

We strive for absolute non-discrimination in pay because of gender, age, and/or experience of the individual and we have fairness measures in place for specific scenarios such as maternity leave and talent mobility across the businesses. We continuously review our people productivity to prepare the organization to be future-ready in the context of changes happening at Work, Workplace and Workforce.

Our reward approach lays significant emphasis on programmes that incentivize both short-term and long-term business performance. We have also put in place fairness measures in certain scenarios such as maternity leave, inter- or intra-business transfers.

Recognition

There are multiple platforms for recognition for employees and teams, whether at the ABG level, ABFRL level or at a business level. The ultimate celebration of success happens at the Group's annual event – Aditya Birla Awards, which recognizes outstanding players and teams, who have displayed commitment and passion towards their craft.

Enrich Your Life

Your Company's vision is to provide a fulfilling workplace for our employees, where everyone feels valued and supported as an individual, and not just an employee. At ABFRL, we are consistently working towards creating a supportive, friendly and happy workplace. Our Leave Policies, Work from Home policy, Flexible Work Arrangements, and Employee Wellness Programmes aim to impart a healthy work-life balance for employees to better manage their professional and personal commitments.

Employee Wellness Initiatives

Employee Wellness has always been one of the priority areas in enriching life and strengthening the Employee Value Proposition at ABFRL.

In this regard, we pioneered a three-pronged approach – Physical, Emotional and Financial Wellness initiatives to rollout a holistic employee wellness and wellbeing agenda.

Digital Health Assessment (DHA)

To focus on the health and wellbeing of our employees and encourage our workforce to stay healthy and focus on their health, Company launched a holistic wellness initiative for its workforce. The stages of the initiative include: -

- Self-guided Digital Health Assessment
- Stratification of all employees in high, medium and low risk categories
- Company sponsored diagnostic tests for employees in high risk categories
- Graded support programs to employees in high and medium risk category and work stress reduction plan
- Rolling out wellness policy for store employees

Businesses also adopted a policy of allowing employees to take a 7-day break from work and do something purposeful, something which allows them to follow their passion like voluntary teaching, donating, investing in self-learning and development etc.

Values

The organization's core values of Seamlessness, Passion, Speed, Commitment and Integrity have guided the actions of your Company and are the key to why your Company attracts the best talent. These values come alive in the daily processes and practices that leaders and employees follow.

Communication

Your Company encourages open and honest communication among teams and through leadership. There are various formal and informal platforms including open houses, town halls, and anonymous survey touch points through, which employees are encouraged to ask questions and share feedback. The open work atmosphere across the Company has ensured two-way healthy communication between leadership and employees. The VIBES and HR stakeholder survey have helped management understand the pulse of employees across various experiences and stages. Your Company has engaged top talent across businesses through a series of interventions planned and implemented for various groups. There were regular leadership connections and development journeys designed for high-performing employees across your Company.

Sustainability

As a responsible consumer-centric organisation guided by the Aditya Birla Group's key principles since its inception, sustainability has been deeply ingrained in your company business strategy and is fundamental to ABFRL's endeavours. As the market leader, your company prioritises meeting consumer demands by striving to deliver products with better environmental and social footprints.

Your Company believes that economic growth must be achieved in synergy with environmental and societal interests. Thus in 2013, your Company embarked on a structured sustainability programme, 'ReEarth for our Tomorrow' which comprised of 10 Missions namely Energy, Carbon Footprint, Green Building, Water, Waste, WASH Pledge, Safety, CSR, Packaging and Sustainable Products with annual targets, clear responsibilities and timelines. ReEarth is a movement to give back more than we take from the ecosystem.

After achieving significant milestones in 2021, your company embarked on 'ReEarth 2.0', shifting focus from being process-led to product-led with a 2025 agenda that emphasises product design and development, customer-centricity, and supply chain sustainability. This 2025 roadmap aims to achieve ambitious sustainability targets and business goals while balancing risks and opportunities for all relevant ESG initiatives.

Your Company has put in place a strong governance mechanism that effectively oversees its sustainability agenda and goes beyond just meeting compliance requirements. The Management Committee periodically reviews sustainability strategy and initiatives, while the Risk Management and Sustainability Committee (RMSC) monitors and reviews the risk management plan and other delegated functions related to sustainability. Organisational risk and governance practices are mapped in-line with the Task Force on Climate-related Financial Disclosures (TCFD) and Committee of Sponsoring Organisations (COSO), globally accepted climate risk framework and Enterprise Risk Management framework respectively.

Your Company is committed to transition to sustainable fashion by building adaptable and flexible high-performance business models, promoting life cycle thinking, sourcing responsibly, embracing circular economy principles, and ultimately mitigating or eliminating negative impacts on the environment caused by the use of fossil fuels.

As discussed in detail at COP 27, waste management is one of the key material issues and a major bottleneck for the fashion sector. To address it, ABFRL is creating closed loop systems where waste generated is recycled or reused and converted to useful resources. The entire non-hazardous waste across your company's facilities is either recycled or reused, and a small quantity undergoes composting. 'Zero Waste to Landfill' has been achieved across operations and going forward, your company is exploring innovative ways to reuse production line waste in inhouse products, thereby reducing ever increasing demand for raw materials. Along with existing collaboration with International Council for Circular Economy (ICCE) and Circular Apparel Innovation Factory (CAIF), your Company has taken a large stride in its circularity journey by entering into a collaboration with the 'GIZ', a German Government agency, in a 'private-public development partnership project' which aims to strengthen circular business practices for the Indian market.

Your Company also participates in and collaborates with various global platforms and ESG indices. These strategic collaborations and participations have helped your Company stay relevant by ensuring alignment with global as well as national sustainability agendas, and presented it with an opportunity to benchmark its sustainability performance against both domestic and global peers.

Across the years, your Company's sustainability journey has been widely appreciated and has garnered global recognition and accolades. This year too, your Company received accolades from prominent forums and organisations. Some of the notable instances include:

- Retained **Asia's most sustainable company and a global rank of 8th (eighth)** at the **S&P Global – Corporate Sustainability Assessment** in the textiles, apparel and luxury goods sector
- Achieved a **global rank of 12th** under Textiles and Apparel sector with a score of 12.15 (Low Risk Category) after being assessed for the 1st time by **Sustainalytics**, a global ESG Rating Standard of repute
- Received **ESG India Leadership Awards 2022** in the category of Leadership in **Green Supply Chain by ESG Risk**
- Committed towards being a signatory of **United Nations Global Compact** through adhering to its 10 principles
- Awarded **ESG Trailblazers at the ESG World Summit and GRIT Awards 2022**
- **ABFRL - LBRD WAREHOUSE** of Aditya Birla Fashion and Retail Limited, Bengaluru, achieved Platinum certification under **IGBC Green Factory Building Rating System**
- Received **TRUE Zero Waste Gold certification** for its manufacturing site from **Green Business Certification Inc. (GBCI)**

This year, your Company is planning to validate its climate and emission-related energy and emission targets through the Science Based Targets initiative (SBTi). This additional step will help align internal goals with the international target of keeping the global temperature below 2°C.

At ABFRL, sustainability and fashion are not a paradox, and over the years, sustainability has been integrated into the brand and embedded in the business core. Your Company is committed to maintain its unwavering focus on sustainable fashion, and plans to leverage innovation and technology as catalysts for the journey ahead.

Risk management

Your Company recognizes the importance of a robust governance structure and effective risk management in ensuring sustained performance and growth. This year, significant strides have been made in enhancing the risk management framework. An integrated approach has been adopted, combining the COSO framework with the Task Force on Climate-related Financial Disclosures (TCFD), to strike a balance between financial, social, and environmental priorities. This approach aligns risk management with performance and strategy, delivering long-term value to stakeholders.

To oversee the identified risks and mitigation plans, a dedicated Risk Management and Sustainability Committee (RMSC) has been established. The committee, supported by the Chief Risk Officer, Head of Sustainability, and Risk Management Committees, continuously monitors and evaluates risks from strategic, operational, financial, environmental, and compliance perspectives. Internal and external business environments are carefully monitored to identify potential risks and opportunities.

Periodic assessments by the established committees and internal functions ensure ongoing evaluation of risks. Mitigation plans are implemented to manage key risks and minimize residual risks, safeguarding the company's interests. This proactive risk management approach provides the foundation for effective decision-making and resilience in the face of evolving challenges.

Key risks:

1. **Changing customer trends**

   Over the last few years, consumer preferences, behaviours, and consumption pattern have changed triggered by COVID leading to deep ramifications on how people buy and consume goods and services. This behavioural change coupled with technological emerging trends are re-shaping the retail landscape in India with long-term implications. These factors have the potential to negatively impact your Company's ability to accurately forecast customer demand, leading to a higher rate of inventory obsolescence and/or missed sales opportunities. Further, demand continues to grow for cheaper merchandise curtailing the market for quality fashion.

   To manage this risk, your company has implemented several strategies, including establishing new segments across different occasions and price points through brand extensions and sub-brands, pursuing growth opportunities via acquisition, joint ventures, and licensing, and exploring new partnerships with e-commerce partners. Your Company also focuses on innovating its product lines and expanding its consumer base by adopting a category approach. This approach allows your Company to better target the needs and preferences of consumers and differentiate the products from those of competitors.

2. **Global Slowdown and impact of adverse Macro Indicators**

   Global slowdown has a bearing on Indian economy and consumption, leading to enhanced volatility in the markets. This can lead to slowdown in exports market, disruption in supply chain, fluctuation in raw material prices and increase in cost of capital. Inflationary pressure and consequent rise in interest rates can dampen the consumer sentiments, particularly in small towns.

Your Company has offerings across occasions, categories and price points ensuring wide reach. Your company continues to innovate by introducing new products or designs that appeal to customers and can help the company maintain or increase its market share. These strategies help in adapting to market fluctuations and addressing changing consumer preferences.

3. **Increase in competition intensity**

Your Company operates in a highly competitive industry which is characterised by rapid shifts in consumer trends and technology. This dynamic environment can lead to pricing and demand volatility, impacting the competitive landscape. Due to the expansive nature of our business, your Company faces competition from various domestic and international players operating in retail, wholesale, and e-commerce space. Some of these competitors may have access to greater financial and marketing resources and, therefore, giving them an advantage in adapting to customer needs and taking advantage of opportunities or responding to threats.

In order to maintain its position as a leading apparel company, your Company has implemented a range of strategies, including extensive brand building, leveraging technology to enhance the customer experience, establishing omni-channel networks, and forming partnerships with both online and offline market players to have multi-category play.

4. **Data security**

Due to increased digital exposure in business, there is a threat to leakage of critical business information, customer information and sustenance of operations in the event of a cyber-attack, internal data breach and downtime of critical business systems. This could potentially result in financial losses and have a negative impact on the brand image.

The risk is mitigated through establishment of Disaster Recovery (DR), Business Continuity Plan (BCP), Data Loss prevention (DLP) and Security Information and event management (SIEM) technology. Periodic monitoring and reporting of incidents are conducted, including the identification of root causes for each incident and ensuring that they are addressed appropriately.

5. **Talent retention and attraction**

With your Company rapidly expanding on multiple fronts there is need of talent in key functions like design, marketing, retail and e-commerce. The fashion retail industry being extremely fast-paced and competitive there is shortage of skilled professionals who can help meet the needs of consumers and stay ahead of trends. The fashion retail industry is also facing competition from other industries for top talent with expertise in digital marketing, e-commerce, and data analytics.

Your Company continuously keeps abreast with leading employment practices in the industry placing strong focus on developing, motivating, and retaining the best talent for our existing as well as new ventures. Your Company's approach to talent retention and development is well-crafted and structured, complemented by targeted interventions that foster leadership growth within the Organization.

6. **Quality and cost of retail space**

Your Company operates via both online and offline channel. But at present, the majority of its sales come from the physical store network. With increased demand for retail space from apparel and other industries like healthcare, education, jewellery etc. availability of quality retail space has become a challenge. Owing to huge demand and lesser availability of properties across key locations, rental costs have increased significantly as compared to pre-pandemic levels.

To address this issue, your Company continues to build relationship with most prominent mall owners and real estate developers across the country to remain a preferred partner of choice. Your Company is also committed to securing long-term leases to ensure continuity. In addition to that, your Company has implemented processes to enhance store appeal by investing in retail identity, renovating and rebranding, and improving customer navigation for an enhanced customer experience.

7. **Execution Risk**

Your Company has built meaningful presence in several high growth categories like Ethnic wear, Luxury, Innerwear and Athleisure and digital-first, in line with its portfolio strategy. These businesses currently are in expansion phase with significant investments being made in network expansion, brand building and organizational build-up. It is very important these initiatives achieve necessary scale and profitability, to help Your Company realise its overall long-term strategic goals.

Road Ahead

As per a large research house, India's GDP is predicted to surpass USD 7.5 trillion by 2031, making it the third-largest economy globally. This economic expansion is expected to result in more than 2 times rise in per capita income by 2031, leading to a shift in consumer spending patterns from basic necessities to discretionary items. As a result, the demand for apparel products is likely to increase, presenting significant opportunities for the Indian apparel industry to grow and thrive in the coming years.

Your Company has already laid a solid foundation that enables it to take advantage of the future growth in the apparel industry. In previous years, your company adopted a portfolio-oriented strategy focused on offering a wide range of products across multiple segments, occasions, and price points, in response to shift towards branded products and changing consumer preferences.

Also, as part of its strategy, your Company has upgraded its digital capabilities, recognizing the importance of digital transformation in today's market landscape. By investing in its digital infrastructure, your Company is better equipped to cater to evolving customer needs, offer personalized and seamless experiences, and enhance its overall competitive position in the market.

The ongoing efforts of your Company exemplify a commitment to proactively adapt to the ever-evolving business landscape. This dedication sets a solid foundation for sustained achievements in the future. By combining these factors with an extensive portfolio of well-established brands, your company is positioned to seize opportunities for expansion and gain a stronger foothold in the industry, ensuring continued success.

Financial Performance and Analysis

(₹ in Crore)

Particulars	Standalone		Consolidated	
	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2022
Revenue from Operations	**11,737**	7,824	**12,418**	8,136
EBITDA [(1)]	**1,705**	1,174	**1,617**	1,203
Finance Costs	**424**	340	**472**	351
Depreciation	**1,114**	947	**1,227**	997
Profit / (Loss) Before Tax [(1)]	**166**	(113)	**(82)**	(145)
Current Tax	**(2)**	-	**14**	21
Deferred Tax Assets / (Liabilities)	**(36)**	33	**37**	47
Net Profit / (Loss) After Tax [(1)]	**133**	(81)	**(59)**	(118)

(₹ in Crore)

Particulars	Standalone (Comparable)*		Consolidated (Comparable)*	
	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2022
Revenue from Operations	**11,737**	7,824	**12,418**	8,136
EBITDA [(1)]	**671**	273	**509**	275
Finance Costs	**160**	132	**172**	134
Depreciation	**262**	215	**304**	235
Profit/ (Loss) Before Tax [(1)]	**250**	(74)	**33**	(94)
Current Tax	**(2)**	-	**14**	21
Deferred Tax Assets / (Liabilities)	**(36)**	33	**37**	47
Net Profit/ (Loss) After Tax [(1)]	**216**	(41)	**56**	(67)

**Comparable refers to Pre Ind-AS 116 numbers.*

Standalone performance

(₹ in Crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Net Working Capital [(2)]	**1,357**	705
Net Fixed Assets (including CWIP)	**1,488**	674
Deferred Tax Asset	**317**	353
Capital Employed	**3,162**	1,732
Investments [(3)]	**1,401**	835
Right-of-use assets	**3,043**	2,279
Goodwill [(4)]	**1,860**	1,860
Total Capital Employed	**9,466**	6,705
Net Worth	**3,787**	2,882
Debt	**2,030**	1,207
Lease Liabilities	**3,649**	2,616

Notes:

(1) Includes other income of ₹ 110 Crore (Previous year: ₹ 94 Crore).

(2) Net working Capital

(₹ in Crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Inventory	**3,764**	2,729
Trade Receivables	**835**	754
Cash and Bank Balances	**643**	108
Other Assets	**2,123**	2,009
Less: Trade Payables	**3,663**	3,336
Less: Other Liabilities	**2,345**	1,560
Net Working Capital	**1,357**	705

(3) Investments includes ₹ 1,391 Crore towards investments in Subsidiaries and Joint Venture (Previous year: ₹ 828 Crore).

(4) As on March 31, 2023, 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.

Revenue

Your Company reported revenue of ₹ 11,737 Crore during the financial year, recording a growth of 50% over the previous year.

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

EBITDA of the Company, including other income is ₹ 671 Crore on comparable basis (previous year EBITDA of ₹ 273 Crore). The reported EBITDA of the Company is ₹ 1,705 Crore (previous year ₹ 1,174 Crore) factoring impact of Ind AS 116. The EBITDA margin for the Company marginally decreased from 15.00% to 14.50% during the year.

Finance cost

Finance cost for the year was ₹ 160 Crore on a comparable basis, increased from ₹ 132 Crore in previous year, as a result of higher borrowings. The average borrowing cost for the Company remained flat to 7.66% as compared to 7.67% in the previous year due to higher proportion of long-term borrowings. The reported finance cost of the Company is ₹ 424 Crore (previous year ₹ 340 Crore) due to the impact of Ind AS 116.

Depreciation

Depreciation increased from ₹ 215 Crore in the previous year to ₹ 262 Crore during the year on comparable basis. The reported depreciation of ₹ 1,114 Crore (previous year ₹ 947 Crore) includes the impact of Ind AS 116.

Dividend

In view of accumulated losses of previous years, your directors have not recommended payment of any dividend for the year under review.

Borrowings

Borrowings have increased from ₹ 1,207 Crore in the previous year to ₹ 2,030 Crore with Net Debt increasing from ₹ 562 Crore in the previous year to ₹ 1,237 Crore. The Company has raised ₹ 1,269 Crore through fresh borrowings and have repaid borrowings of ₹ 447 Crore during the year with average borrowing cost at 7.66%.

The credit ratings of the Company by CRISIL Limited, ICRA Limited and India Ratings & Research during the year has improved to AA+ (Stable) [previous year AA (Stable)].

Non-Convertible Debentures ("NCDs")

During the year under review, the Company has issued and allotted 50,000 Listed, Unsecured, Rated, Redeemable NCDs of the face value of ₹ 1,00,000 (Rupees One Lakh only) aggregating to ₹ 500 Crore (Rupees Five Hundred Crore only) on Private Placement Basis, under Series 9.

The Company has repaid Series 6 NCDs of ₹ 500 Crore (Rupees Five Hundred Crore only) during the year. The details of outstanding NCDs as on March 31, 2023 are disclosed in the 'General Shareholder Information' forming part of this Annual Report.

Standalone Key financial ratios

Particulars	As at March 31, 2023	As at March 31, 2022
Debtors Turnover Ratio (times) (1)	**14.77**	11.55
Inventory Turnover Ratio (times) (1)	**3.62**	3.50
Interest Coverage Ratio (times) (1)	**2.25**	0.14
Current Ratio (times)	**1.13**	1.03
Debt Equity Ratio (times)	**0.28**	0.17
EBITDA Margin (%)	**14.53**	15.00
Operating Profit Margin (%) (1)	**5.03**	2.90
Net Profit Margin (%) (1)	**1.13**	-1.03
Return on Net Worth (%) (1)	**3.97**	-2.89
Return on Average Capital Employed (%) (1)	**7.30**	3.52

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*
Current Ratio	Current Assets/Current Liabilities (excluding Lease Liabilities accounted as per Ind AS 116)
Debt Equity Ratio	Debt#/(Net Worth+ Lease Liabilities – Right of use)
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	Profit After Tax/Average net worth
Return on Average Capital Employed	Earnings Before Interest and Tax/Average Capital Employed

**Finance cost/interest comprise of interest expense on borrowing and excludes interest on lease liabilities and interest charge on fair value of financial institution.*

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

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

1. Debtors Turnover Ratio, Interest Coverage Ratio, Operating Profit Margin, Net Profit Margin, Return on Net Worth and Return on Average Capital Employed - Ratios have improved due to increased revenue and profitability.

Consolidated performance

At consolidated level, your Company reported a revenue of ₹ 12,418 Crore (previous year ₹ 8,136 Crore) and EBITDA of ₹ 1,617 Crore with EBITDA margin at 13.00% (previous year ₹ 1,203 Crore with EBITDA margin at 14.80%).

DIRECTORS' RESPONSIBILITY STATEMENT

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

Your Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) accounting policies selected have been applied consistently and reasonable & prudent judgements 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 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;

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 and

g) the Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

SHARE CAPITAL

a) Equity share capital

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

Paid-up Equity Share Capital	₹ in Crore
At the beginning of the year, i.e., as on April 1, 2022	**938.29**
Changes made during the year: Allotments made pursuant to:	
1.1. Employee Stock Option Scheme, 2013 & 2017	0.27
1.2. Preferential Issue*	10.22
1.3. Rights Issue	
(i) Receipt of final call money	0.01
(ii) Receipt of call money pursuant to annulment of forfeiture	0.02
(ii) Forfeiture due to non-payment of first and/or final call money	(0.02)
At the end of the year, i.e., as on March 31, 2023	**948.79**

**During the year under review, the Company has received ~ ₹ 770 crore through preferential issue by way of:*

i. 1,02,16,450 fully paid up Equity Shares (Face Value : ₹ 10 and Premium : ₹ 278.75 per share)

ii. 6,58,00,866 warrants, upon receipt of 25% of the Warrant Issue Price (i.e. ₹ 72.1875 per warrant) as warrant subscription money. Balance 75% of the Warrant Issue Price (i.e. ₹ 216.5625 per warrant) shall be payable within 18 months from the allotment date.

b) Preference share capital

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

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

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

A. Board of Directors ("Board")

(i) Number of meetings

The Board met 8 (eight) times during the year under review. The details of such meetings are disclosed in the Section 'The Board of Directors' of the Corporate Governance Report forming part of this Annual Report.

(ii) Appointments and resignations

a) Appointments/Re-Appointments

(i) Mr. Ashish Dikshit, Managing Director (DIN: 01842066) was re-appointed for a further term of 5 (five) years w.e.f. February 1, 2023. His re-appointment was approved by the Shareholders vide Postal Ballot on June 23, 2022.

(ii) Mr. Vikram Rao (DIN: 00017423) was re-designated as an Independent Director for a period of 5 (five) years w.e.f. May 18, 2022. His re-designation was approved by the Shareholders vide Postal Ballot on June 23, 2022.

(iii) Mr. Pankaj Sood, Non-Executive (Nominee) Director (DIN: 05185378) was appointed w.e.f. September 20, 2022 pursuant to the Share Subscription Agreement dated May 24, 2022 between the Company and Caladium Investments Pte. Ltd. His appointment was approved by the Shareholders vide Postal Ballot on October 20, 2022.

(iv) Ms. Ananyashree Birla, (DIN: 06625036) and Mr. Aryaman Vikram Birla (DIN: 08456879), Non-Executive Directors were appointed w.e.f. January 30, 2023. Their appointments were approved by the Shareholders vide Postal Ballot on March 28, 2023.

b) Resignations/Retirement by Rotation

(i) Mr. Himanshu Kapania, Non-Executive Director (DIN: 03387441) resigned w.e.f. closing hours of January 27, 2023, due to increased engagements across wide range of businesses and other pre-occupation.

The Board placed on record its sincere appreciation towards the valuable contribution made by Mr. Kapania during his tenure.

(ii) Further, in accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Sangeeta Pendurkar, Whole-time Director (DIN: 03321646) and Mr. Vishak Kumar, Whole-time Director (DIN: 09078653), are due to retire by rotation at the ensuing Sixteenth Annual General Meeting and being eligible, have offered themselves for re-appointment.

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

(iii) Board evaluation

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

During the year under review, the Board carried out the evaluation of its own performance and that of its committees and the individual directors. The performance evaluation of Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

The evaluation process consisted of structured questionnaires covering various aspects of the functioning of the Board and its committees, such as composition, experience and competencies, performance of specific duties and obligations, governance issues etc. The Board also carried out the evaluation of the performance of individual directors based on criteria such as contribution of the Director at the meetings, strategic perspective or inputs regarding the growth and performance of the Company etc.

Further, pursuant to the applicable provisions of the Act, the performance evaluation criteria for the Independent Directors is disclosed in the Section 'Directors Details as on March 31, 2023' of the Corporate Governance Report forming part of this Annual Report.

(iv) Declaration of independence

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

(i) they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations ("said declarations").

(ii) they have registered their names in the Independent Directors' Databank.

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

B. Committees of the Board

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

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

C. Corporate Social Responsibility ("CSR")

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

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, along with 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 and Sanitation, Water, Digitisation, Sustainable livelihood, Institutional Building and Social Causes.

An annual report on CSR activities of the Company for the financial year 2022-23 is annexed as **Annexure I** to this Report.

D. Key Managerial Personnel ("KMP")

During the year under review, Ms. Geetika Anand, Company Secretary and Compliance Officer resigned w.e.f. closing hours of November 30, 2022, in order to pursue other opportunities within the Aditya Birla Group. Mr. Anil Malik was appointed as the Company Secretary and Compliance Officer w.e.f. December 1, 2022.

Pursuant to Section 203 of the Act, the KMPs of the Company as on March 31, 2023 are:

i. Mr. Ashish Dikshit, Managing Director;

ii. Ms. Sangeeta Pendurkar, Whole-time Director;

iii. Mr. Vishak Kumar, Whole-time Director;

iv. Mr. Jagdish Bajaj, Chief Financial Officer and

v. Mr. Anil Malik, Company Secretary and Compliance Officer.

E. Remuneration of Directors and Employees

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

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

F. Employee Stock Option Scheme and Share Based Employee Benefits

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

Employee Stock Option Scheme and Restricted Stock Units

Your Company regards employee stock 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 Nomination and Remuneration Committee ("NRC") has duly implemented the:

(a) 'Employee Stock Option Scheme - 2013' ("Scheme 2013");

(b) 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017' ("Scheme 2017") and

(c) 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019"), to grant the stock options, in the form of Options and Restricted Stock Units ("RSUs"), to the employees of the Company.

All the Schemes of the Company i.e. Scheme 2013, Scheme 2017 and Scheme 2019 are governed by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE 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.

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

Stock Appreciation Rights

Your Company has also instituted a 'Plan for Stock Appreciation Rights Plan, 2013' ("SAR Plan 2013") in the year 2013 and 'Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019' ("SAR Scheme 2019") in the year 2019.

The SAR Plan 2013 and SAR Scheme 2019, do not give rise to any right towards any equity share of the Company and hence, they are not covered under the provisions of SEBI SBEB & SE 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 of the provisions of Regulation 14 and Part F of Schedule I of the SEBI SBEB & SE Regulations, details of the aforesaid schemes is available on the website of the Company i.e. www.abfrl.com.

G. Related Party Transactions ("RPTs")

All RPTs entered into during the year under review were approved by the Audit Committee, 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 RPT and the said policy is available on the website of the Company i.e. www.abfrl.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 RPT 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 RPT, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not applicable and hence does not form part of this Report.

H. Dividend Distribution Policy

In terms of Regulation 43A of the SEBI Listing Regulations, your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is annexed as **Annexure III** to this Report and is also available on the website of the Company i.e. www.abfrl.com

I. Strategic Initiatives during the year

a) Preferential Issue:

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

Event date	Details
May 24, 2022	Approved issuance of Equity shares and Warrants on a preferential basis to Caladium Investment Pte. Ltd ("Caladium") aggregating to ~₹ 2,195 Crore.
Jun 23, 2022	Received approval of shareholders by way of Postal Ballot.
Aug 30, 2022	Caladium received approval of Competition Commission of India for its proposed acquisition in your Company.
Sep 20, 2022	• Approved allotment of:
	(a) 1,02,16,450 Equity Shares of face value of ₹ 10 each at a per share price of ₹ 288.75 fully paid-up, which *inter alia* includes a share premium of ₹ 278.75 aggregating to ₹ 294.99 Crore.
	(b) 6,58,00,866 Warrants at a per share price of ₹ 288.75 per warrant, each warrant being convertible into or exchangeable for 1 equity share of the Company of face value of ₹ 10/- each, aggregating to ₹ 475.00 Crore which is 25% of the total consideration payable for the Warrants as on the date of allotment (the remaining 75% payable on conversion).
	• Post allotment of Equity Shares, Caladium holds 1.08% equity stake in the Company.

b) Acquisition of stake in brand "Masaba"

The Company has acquired 52.44% stake in Brand 'Masaba' in May, 2022 by signing of definitive agreements thereby making it a subsidiary of the Company.

c) Strategic partnership with "Reebok":

On December 14, 2021, the Board approved acquiring exclusive online and offline rights to the global brand 'Reebok' for the Indian market and other ASEAN countries and purchase of certain assets of 'Reebok India Company' including inventory by way of entering into a Licensing Agreement and a Purchase Agreement, respectively. As part of the transfer of global ownership of 'Reebok', various agreements have been signed between the Authentic Brand Group, US and Adidas. Upon signing of definitive agreement(s) and necessary approvals, aforesaid assets relating to Reebok has been transferred to the Company effective from October 1, 2022.

d) TMRW: A portfolio of digital-first brands

The Company on April 11 2022, incorporated its new 'House of Brands' entity, Aditya Birla Digital Fashion Ventures Limited to build a portfolio of digital first brands in the fashion & lifestyle space. The Company invested ₹ 315.5 Crore during the year under review in the entity for acquisitions and the operational activities associated with the acquired brands.

J. Proceeds from Rights Issue, Preferential Issue and Non-Convertible Debentures:

The utilization of funds raised have been mentioned hereunder:

(₹ in Crore)

Mode	Object	Amount allocated	Amount utilized
Rights Issue	Repayment of certain borrowings of the Company	745.00	745.00
	General corporate purpose	244.26	242.49
Preferential Issue	Strengthening the balance sheet, pursue growth in existing business, expand new lines of business, strengthen digital and omni-channel	770.00	770.00
Non-Convertible Debentures	Refinancing of existing debt and General corporate purpose	500.00	500.00

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

K. Subsidiaries, Joint Ventures, Associate Companies

As on March 31, 2023, the Company has 14 (fourteen) subsidiaries and 1 (one) associate company.

During the year under review, following Companies became subsidiaries of the Company. However, the Company did not become a part of any joint venture during the year.

Sr. No.	Name of the Company	Relationship	Date of becoming subsidiary
1.	Aditya Birla Digital Fashion Ventures Limited	Wholly owned subsidiary	April 11, 2022
2.	Aditya Birla Garments Limited		June 15, 2022
3.	House of Masaba Lifestyle Private Limited	Subsidiary	June 1, 2022
4.	Pratyaya E-Commerce Private Limited	Step down subsidiary	July 22, 2022
5.	Imperial Online Services Private Limited		August 12, 2022
6.	Awesomefab Shopping Private Limited		August 24, 2022
7.	Bewakoof Brands Private Limited		February 15, 2023
8.	Next Tree Products Private Limited		

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

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

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

L. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

M. Vigil Mechanism

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

Adequate safeguards are provided against victimization to those who avail 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.abfrl.com

N. Risk Management

Your Company has framed and implemented a Risk Management Policy in terms of the provisions of Regulation 21 of the SEBI Listing Regulations, for the assessment and minimization of risk, including identification therein of elements of risk, if any, which may threaten the existence of the Company.

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

Further, in view of the ever-increasing size and complexity of the business operations, your Company is exposed to various risks emanating from frauds. Accordingly, the Board, on recommendation of the Audit Committee, has adopted an Anti-Fraud Policy and a Whistle Blower Policy, to put in place, a system for detecting and/or preventing and/or deterring and/or controlling the occurrence of frauds.

O. Nomination Policy and Executive Remuneration Policy/Philosophy

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

Both the aforesaid policies, as amended from time to time pursuant to the amendments in the applicable regulatory provisions, are available on the website of the Company i.e. www.abfrl.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;
- devise a policy on board diversity;
- review and implement the succession and development plans for managing director, executive directors and officers forming part of senior management;
- formulate the criteria for determining qualifications, positive attributes and independence of directors;
- establish evaluation criteria of Board, its committees and each director and
- recommend the Board, all remuneration, in whatever form, payable to senior management.

(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 and
- emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

P. Business Responsibility and Sustainability 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 Business Responsibility and Sustainability Report forms part of this Report.

Q. Auditors and Auditors Report

(i) Statutory Auditor

Price Waterhouse & Co Chartered Accountants LLP (FRN: 304026E/E-300009), were appointed as the Statutory Auditors of the Company at the 14th Annual General Meeting ("AGM"), for a term of five consecutive years, till the conclusion of the 19th AGM to be held in the year 2026.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the financial statements of the Company for financial year 2022-23, forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors 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 (FRN: P2005MH091600), were appointed as the Secretarial Auditor of the Company, to conduct secretarial audit for the year under review.

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

(iii) Cost Auditor

During the year under review, your Company was not required to maintain cost records under Section 148(1) 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 reports for the year under review.

R. Material changes and commitment affecting financial position of the Company which have occurred between the end of the Financial year, to which the financial statement relates, and the date of the Report

On May 5, 2023, the Board of Directors approved the acquisition of TCNS Clothing Co. Ltd. The acquisition is subject to approval of the Competition Commission of India, SEBI and other regulatory approvals and is planned to be achieved in the following manner:

(a) acquisition of between 1,41,92,448 to 1,98,76,757 equity shares of TCNS Clothing Co. Ltd ("Target Company"), representing between ~22.0% and ~30.81% of the Expanded Share Capital of the Target Company, as defined in the Public Announcement from the promoters of the Target Company for a consideration of ₹ 503 per equity share (subject to closing adjustments);

(b) making an open offer for up to 1,87,08,227 equity shares, constituting 29.0% of the Expanded Share Capital, at a price of ₹ 503 per equity share from the public shareholders of the Target Company, conditional upon a minimum level of acceptance of 1,30,23,918 equity shares, constituting ~20.19% of the Expanded Share Capital ("Minimum Level of Acceptance") and

(c) subsequent to completion of steps (a) and (b), amalgamation of the Target Company (as a going concern) with the Company under the Companies Act, 2013 read with relevant circulars and regulations of Securities and Exchange Board of India, and other applicable laws. Equity shares of the Company will be issued to the shareholders of the Target Company (other than the Company) in the ratio of 11 fully paid up equity shares of ₹ 10 each of the Company for every 6 fully paid-up equity shares of ₹ 2 of the Target Company ("Share Exchange Ratio"). The effectiveness of the Scheme will be subject to *inter alia* the approval of Competition Commission of India, National Company Law Tribunals and completion of the acquisition and filing of the approved schemes with the Registrar of Companies.

S. Other Disclosures

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

- there was no change in the nature of business of your Company;
- it 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, 2023, 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;
- it has not issued any shares with differential voting rights;
- it 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;
- it has not transferred any amount to the Reserves;

- it has not raised any funds through qualified institutions placement as per Regulation 32(7A) of SEBI Listing Regulations;
- it does not engage in commodity hedging activities;
- it has not made application or no proceeding is pending under the Insolvency and Bankruptcy Code, 2016 and
- it has not made any one-time settlement for the loans taken from the Banks or Financial Institutions.

It is further disclosed that:

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

CORPORATE GOVERNANCE

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

Your Company has duly complied with the Corporate Governance requirements as set out under Chapter IV of the SEBI Listing Regulations and M/s. Dilip Bharadiya & Associates, Company Secretaries, vide their certificate dated May 22, 2023, have confirmed that the Company is and has been compliant with the conditions stipulated in the Chapter IV of the SEBI Listing Regulations. The said certificate is annexed as **Annexure VII** to this Report.

ANNUAL RETURN

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has put in place adequate internal control systems that are commensurate with the size of its operations. Internal Control system comprise of policies and procedures are designed to ensure sound management of your Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information, and compliance.

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(s) 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, the Committee has received 30 complaints, out of which 29 complaints were resolved with appropriate action and 1 complaint was pending at the end of the year.

AWARDS AND RECOGNITIONS

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

- "Most Admired Retail Group of the year" at MAPIC India Retail & Tech Awards Sep 2022;
- "Best In-House Magazine Award" for 'InTouch' newsletter at the Silver Feather Awards 2022;
- Silver in the "House Journal (Print)" category for 'InTouch' newsletter at the Public Relations Council of India (PRCI) Excellence Awards 2022 (12th edition);
- "Best Loyalty Program in Retail Sector – Single Format" by Louis Philippe at the Customer Fest Awards 2022 (16th edition);
- "Most Admired Retailer of the Year" for "Kidswear: Allen Solly Juniors" by Allen Solly at MAPIC India Retail & Tech Awards Sep 2022;
- Pantaloons won "Champion of Champions" (Loyalty Program of the Year), "Rewards Program", "Best Loyalty Program", "Best Use of Contest/Promotion in a Loyalty Program" and "Best Integrated Media Loyalty Campaign" at The Customer Fest Awards 2022;
- Pantaloons won - Gold for Sheros and Silver for Creative Excellence in Advertising in the Fashion, Jewellery & Lifestyle category at Exchange4Media PrimeTime Awards 2022;
- Diamond in the "Internal Communication Campaign" category at the 12th Public Relations Council of India (PRCI) Excellence Awards 2022;
- ESG India Leadership Awards 2022 in "Best Green Supply Chain" category by ESGRisk, Acuity Knowledge Partners;
- "ESG Trailblazers" at the ESG World Summit and GRIT Awards 2022;
- Madura Clothing won 8 Golds for its "Kaizen & Poka yoke concepts" at the Quality Circle Forum of India (QCFI) in 2022-23 and
- Haritha Apparels Limited and Crafted Clothing Limited won Gold for "India Green Manufacturing Challenge (IGMC)" 2022-23.

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

	Ashish Dikshit	**Sangeeta Pendurkar**
Place : Mumbai	Managing Director	Whole-time Director
Date : May 22, 2023	DIN: 01842066	DIN: 03321646

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.

ANNEXURE I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

1. Brief outline on CSR Policy of the Company:
   - 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.
   - Projects of the Company focus on education, healthcare & sanitation, sustainable livelihood, water and digitization epitomising a holistic approach to inclusive growth.
2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation*/ Nature of Directorship	Meetings held during the year	Meetings attended during the year
1.	Mr. Himanshu Kapania	Chairperson (NED)^	1	1
2.	Mr. Ashish Dikshit	Chairperson (MD)$	1	N.A.#
3.	Mr. Nish Bhutani	Member (ID)	1	1
4.	Ms. Preeti Vyas	Member (ID)	1	1
5.	Mr. Yogesh Chaudhary	Member (ID)	1	1

Note:

**MD: Managing Director; NED: Non-Executive Director; ID: Independent Director.*

^Resigned w.e.f. January 27, 2023.

$Appointed w.e.f. February 7, 2023.

#Not a member of the Committee as on the date of the meeting which was held on May 16, 2022.

3. Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company as mentioned below:
   i. Composition of CSR Committee : www.abfrl.com/corporate-governance/
   ii. CSR Policy : www.abfrl.com/docs/corporate_governance/policies/Corporate_Social_Responsibility_Policy_new.pdf
   iii. CSR Projects : www.abfrl.com/sustainability/corporate-social-responsibility/
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - ***Not Applicable for the financial year under review***
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **NIL** *(The Company has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off)*
6. Average net profit/ (loss) of the company as per section 135(5): **₹ (80.70) Crore**
7. (a) Two percent of average net profit of the company as per section 135(5): **Nil**

   (b) Surplus arising out of the CSR projects or Programmes or activities of the previous financial years: **Nil**

(c) Amount required to be set off for the financial year, if any: **Nil**

(d) Total CSR obligation for the financial year (7a+7b- 7c): **Nil**

8. a) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (₹ in Cr)	Amount Unspent (₹ in Cr)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3.55	Not Applicable				

b) Details of CSR amount spent against **ongoing projects** for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ in Crore)	Amount spent in the current financial Year (₹ in Crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Crore)	Mode of implementation Direct (Yes/No)	Mode of implementation through implementing agency	
				State	District						Name	CSR registration number
Not Applicable												

c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in Crore)	Mode of implementation Direct (Yes/No)	Mode of implementation through implementing agency	
				State	District			Name	CSR registration number
1.	School Transformation Project			Maharashtra	Raigad	0.24			
2.	Gyanarjan	(ii) & (iii)	Yes	Karnataka	Ramanagara, Mysuru and Bengaluru	0.42	No	Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
3.	Kasturba Gandhi Balika Vidyalaya			Karnataka and Tamil Nadu	Ramanagara and Krishnagiri	0.15			
4.	Village Development Project, Karnataka and Tamil Nadu *("Project")*								
4. 1	Project- Education	(ii) & (vii)				0.49			
4.2	Project- Health & Sanitation	(i)				0.20			
4.3	Project- Sustainable Livelihood	(ii) & (iii)	Yes	Karnataka and Tamil Nadu	Bengaluru, Ramanagara and Krishnagiri	0.22	No	Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
4.4	Project- Water & Watershed	(iv)				0.13			
4.5	Project- Digitalisation	(x)				0.21			
4.6	Project- Others	(x)				0.42			
5.	Village Development Project, Odisha *("Project")*								
5. 1	Project Odisha- Education	(ii)				0.13			
5.2	Project Odisha- Health and Sanitation	(i)				0.16			
5.3	Project Odisha- Sustainable Livelihood	(ii) & (iii)	Yes	Odisha	Khordha	0.09			
5.4	Project Odisha- Water & Watershed	(iv)				0.15	No	Aditya Birla Fashion and Retail Jan Kalyan Trust	CSR00005147
5.5	Project Odisha- Digitalisation	(x)				0.03			
6.	Kaushalya Project	(ii)	Yes	Karnataka	Bengaluru	0.25			
7.	New Business CSR Projects *("Project ")*								
7.1	Nelamangala Project	(i) & (ii)	Yes	Karnataka	Bangalore Rural	0.07			
7.1	Andhra Pradesh Project	(ii)	Yes	Andhra Pradesh	YSR Kadapa	0.14			
TOTAL						**3.50**			

(d) Amount spent in Administrative Overheads: **₹ 0.05 Cr**

(e) Amount spent on Impact Assessment, if applicable: **Nil**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 3.55 Cr**

(g) Excess amount for set off, if any: **Nil**

Sr. No.	Particulars	Amount *(₹ in Crore)*
(i)	Two percent of average net profit of the Company as per section 135(5)	Nil
(ii)	Total amount spent for the financial year	3.55
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.55
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3.55*

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

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Amount (₹ in Crore)

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any		Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Amount	Date of transfer		
Nil								

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

Amount (₹ in Crore)

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project- Completed / Ongoing
Not Applicable								

10. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): ***Not Applicable***

Place : Mumbai
Date : May 22, 2023

Ashish Dikshit
Managing Director and
Chairperson of the CSR Committee

Preeti Vyas
Independent Director and
Member of the CSR Committee

ANNEXURE II

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013

[read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A) **The percentage increase/decrease in remuneration of Executive Directors ("EDs") and Key Managerial Personnel ("KMPs") and ratio of the remuneration of EDs and KMPs to the median remuneration of the employees of the Company for the Financial Year 2022-23 are as under:**

Sr. No.	Name	Designation	Increase / (decrease) %	Ratio to median remuneration
EDs				
1	Mr. Ashish Dikshit	MD	44.62	596.09
2	Ms. Sangeeta Pendurkar (1)	WTD	(22.99)	420.06
3	Mr. Vishak Kumar (2)	WTD	72.93	595.49
KMPs				
4	Mr. Jagdish Bajaj	CFO	37.71	206.52
5	Ms. Geetika Anand (3)	CS	N.A. (5)	N.A. (5)
6	Mr. Anil Malik (4)	CS	N.A. (5)	N.A. (5)

Notes:

(1) The remuneration paid to her during the year included the total value of the perquisites arising pursuant to the exercise of 53,202 Stock Options ("Options") of the Company (previous year exercised 2,71,421 options and 60,698 restricted stock units).

(2) The remuneration paid to him during the year included the total value of the perquisites arising pursuant to the exercise of 1,95,859 Stock Options ("Options") of the Company (previous year exercised 75,033 options).

(3) Resigned w.e.f. November 30, 2022.

(4) Appointed w.e.f. December 1, 2022.

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

The Non-Executive Directors ("NEDs") and Independent Directors ("IDs") of the Company are entitled to Sitting Fees as per the statutory provisions. The details of remuneration of NEDs and IDs are provided in the Corporate Governance Report. Sitting fees is paid based on the number of meetings attended by them.

B. **Percentage increase in the median remuneration of employees:** 10.97%

C. **Total number of permanent employees as on March 31, 2023:** 28,390

D. **Median remuneration of employees for FY 2022-23:** ₹ 1,71,557 (Previous Year: ₹ 1,54,593)

E. Average percentile increase in the salaries of employees other than the managerial personnel for the financial year 2022-23 was 15.92%. The average percentile increase in the salaries of the managerial personnel for the financial year 2022-23 was 31.52%. The increase in managerial remuneration is primarily on account of higher variable pay-out compared to financial year 2021-22, which is linked to performance criteria and change in perquisite value due to exercise of Stock Options/Restricted Stock Units.

F. **Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is hereby affirmed that the remuneration paid to:

a. Directors, KMPs and members of Senior Management is as per Executive Remuneration Philosophy/Policy of the Company and

b. Other employees of the Company are as per the Human Resource Philosophy of the Company.

ANNEXURE III

DIVIDEND DISTRIBUTION POLICY

Introduction

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

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

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

Target Dividend Payout

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

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

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

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

Factors to be considered for Dividend Payout

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

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

General

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

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

ANNEXURE IV

FORM AOC - 1

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

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

Part "A" - Subsidiaries :

(₹ in Crore)

Sr. No.	Particulars	Name of the subsidiary companies						
		Jaypore E-Commerce Private Limited	TG Apparel & Decor Private Limited	Finesse International Design Private Limited	Sabyasachi Calcutta LLP*	Indivinity Clothing Retail Private Limited	Aditya Birla Garments Limited	House of Masaba Lifestyle Private Limited
1	Date since when subsidiary was acquired	July 02, 2019	July 02, 2019	July 26, 2019	February 24, 2021	March 26, 2021	June 15, 2022	June 1, 2022
2	Reporting period	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-23	2022-23
3	Reporting currency	INR	INR	INR	INR	INR	INR	INR
4	Share capital/Partner's capital account	14.70	0.01	1.47	922.39	59.05	15.00	1.00
5	Reserves & surplus	22.72	(0.68)	5.09	(17.53)	25.85	(3.96)	45.27
6	Total assets	180.36	1.71	113.17	1,256.98	486.67	12.38	103.64
7	Total liabilities	142.94	2.37	106.61	352.12	401.77	1.33	57.38
8	Investments	-	-	-	-	-	-	19.17
9	Turnover	75.87	-	70.87	343.86	49.29	0.09	50.21
10	Profit/(Loss) before taxation	(48.03)	(0.21)	(14.76)	13.77	(100.79)	(3.96)	(16.45)
11	Provision for taxation	(12.04)	-	(3.15)	5.81	(33.10)	-	(4.53)
12	Profit/(Loss) after taxation	(35.99)	(0.21)	(11.60)	7.96	(67.68)	(3.96)	(11.92)
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	100.00%	100.00%	58.69%	51.00%	80.00%	100.00%	52.44%

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

(₹ in Crore)

Sr. No.	Particulars	Name of the subsidiary companies					
		Aditya Birla Digital Fashion Ventures Limited (Standalone)	Imperial Online Services Private Limited	Pratyaya E-Commerce Private Limited	Awesomefab Shopping Private Limited	Bewakoof Brands Private Limited	Next Tree Products Private Limited
1	Date since when subsidiary was acquired	April 11, 2022	August 12, 2022	July 22, 2022	August 24, 2022	February 15, 2023	February 15, 2023
2	Reporting period	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
3	Reporting currency	INR	INR	INR	INR	INR	INR
4	Share capital/Partner's capital account	315.50	0.01	0.04	0.01	0.07	0.01
5	Reserves & surplus	(44.98)	4.06	(5.57)	3.65	71.95	(3.40)
6	Total assets	308.23	27.63	9.80	17.65	158.76	3.85
7	Total liabilities	37.70	23.56	15.33	13.98	86.74	7.24
8	Investments	8.56	-	-	-	0.05	-
9	Turnover	8.51	57.13	16.36	38.42	147.07	12.53
10	Profit/(Loss) before taxation	(54.64)	(0.72)	(6.69)	(0.60)	(12.35)	(0.91)
11	Provision for taxation	(8.51)	(0.31)	(1.48)	(0.13)	0.39	0.49
12	Profit/(Loss) after taxation	(46.13)	(0.41)	(5.21)	(0.47)	(12.74)	(1.40)
13	Proposed Dividend	-	-	-	-	-	-
14	% of shareholding	100.00%	55.00%	66.26%	55.00%	85.17%	85.17%

Part "B" - Joint Ventures :

(₹ in Crore)

Sr. No.	Particulars	Goodview Fashion Private Limited
1	Date since when joint venture	March 19, 2021
2	Reporting period	2022-2023
3	Shares of Joint Ventures Held by the Company on year end - Nos.	3,579
4	Amount of Equity Investment in Joint Venture	67.18
5	Extent of Holding (%)	33.50%
6	Networth attributable to shareholding as per latest Audited Balance Sheet	9.91
7	Profit/(Loss) for the Year	15.11
8	Considered in Consolidation	5.06
9	Not considered in Consolidation	10.05

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)
Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)
Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)
Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)
Place: Mumbai
Date : May 22, 2023

ANNEXURE V

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

A. CONSERVATION OF ENERGY

Energy conservation measures are taken during the financial year 2022-23

- 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.
- Your Company is in constant endeavor to reduce energy consumption and implemented various initiatives across our operations, including ensuring optimum internal and external lighting, installation of LED lights, VFDs and efficient equipment's and also designing new facilities and stores embracing green concepts.
- The operational efficiency initiatives across our manufacturing units have yielded a year-on-year reduction **of ~13%** in energy intensity at a garment level.
- As a result of these initiatives taken, your Company has saved close to ~ **3.15 Lakh units** of energy during the year which resulted in a reduction of **~249 tCO2e** (tons of Carbon Dioxide equivalent) emissions.
- Your Company is also exploring innovative and scalable opportunities to further enhance operational efficiency across facility and retail spaces to cut down on overall energy usage and progress further in the decarbonization journey.

Renewable energy initiatives taken by the Company for utilizing & enhancing alternate sources of energy

- **~26%** of our total energy requirement (i.e. in TOE) is met **through renewable energy sources** with help of increasing use of renewable electricity and renewable fuel.
- Solar rooftop plant with capacity of **3 MWp** has been operational across **10 facilities** (i.e. 7 factories and 3 warehouses) enabling us to generate more than **~26 Lakh units (kWh)** which resulted in reduction of **~2082 tCO2e** (tons of Carbon Dioxide equivalent) emissions.
- Further, usage of **5,774 Tons of briquettes** (biomass and wood) in the boilers, as a renewable fuel for steam generation at the manufacturing units of the Company, has cut down significant amount of Greenhouse Gas emissions.

Investment done on energy conservation equipments

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

B. TECHNOLOGY ABSORPTION

- There has been no import of technology in the financial year 2022-23.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Foreign exchange earnings for the year under review: ₹ 164.34 Crore (vis-à-vis ₹ 159.54 Crore during the previous year).
- Foreign exchange outgo for the year under review: ₹ 1,374.22 Crore (vis-à-vis ₹ 808.46 Crore during the previous year).

ANNEXURE VI

FORM NO. MR-3
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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
Piramal Agastya Corporate Park,
Building A, 4th and 5th Floor,
Unit No. 401, 403, 501, 502, L.B.S Road,
Kurla Mumbai -400070

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate governance practices by Aditya Birla Fashion and Retail Limited *(hereafter referred to as "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.

We have verified books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2023 ("the audit period"), 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**, during the financial year ended on 31st March, 2023, according to the provisions of:
   (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
   (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
   (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 *("SEBI Act")* and circulars issued under:
      (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
      (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
      (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
      (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
      (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
      (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and
      (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *("Listing Regulations")*.
2. We have relied on the representations made by the Company and its officers and report of the Statutory Auditor, Internal Auditor and other designated professionals for systems and mechanism formed by the Company for compliances under the following other applicable Laws, including but not limited to:
   (a) Acts prescribed related to Retail activities;
   (b) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, Employees' State Insurance Corporation, compensation etc.;
   (c) Local Municipal Corporation Act & Bye Laws (city-wise);
   (d) Shops and Establishment Act & Rule (State wise);
   (e) The Consumer Protection Act, 2019 and rules made thereunder;
   (f) Legal Metrology Act, 2009;
   (g) Acts prescribed under prevention and control of pollution;
   (h) Acts prescribed under Environmental protection;
   (i) Acts as prescribed under Direct Tax and Indirect Tax including GST and others;
   (j) Land Revenue laws of respective States;
   (k) Labour Welfare Act of respective States;
   (l) Local laws as applicable to various stores as per the respective Municipal Authority;
   (m) The Indian Copyright Act, 1957;
   (n) The Patents Act, 1970 and
   (o) The Trade Marks Act, 1999.
3. We have also examined compliance with the applicable clauses of the following:
   (i) The Secretarial Standards issued by 'The Institute of Company Secretaries of India' with respect to board and general meetings and
   (ii) The Listing Agreements entered into by the Company with BSE Limited *("BSE")* and National Stock Exchange of India Limited *("NSE") (hereinafter collectively referred to as "Stock Exchanges")*, read with the Listing Regulations.

During the period under review, the Company has complied with all the applicable provisions of the above Regulations and circulars/ guidelines issued.

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

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

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

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

We further report that

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

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

A. Review on Rights Issue of Partly-paid shares

i. On September 28, 2022, the Company issued a Final Demand cum Forfeiture Notice to the shareholders allowing them further time until October 31, 2022. The Company received payment towards 3,08,645 partly paid shares ("PPS") and

ii. On November 4, 2022, the Company forfeited 86,900 PPS on which the first and/or final call amount money was unpaid.

B. Grant/Allotment of Equity shares pursuant to Employee Stock Option Plan(s)

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

i. 2,62,699 equity shares of ₹ 10/- each to the eligible employees of the Company, pursuant to the exercise of stock options granted to them under the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 and

ii. 7,526 equity shares of ₹ 10/- each to an eligible employee of the Company, pursuant to the exercise of stock options granted to them under the Employee Stock Option Scheme 2013.

C. Increase in the Authorised share Capital

On June 23, 2022, the Company increased its Authorised Share Capital to ₹ 20,10,15,00,000 by creation of additional 100 Crores Equity Shares of ₹ 10/- and obtaining approval of the shareholders by way of Postal Ballot through remote e-voting process.

D. Preferential Issue to Caladium Investment Pte Ltd

On June 23, 2022, the Company obtained approval of the shareholders by way of Postal Ballot through remote e-voting process of the followings:

- preferential issue to Caladium Investment Pte Ltd. of 1,02,16,450 fully paid Equity Shares of ₹ 10/- at a price of ₹ 288.75 per share
- preferential issue of 6,58,00,866 warrants to Caladium Investment Pte Ltd. at a price of ₹ 288.75 per warrant, such warrant being convertible into or exchangeable for 1 Equity Share of face value ₹ 10/- each

i. The Company received the approval of the Competition Commission of India on August 30, 2022 for the aforesaid preferential issue

ii. The Company received the approval of Securities and Exchange Board of India for the aforesaid preferential issue on September 7, 2022.

iii. The Company upon receipt of the requisite funds, issued the above stated securities on September 30, 2022.

iv. The Company appointed Mr. Pankaj Sood (DIN: 05185378) as the Non – Executive (Nominee) Director in w.e.f. September 20, 2022 in accordance with the Share Subscription Agreement dated May 24, 2022 between the Company and Caladium Investments Pte. Ltd.

E. Issue of Non-Convertible Debentures

January 30, 2023, the Company issued and allotted 50,000 Listed, Unsecured Rated, Redeemable Non-Convertible Debentures aggregating to ₹ 500 Crores on Private Placement basis.

F. Strategic Partnerships/Acquisitions

i. On December 14, 2021 the Board approved acquiring exclusive online and offline rights to the global brand 'Reebok' for the Indian market and other ASEAN countries and purchase of certain assets of 'Reebok India Company' including inventory by way of entering into a Licensing Agreement and a Purchase Agreement, respectively. As part of the transfer of global ownership of 'Reebok', various agreements have been signed between the Authentic Brand Group, US and Adidas. Upon signing of definitive agreement(s) and necessary approvals, aforesaid assets relating to Reebok has been transferred to the Company effective October 01, 2022.

ii. On January 14, 2022, the Board approved acquiring 51% stake in House of Masaba Lifestyle Private Limited' ("HOM"). The Company has signed the definitive agreements and completed the acquisition of HOM w.e.f. June 1, 2022, thereby making HOM a subsidiary of the Company.

G. General operations:

The company obtained the approval of the shareholders by way of Postal Ballot through remote e-voting process of the followings:

- to redesignate Mr. Vikram Rao as the Independent Director of the Company and
- re-appointment of Mr. Ashish Dikshit as a Managing Director of the Company and complied with the provisions of the Act.

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

For **DILIP BHARADIYA & ASSOCIATES**

SHIVANGINI GOHEL
Partner
ACS No.: 25740, C P No.: 9205
UDIN: A025740E000350273

Place: Mumbai
Date: May 22, 2023

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, 2022.
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 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/ Postal Ballot held during the period under review.
6. Agreements for acquisitions and strategic Partnerships.
7. 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 Charges and
   - Register of Contracts with Related Party and contracts and bodies, etc. in which directors are interested.
8. Agenda papers submitted to all the Directors / Members for the Board and Committee Meetings.
9. 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.
10. 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.
11. Structured Digital Database in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.
12. 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.
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of the SEBI Listing Regulations.

Annexure - B

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**

SHIVANGINI GOHEL
Partner
ACS No.: 25740, C P No.: 9205
UDIN: A025740E000350273

Place: Mumbai
Date: May 22, 2023

ANNEXURE VII

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To,
The Members of
ADITYA BIRLA FASHION AND RETAIL LIMITED

We have examined the compliance of the conditions of Corporate Governance procedures implemented by ADITYA BIRLA FASHION AND RETAIL LIMITED ("the Company") having CIN: L18101MH2007PLC233901 for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that to the extent applicable the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of Listing Regulations.

We further state that such compliance 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**

SHIVANGINI GOHEL
Partner
ACS No. 25740, CP No.: 9205
UDIN: A025740E000321301

Place : Mumbai
Date : May 17, 2023

CORPORATE GOVERNANCE REPORT

Company's Governance Philosophy

Aditya Birla Group ("Group") is committed towards the adoption of the best Corporate Governance practices and its adherence in the true spirit, at all times.

As a part of the Group, at Aditya Birla Fashion and Retail Limited ("Your 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. Our Group Purpose is as below:

"To enrich lives, by building dynamic and responsible businesses and institutions, that inspires trust."

- ABG Group Purpose

Your Company's philosophy on Corporate Governance lies in achieving the highest level of integrity, transparency, accountability, sustainability and ethical behaviour in all aspects. Your Company governance philosophy rests on five basic tenets viz, accountability towards all stakeholders, transparency and timely disclosures, strategic guidance and effective monitoring, high standards of ethics, equitable treatment and protection of minority interests and rights.

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

The Board of Directors ("The Board")

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

The Chairman leads the Board and is responsible for its overall effectiveness. The Chairman sets the Board Agenda, ensures the Directors receive accurate, timely and clear information, promotes and facilitates constructive relationships and effective contribution of all Executive and Non-Executive Directors, and promotes a culture of openness and debate.

Board Composition

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

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

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

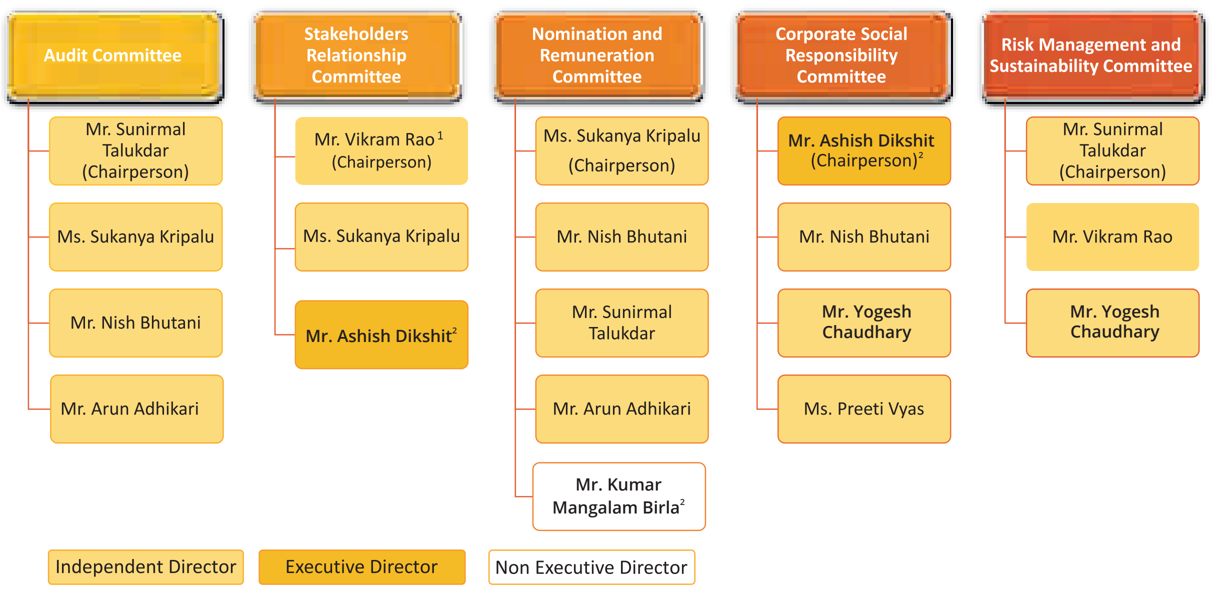
As on March 31, 2023, the Board comprised of 14 members (as against 12 members as on March 31, 2022), consisting of 4 Non-Executive Directors (including one Chairman and one Nominee Director), 3 Executive Directors and 7 Independent Directors.

The Board Committees ("The Committees")

The Committees play a crucial role in the governance structure of the Company. The Committees are formed with the approval of the Board and function under their respective terms of references framed in accordance with the Companies Act, 2013 ("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 devote time and provide focussed attention to various issues placed before them. The guidance provided by these Committees lend immense value and support, enhancing the efficiency of the decision-making process of the Board. The Board reviews the functioning of these Committees from time to time.

Committees' Composition:



(1) Appointed as Chairperson w.e.f. February 7, 2023.

(2) Appointed w.e.f. February 7, 2023.

Mr. Ashish Dikshit, Managing Director of your Company, is a Permanent Invitee of the Committees (in which he is not a member). Mr. Anil Malik, Company Secretary of your Company, acts as the Secretary to all the Committees (Ms. Geetika Anand was acting as the Secretary to all the Committees up to November 30, 2022). They attended all the meetings/matters of the Board and Committees held during the financial year, except those in which they were interested.

A. Audit Committee ("AC"):

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

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

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

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

The composition, quorum, powers, role and scope of the NRC are in accordance with Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations. The Committee is governed by a Charter which is also in line with the Section 178 of the Act.

The overall responsibility of the NRC is to approve and recommend to the Board matters relating to the appointment and remuneration of the Company's Executive Directors, Key Managerial Personnel ("KMPs") and Senior Management, in line with the Nomination Policy and Executive Remuneration Policy of the Company.

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

C. Stakeholders Relationship Committee ("SRC"):

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

Mr. Anil Malik, Company Secretary, being the Compliance Officer of your Company, is responsible for the redressal of grievances of the shareholders, debenture holders and other security holders.

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

D. Corporate Social Responsibility Committee ("CSRC"):

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

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

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

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

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

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

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

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

Meetings: Board & Committees

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

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

Meetings at shorter notice & Circular Resolutions: In case of business exigencies, the Board and/or Committees approval is taken either by holding meetings at shorter notice or through Circular Resolutions, which are noted at the subsequent meetings thereof.

Information provided to/placed before the Board/Committees

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

a) The notice and detailed agenda along with relevant explanatory notes;

b) Material information, to the extent applicable and relevant, as prescribed under:

- The Companies Act, 2013;
- Secretarial Standard - 1 on Meetings of the Board of Directors ("SS-1");
- Securities and Exchange Board of India ("SEBI") Laws, more particularly, the Listing Regulations, Issue of Capital and Disclosure Requirements, Prohibition of Insider Trading Regulations and SEBI Circulars issued, from time to time and
- Other applicable laws.

c) Presentations on various functional and operational areas of the Company and other business development activities as well as on major projects, financial highlights, etc.

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

Mode of Meetings

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

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

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

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

Meetings held: FY 2022-23

The Company complied with all the procedures stipulated under the Act and rules made thereunder and SS-1.

Details of Board and Committee Meetings held during FY 2022-23

Meeting Date(s)	Board	AC	NRC	SRC	RMSC	CSRC
May 16, 2022	-	-	-	-	-	1st
May 18, 2022	1st	1st	1st	-	-	-
May 24, 2022	2nd	-	-	-	-	-
Jul 26, 2022	3rd	-	-	-	-	-
Aug 5, 2022	4th	2nd	2nd	-	-	-
Aug 8, 2022	-	3rd	-	1st	1st	-
Sep 20, 2022	5th	-	3rd	-	-	-
Nov 4, 2022	6th	4th	-	-	-	-
Jan 30, 2023	7th	-	4th	-	-	-
Feb 1, 2023	-	-	-	-	2nd	-
Feb 7, 2023	8th	5th	-	-	-	-
Mar 23, 2023	-	6th	-	2nd	-	-

Attendance at Meetings of Board, Committees and Shareholders'

Director	Board (8)	Audit (6)	NRC (4)	SRC (2)	RMSC (2)	CSRC (1)	15th AGM
Mr. Kumar Mangalam Birla (Chairman)	4/8	*	^	*	*	*	Y
Mr. Himanshu Kapania	6/6	*	3/3	1/1	1/1	1/1	Y
Mr. Aryaman Vikram Birla	1/1	*	*	*	*	*	^
Ms. Ananyashree Birla	0/1	*	*	*	*	*	^
Mr. Ashish Dikshit	8/8	*	*	1/1	*	^	Y
Ms. Sangeeta Pendurkar	8/8	*	*	*	*	*	Y
Mr. Vishak Kumar	7/8	*	*	*	*	*	Y
Mr. Arun Adhikari	7/8	6/6	2/4	*	*	*	Y
Mr. Nish Bhutani	8/8	6/6	4/4	*	*	1/1	N
Ms. Preeti Vyas	8/8	*	*	*	*	1/1	Y
Ms. Sukanya Kripalu	8/8	6/6	4/4	2/2	*	*	Y
Mr. Sunirmal Talukdar	8/8	6/6	4/4	*	2/2	*	Y
Mr. Vikram Rao	8/8	*	*	2/2	2/2	*	Y
Mr. Yogesh Chaudhary	8/8	*	*	*	2/2	1/1	N
Mr. Pankaj Sood	2/3	*	*	*	*	*	^

^ Meeting not conducted during tenure
* Not a member of the Committee
(1) The maximum gap between two consecutive Board and Audit Committee meetings was less than 120 days.
(2) The necessary quorum was present for all the Board and Committee meetings.

Directors Details as on March 31, 2023

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

Category	Name of the Director	At ABFRL		In other companies			
		Tenure (in ~ yrs.)	Share-holding	Directorships		Committee positions [1]	
				Total [2]	In listed entities	Member	Chairperson
Non-Independent Non-Executive	Mr. Kumar Mangalam Birla	2.1	33,966	7	As NED[3]: 1) Aditya Birla Capital Ltd. 2) Century Textiles and Industries Ltd. 3) Grasim Industries Ltd. 4) Ultratech Cement Ltd. 5) Hindalco Industries Ltd. 6) Aditya Birla Sun Life AMC Ltd.	-	-
	Mr. Aryaman Vikram Birla	0.2	-	2	As NED[3]: Grasim Industries Ltd.	-	-
	Ms. Ananyashree Birla	0.2	-	2	As NED[3]: Grasim Industries Ltd.	1	-
Executive	Mr. Ashish Dikshit	5.2	1,29,588	7	-	-	-
	Ms. Sangeeta Pendurkar	2.1	53,202	4	As ID[3]: Sula Vineyards Ltd.	2	-
	Mr. Vishak Kumar	2.1	2,88,324	-	-	-	-
Independent Non-Executive	Mr. Arun Adhikari	1.10	-	5	As ID[3]: 1) Aditya Birla Capital Ltd. 2) Ultratech Cement Ltd. 3) Vodafone Idea Ltd. 4) Voltas Ltd.	- / 3	- / -
	Mr. Nish Bhutani	2.9	-	-	-	-	-
	Ms. Preeti Vyas	2.0	-	1	As ID[3]: Century Textiles and Industries Ltd.	1	-
	Ms. Sukanya Kripalu	8.5	-	5	As ID[3]: 1) Ultratech Cement Ltd. 2) Colgate - Palmolive (India) Ltd. 3) Entertainment Network (India) Ltd.	6	-
	Mr. Sunirmal Talukdar	3.0	-	6	As ID[3]: 1) India Carbon Ltd. 2) Heubach Colorants India Ltd. (formerly Clarian Chemicals (India) Limited) 3) Titagarh Rail Systems Limited (formerly Titagarh Wagons Limited) 4) Sasken Technologies Ltd.	5	3
	Mr. Vikram Rao[4]	0.10	-	-	-	-	-
	Mr. Yogesh Chaudhary	2.0	-	1	-	-	-
Nominee[5] - Non -Executive	Mr. Pankaj Sood	0.6	-	4	As NED[3]: Mphasis Limited	1	-

(1) Includes Audit Committee & Stakeholders Relationship Committee of other public limited companies (including deemed public).
(2) Computed basis directorships in all public limited companies (including deemed public company), whether listed or not; and excludes this Company, foreign companies, private limited companies and Section 8 companies.
(3) NED: Non-Executive Director; ID: Independent Director.
(4) Appointed as NED w.e.f. March 17, 2021 and re-designated as ID w.e.f. May 18, 2022.
(5) Representative of Caladium Investment Pte. Ltd (equity investor of the Company).

Basis the disclosures received from the Directors as on March 31, 2023, it is confirmed that none of the directors:

(a) is on the Board of more than:

i. 20 (twenty) companies;

ii. 10 (ten) public limited companies;

iii. 7 (seven) listed entities;

(b) is a member in more than 10 (ten) Audit and/or Stakeholders Relationship Committees, across all public limited companies (including deemed public);

(c) is a Chairperson of more than 5 (five) Audit and/or Stakeholders Relationship Committees across all public limited companies (including deemed public) and

(d) have any inter-se relationship with the Board members except Mr. Kumar Mangalam Birla, father of Mr. Aryaman Vikram Birla and Ms. Ananyashree Birla.

Appointment, tenure and remuneration

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

Executive Directors:

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

Non-Executive Directors (other than Independent Directors):

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

Independent Directors:

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

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

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

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

- Databank registration:

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

- Separate meeting of Independent Directors:

  Pursuant to Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulations, the Independent Directors met once during the year i.e. on March 23, 2023, without the presence of Non-Independent Directors, Executive Directors or management representatives. The Independent Directors *inter alia* discussed the performance of the Board, Non-Independent Directors and the management of the Company and assessed the quality, quantity and timeliness of flow of necessary information between the management and the Board, required for the Board to effectively and reasonably perform its duties.

- Evaluation criteria for Independent Directors:

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

  i. invests time in understanding the Company and its unique requirements;

  ii. brings in external knowledge and perspective to the table for discussions at the meetings;

  iii. expresses his/her views on the issues discussed at the Board and

  iv. keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

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

Remuneration:

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

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

The Policies and the NRC Charter broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive Directors (comprises of salary, allowances, perquisites, stock options, performance linked income/ bonus and other retirement benefit funds, as may be approved by the members of the Company), KMPs and Senior Management. Further, the Company has in place a system where all the Directors, KMPs 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.

Sitting fees to the Non-Executive Directors and Independent Directors has been recommended by the NRC and approved by the Board.

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

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

Your Company does not have any pecuniary relationship with any of the Non-Executive Directors, except for the sitting fees payable, in accordance with the applicable laws and they do not hold any convertible instruments in the Company.

Further, requisite disclosure with respect to the details of fixed component and performance linked incentive, in terms of the provisions of Part C of the Schedule V of the SEBI Listing Regulations and in terms of the provisions of sub-clause (IV) of the second proviso to clause (B) of Section II of Part - II of Schedule V of the Act, have been made in the Annual return in Form MGT- 7 disclosed on the website of the Company i.e. www.abfrl.com.

Details of Remuneration, fees paid to Directors for the financial year 2022-23:

A. Non - Executive Directors

(₹ in lakhs)

Directors	Category[1]	Sitting fees[2]
Mr. Kumar Mangalam Birla	Chairman	3.00
Mr. Himanshu Kapania[3]	Vice Chairman and NED	6.90
Mr. Aryaman Vikram Birla[4]	NED	0.75
Ms. Ananyashree Birla[4]	NED	-
Mr. Arun Adhikari	ID	9.05
Mr. Nish Bhutani	ID	11.00
Ms. Preeti Vyas	ID	6.40
Ms. Sukanya Kripalu	ID	11.40
Mr. Sunirmal Talukdar	ID	11.40
Mr. Vikram Rao	ID	7.85
Mr. Yogesh Chaudhary	ID	7.20
Mr. Pankaj Sood	Nominee	-

B. Executive Directors

(₹ in lakhs)

Directors	Category[1]	All elements of remuneration package like salary, benefits, bonuses, pension etc.	Fixed component & performance linked incentives, along with performance criteria	Service contracts, notice period, severance fee	Stock option details, if any
Mr. Ashish Dikshit	MD	1022.64	-	Refer note (5)	Refer note (6)
Ms. Sangeeta Pendurkar	WTD	720.65	-		
Mr. Vishak Kumar	WTD	1021.60	-		

Notes:

(1) NED: Non-Executive Director; MD: Managing Director; WTD: Whole-time Director.

(2) Gross amount of sitting fees paid for attending the Board and Committee meetings held during the financial year (without deducting TDS).

(3) Resigned on Jan 27, 2023.

(4) Appointed on Jan 30, 2023.

(5) The appointment is subject to termination by three months' notice in writing on either side. No severance fees is payable to MD or WTD.

(6) During the financial year 2022-23, additional grants were made as follows:

Name	ESOP Scheme 2019			
	Date of Grant	Tranche	Number of shares	
			Options	RSUs
Mr. Ashish Dikshit	Sep 20, 2022	5	2,05,224	54,563
Mr. Vishak Kumar	Aug 5, 2022	4	1,34,328	35,714
Ms. Sangeeta Pendurkar			1,34,328	35,714

(7) Any pecuniary transaction, if so undertaken between a Director and the Company in the ordinary course of business is reflected in the related party disclosure in the notes to the financial statements.

Board Evaluation

An evaluation mechanism is carried out among the Board, its committees, individual members and Chairman based on various criteria as per the provisions of the Act, SEBI Listing Regulations and Company's framework adopted by the NRC and approved by Board.

Details pertaining to Board evaluation are forming part of the 'Board's Report' of this Annual Report.

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 of the Company.

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

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

GENERAL BODY MEETINGS

A. Annual General Meetings ("AGM"):

The 15th AGM of the Company was held on September 5, 2022 via Video-conferencing ("VC"), in terms of various circulars issued by MCA permitting holding of AGM through VC without physical presence of Members at a common venue.

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

Details of location, date, time and special resolutions passed in previous three AGMs of the Company, are tabled herein below:

AGM No.	Location/Venue	Date and Time	Particulars of special resolution(s) passed
13th	Video Conferencing/ Other Audio- Visual Means	September 7, 2020 at 4:00 p.m.	(i) Enhancement of borrowing limit of the Company up to ₹ 4,500 Crore (Rupees Four Thousand and Five Hundred Crore only). (ii) Creation of charge on movable and immovable properties of the Company up to ₹ 4,500 Crore (Rupees Four Thousand and Five Hundred Crore only).
14th	Video Conferencing/ Other Audio- Visual Means	September 9, 2021 at 4:00 p.m.	(i) Fixing remuneration limits for Mr. Ashish Dikshit, Managing Director for the remaining term of 2 years. (ii) Appointment of Ms. Sangeeta Pendurkar as a Whole-time Director of the Company. (iii) Appointment of Mr. Vishak Kumar as a Whole-time Director of the Company.
15th	Video Conferencing/ Other Audio- Visual Means	September 5, 2022 at 4:00 p.m.	-

B. Postal Ballot ("PB")

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through PB. The PB is carried out in compliance with Sections 108 and 110 and other applicable provisions of the Act, read with the related Rules and applicable circulars issued by the MCA from time to time. The Company also provides electronic voting (e-voting) facility to all its members.

During the year under review, Company has made 3 (three) PB i.e. on May 24, 2022, September 20, 2022 and February 24, 2023.

The details of special resolutions passed through PB are as follows:

Sr. no.	Resolution passed	Date of PB notice	Approval date	Scrutinizer	Links
1	Issue of Subscription Shares and Warrants on a Preferential Basis.	May 24, 2022	June 23, 2022	M/s. Dilip Bharadiya and Associates, Company Secretaries	PB notice: www.abfrl.com PB results: www.abfrl.com
2	Re-designation of Mr. Vikram Rao as an Independent Director.				
3	Re-appointment of Mr. Ashish Dikshit as a Managing Director.				

Voting pattern

Resolution no.	Total Votes	Votes in Favour	Votes Against
1	80,98,91,143 [100 %]	80,74,68,967 [99.70 %]	24,22,176 [0.29%]
2	79,16,06,254 [100 %]	69,95,08,123 [88.36 %]	9,20,98,131 [11.63%]
3	81,26,88,851 [100 %]	78,49,83,309 [96.59%]	2,77,05,542 [3.40%]

The details of special resolution proposed to be transacted through PB is as follows:

As on the date of this report, following special resolution is proposed to be passed through PB:

Date of PB notice	Resolution proposed	Scrutinizer	Links for PB notice
May 5, 2023	Enhancement of limits of investments/loans/ guarantees/ securities in excess of the limits prescribed in Section 186 of the Act.	M/s. Dilip Bharadiya and Associates, Company Secretaries	www.abfrl.com

MEANS OF COMMUNICATION

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

Website	www.abfrl.com	A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information required to be disseminated by the Company in terms of Regulation 46 and 30 of the SEBI Listing Regulations are uploaded on the website of the Company. These include, more particularly, the following: i. Quarterly financial results and annual financial statements; ii. Investor presentations, press releases, earnings call transcripts; iii. Details of corporate governance policies, Board committee charters and iv. Other quarterly filings and Stock Exchange disclosures.
Newspaper	'The Business Standard' and 'Navshakti'	The quarterly financial results of the Company are published within the stipulated timeline, in 1 (one) English language national daily newspaper and regional language daily newspaper.
E-mail IDs	i. invrelations.abfrl@adityabirla.com ii. secretarial@abfrl.adityabirla.com	The Company has designated e-mail ids for investor relations and shareholders assistance.
Portal	NEAPS (NSE Electronic Application Processing System) & NSE Digital Portal, BSE Corporate Compliance & the Listing Centre	NEAPS & NSE Digital Portal and BSE Listing Centre are web-based application designed by NSE and BSE, respectively, for corporates to make submissions. All periodical compliance filings are filed electronically on such portals.
Investor Redressal system	SEBI Complaints Redress System (SCORES)	It is a centralised database of all complaints and enables on-line upload of Action Taken Reports by the Company on complaints received, on-line viewing by investors of actions taken on the complaints and their current status.

GENERAL SHAREHOLDER INFORMATION

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

OTHER AFFIRMATIONS AND DISCLOSURES

a. No material transaction has been entered into by your Company with the promoters, directors or the management or relatives, etc. that may have a potential conflict with interests of the Company.

b. Compliance with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the SEBI Listing Regulations.

c. There were no material significant Related Party Transaction ("RPTs") that had/may have potential conflict with the interests of the Company at large.

d. The Company has complied with all applicable provisions of the SEBI Listing Regulations and all other applicable regulations and guidelines issued by SEBI and stock exchanges. 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. The Company or its subsidiaries do not have loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.

f. There is no material subsidiary of the Company.

g. Shareholders' complaints as on March 31, 2023.

During the year under review, the Company received total of 88 complaints from the shareholders. The Company addressed all the investor complaints received as indicated above, except one complaint which is resolved/replied on April 8, 2023.

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

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

Also, the Company has adopted 'Policy for Prevention of Sexual Harassment at Workplace' and 'Anti-fraud Policy' which specifically guarantee the right to 'blow the whistle'. The said policies are also available on the website of the Company i.e. www.abfrl.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.

i. 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 above, your Company also strives to adhere and comply with the following discretionary requirements specified under Regulation 27(1) and Part E of the Schedule II of the SEBI Listing Regulations, to the extent applicable:

(i) 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.

j. Commodity price risk and commodity hedging activities

Your Company does not engage in commodity hedging activities.

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

A certificate from M/s. Dilip Bharadiya & Associates, Company Secretaries, (FRN: P2005MH091600) 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 SEBI and MCA or any other statutory authority and accordingly the same forms part of this report as **Annexure A.**

l. 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.

m. Total fees paid, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part

During the financial year 2022-23, Price Waterhouse & Co Chartered Accountants LLP, Statutory Auditor of the Company has been paid total fees of ₹ 2.60 Crore by the Company and all the entities in the network firm/network entity of which statutory auditors is a part, for the services provided by them during the year under review. The segregation of which is mentioned below:

(₹ in Crore)

Sr. no.	Firm Name	By Company	By Subsidiary	Total
1	Price Waterhouse & Co Chartered Accountants LLP	2.15	0.45	2.60
	Total	**2.15**	**0.45**	**2.60**

Note: Amount of ₹ 0.49 Crore pertains to the audit fees of statutory auditors of Subsidiary Companies which is not included in the above disclosure.

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

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

The details of complaints related to sexual harassment, during the financial year 2022-23:

Sr. no.	Particulars	Pending as on March 31, 2022	Received during the year	Disposed off during the year	Pending as on March 31, 2023
1	Employees (On roll)	-	19	18	1
2	Others (Off roll/3rd party)	-	11	11	-
	Total	**-**	**30**	**29**	**1**

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

CSR Policy
RPT Policy
Policy for Determining of Material Subsidiary Companies
Policy for determination of materiality of information or event
Policy for archival of documents
Policy on preservation of documents
Code of practices and procedures for fair disclosure of unpublished price sensitive information
Code of Conduct for Board of Directors and Senior Management
Anti-fraud Policy
Sustainability Policy
Environmental Policy
Tax Policy
Human Rights Policy
Safety Policy
Dividend Distribution Policy
Vendor Code of Conduct Policy

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

SUBSIDIARY & ASSOCIATE COMPANIES

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

As per the Regulation 16 of the SEBI Listing Regulations, the Company does not have any unlisted material subsidiary company.

Details of the Subsidiaries and Associate Companies are forming part of the 'Board's Report' of this Annual Report.

CEO/CFO CERTIFICATION

As required under the provisions of Regulation 33 of the SEBI Listing Regulations, Mr. Ashish Dikshit, Managing Director and Mr. Jagdish Bajaj, Chief Financial Officer have reviewed the audited financial statements and cash flow statement for the financial year ended March 31, 2023 and accordingly have provided a Certificate, which is enclosed separately at the end of this Report as **Annexure B**.

CODE OF CONDUCT

The Board of Directors has laid down a 'Code of Conduct for the Board Members and Senior Management' of your Company. All Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct, which is enclosed separately at the end of this Report as **Annexure C**.

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.

The compliance certificate received from M/s. Dilip Bharadiya & Associates (FRN: P2005MH091600), Company Secretaries regarding compliance of corporate governance requirements forms part of **Annexure VII** to the Board's Report.

ANNEXURE A

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

To,

The Members,
ADITYA BIRLA FASHION AND RETAIL LIMITED
Piramal Agastya Corporate Park,
Building A, 4th and 5th Floor,
Unit No.401,403,501,502, L.B.S Road,
Kurla Mumbai -400070

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^{th} and 5^{th} 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 Obligations and Disclosure Requirements) Regulations, 2015 *("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 Listing Regulations.

We have examined the documents and disclosures provided by the following Directors (as on March 31, 2023) in electronic mode, for the purpose of issuing this Certificate, in accordance with the requirements under the Act and the Listing Regulations:

Sr. No.	Name of the Director	DIN	Date of appointment
1.	Mr. Ashish Dikshit	01842066	01/02/2018
2.	Mr. Vishak Kumar	09078653	24/02/2021
3.	Mr. Kumar Mangalam Birla	00012813	24/02/2021
4.	Ms. Sukanya Kripalu	06994202	13/10/2014
5.	Mr. Sunirmal Talukdar	00920608	11/03/2020
6.	Ms. Sangeeta Pendurkar	03321646	24/02/2021
7.	Mr. Nish Bhutani	03035271	05/06/2020
8.	Ms. Preeti Vyas	02352395	31/03/2021
9.	Mr. Vikram Rao*	00017423	17/03/2021
10.	Mr. Yogesh Chaudhary	01040036	17/03/2021
11.	Mr. Arun Adhikari	00591057	19/05/2021
12.	Mr. Pankaj Sood^	05185378	20/09/2022
13.	Ms. Ananyashree Birla#	06625036	30/01/2023
14.	Mr. Aryaman Vikram Birla#	08456879	30/01/2023

*Appointed as an Independent Director with effect from May 18, 2022

^Appointed as Nominee Director with effect from September 20, 2022

Appointed as Non-Executive Director with effect from January 30, 2023

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

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

For **DILIP BHARADIYA & ASSOCIATES**

SHIVANGINI GOHEL
Partner
FCS No. 25740 CP No. 9205
UDIN: A025740E000319770

Place: Mumbai
Date: May 17, 2023

ANNEXURE B

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, 2023 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, 2023 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, 2023;

   II. significant changes in accounting policies, if any, during the financial year ended on March 31, 2023 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: Mumbai
Date: May 22, 2023

Ashish Dikshit
Managing Director

Jagdish Bajaj
Chief Financial Officer

ANNEXURE C

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, 2023.

Place: Mumbai
Date: May 22, 2023

Ashish Dikshit
Managing Director

GENERAL SHAREHOLDER INFORMATION

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

(i) Annual General Meeting (16th) for FY 22-23

Day and date	:	Thursday, September 28, 2023
Time	:	3:00 p.m.
Venue / Mode	:	Video Conferencing/Other Audio Visual Means

(ii) Financial Calendar for Reporting

Board Meetings

Financial Year of the Company	1st April to 31st March
Quarter ending June 30, 2023	On or before August 14, 2023
Quarter and six months ending September 30, 2023	On or before November 14, 2023
Quarter and nine months ending December 31, 2023	On or before February 14, 2024
Quarter and year ending March 31, 2024	On or before May 30, 2024
Annual General Meeting for the year ending March 31, 2024	On or before September 30, 2024

(iii) Dividend payment date: Not Applicable

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

(a) Equity shares:

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

(b) Non-convertible debentures ("NCD"):-

Unsecured, rated, redeemable, NCDs of face value of ₹ 10,00,000 each issued by the Company for Series 6, 7 & 8 and face value of ₹ 1,00,000 for Series 9 from time to time and 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
2019	6(1)	959076	INE647O08081	435	11-Nov-22	**Axis Trustee Services Limited** 2nd Floor 'E', Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025 Phone: +91 22 2425 5215/5216 Fax: +91 22 2425 4200 Email id: debenturetrustee@axistrustee.com
2020	7	959492	INE647O08099	325	22-May-23	
2021	8	973442	INE647O08107	400	09-Sep-24	
2023	9(2)	974570	INE647O08115	500	30-Jan-26	

Notes:

(1) Redemption of Series 6 NCDs were due on November 11, 2022. Accordingly, the redemption amount has been duly paid.

(2) Series 9 NCDs was issued on January 30, 2023.

(c) Commercial Papers: In terms of Securities and Exchange Board of India ("SEBI") Circular no. SEBI/HO/DDHS/P/CIR/2021/613 Operational Circular for issue and listing of NCDs, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 and updated as on April 13, 2022, the Company has no outstanding Commercial Paper as on March 31, 2023.

(v) Credit ratings:

The details of credit ratings as on March 31, 2023 and any revisions thereto during the financial year are disclosed below:

Instrument issued by/on behalf of the Company	Credit Rating		
	CRISIL Limited	ICRA Limited	India Ratings & Research
Bank Loan Facilities	CRISIL AA+/Stable	ICRA AA+/Stable	IND AA/Stable
NCDs	CRISIL AA+/Stable	-	IND AA/Stable
Commercial Paper	CRISIL A1+	ICRA A1+	IND A1+

Notes:

1. ICRA Limited upgraded the Rating as ICRA AA+ and revised its outlook from 'Positive' to 'Stable' on the bank loan facilities on March 2, 2023.

2. CRISIL upgraded the Rating as CRISIL AA+ and revised its outlook from 'Positive' to 'Stable' on the bank loan facilities on March 17, 2023.

(vi) Designated depository for the purpose of monitoring of Foreign Investment limits on behalf of the Company: Central Depository Services (India) Limited ("CDSL")

(vii) Annual listing fees for the financial year 2023-24: Has been paid to both the Stock Exchanges.

(viii) Stock market price data:

Month – Year	BSE				NSE			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Traded volume (No. of shares in lakh)	High (in ₹)	Low (in ₹)	Close (in ₹)	Traded volume (No. of shares in lakh)
April-2022	321.95	276.55	285.85	17.97	322.00	276.65	285.50	502.16
May-2022	288.00	246.50	270.95	23.82	288.30	246.35	271.30	524.17
June-2022	282.25	221.15	236.20	19.01	282.45	221.30	237.05	425.07
July-2022	272.20	235.65	268.70	12.33	272.25	235.50	268.65	332.60
August-2022	308.15	269.70	306.00	25.35	308.20	270.00	305.95	695.74
September-2022	351.65	301.45	349.15	33.83	351.75	301.55	349.10	579.38
October-2022	355.35	324.15	353.90	31.30	355.40	324.20	353.90	303.31
November-2022	359.40	300.05	314.50	22.93	359.50	300.00	314.30	528.44
December-2022	320.05	281.50	287.50	13.14	320.00	281.50	287.50	414.75
January-2023	290.75	244.90	256.60	14.86	290.00	244.85	256.65	366.35
February-2023	265.35	225.70	229.50	24.06	265.50	225.60	229.70	579.96
March-2023	239.65	200.20	214.30	20.47	239.65	206.20	214.35	395.05

Source: BSE and NSE websites.

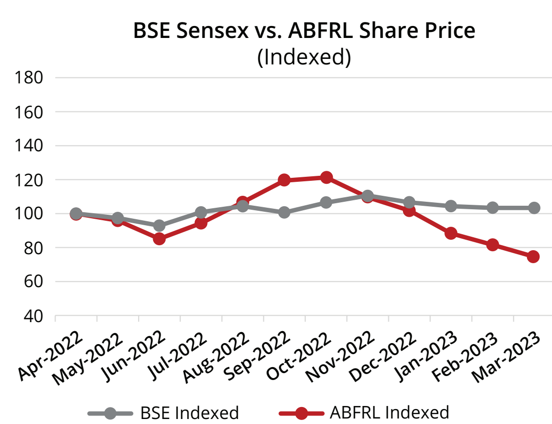
Closing price of your Company's equity shares and the market capitalisation as on the last trading day of the financial year 2022-23 i.e. March 31, 2023, were as under:

Particulars	BSE	NSE
	535755	ABFRL
Closing price (in ₹)	214.30	214.35
Market capitalisation (₹ in Crore)	20,331.68	20,336.42

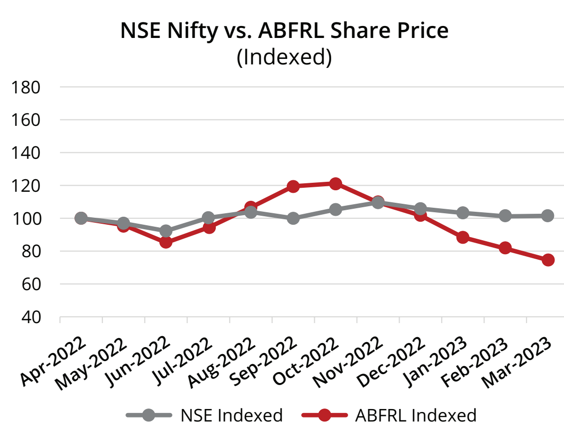
(ix) Stock performance:

Month – Year	ABFRL		BSE		NSE	
	NSE closing price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed
April-2022	283.05	100.00	57,060.87	100.00	17,102.55	100.00
May-2022	271.45	95.90	55,566.41	97.38	16,584.55	96.97
June-2022	241.05	85.16	53,018.94	92.92	15,780.25	92.27
July-2022	267.15	94.38	57,570.25	100.89	17,158.25	100.33
August-2022	301.85	106.64	59,537.07	104.34	17,759.30	103.84
September-2022	338.15	119.47	57,426.92	100.64	17,094.35	99.95
October-2022	343.30	121.29	60,746.59	106.46	18,012.20	105.32
November-2022	310.35	109.64	63,099.65	110.58	18,758.35	109.68
December-2022	288.05	101.77	60,840.74	106.62	18,105.30	105.86
January-2023	250.10	88.36	59,549.90	104.36	17,662.15	103.27
February-2023	230.95	81.59	58,962.12	103.33	17,303.95	101.18
March-2023	211.15	74.60	58,991.52	103.38	17,359.75	101.50

Source: BSE and NSE websites



Base 100 = Friday, April 29, 2022



Base 100 = Friday, April 29, 2022

(x) Distribution of shareholding as on March 31, 2023:

Range of shareholding	No. of shareholders	% No. of shareholders	No. of shares held	% shareholding
1 to 500	2,34,878	88.86	1,98,11,087	2.09
501 to 1000	14,904	5.64	1,08,77,357	1.15
1001 to 2000	7,580	2.87	1,08,46,941	1.14
2001 to 3000	2,610	0.99	65,33,067	0.69
3001 to 4000	1,168	0.44	40,98,866	0.43
4001 to 5000	751	0.28	34,50,519	0.36
5001 to 10000	1,351	0.51	94,20,548	0.99
10001 and above	1,072	0.41	88,37,52,462	93.15
Total	**2,64,314**	**100.00**	**94,87,90,847**	**100.00**

Category-wise shareholding pattern of the Company as on March 31, 2023:

Category	No. of shareholders [1]	No. of shares	%
Promoter and Promoter Group	**15**	**52,62,99,516**	**55.47**
Public	**2,57,393**	**41,76,07,192**	**44.01**
Institutions	**246**	**31,53,69,442**	**33.24**
Mutual Funds	41	12,24,21,947	12.90
Foreign Portfolio Investors	107	13,65,65,649	14.39
Insurance Companies	14	5,04,69,916	5.32
Alternate Investment Funds	7	7,70,603	0.08
Financial Institutions / Banks	42	13,68,963	0.14
Others	35	37,72,364	0.40
Central / State Government(s)	**3**	**1,060**	**0.00**
Non-Institutions	**2,57,144**	**10,22,36,690**	**10.78**
Individuals	2,46,273	8,24,76,063	8.69
Body Corporates	1,152	1,03,92,991	1.10
Others	9,719	93,67,636	0.99
Non Promoter - Non Public	**1**	**48,84,139**	**0.51**
Total	**2,57,409**	**94,87,90,847**	**100.00**

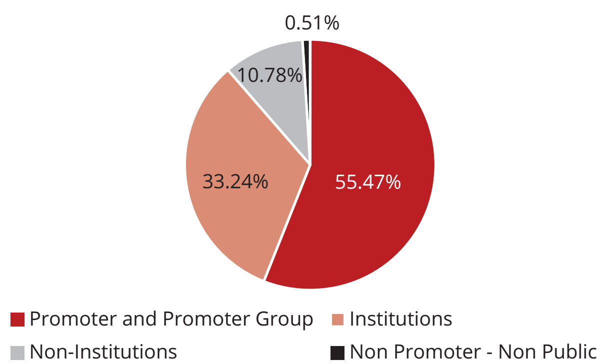
[1] *Consolidated on basis of Permanent Account Number (PAN).*

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

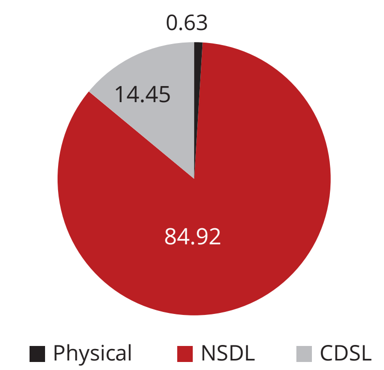
As on March 31, 2023, 99.37% equity shares of the Company are held in dematerialised form.

Particulars	No of Shareholders	No. of shares held	%
Physical	25,526	59,44,963	00.63
Dematerialised mode:	2,38,788	94,28,45,884	99.37
NSDL	1,03,061	80,57,32,959	84.92
CDSL	1,35,727	13,71,12,925	14.45
Total	**2,64,314**	**94,87,90,847**	**100.00**

Category-wise Shareholding %



Dematerialisation of share



(xii) **Unclaimed Suspense Account:**

(a) As on March 31, 2023, total number of 28,59,477 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	14,698	28,86,461
Shareholders who approached the Company and to whom shares were transferred during the year	34	26,984
Shareholders and aggregate number of shares transferred to the Unclaimed Suspense Account during the year	-	-
Outstanding at the end of the year	14,664	28,59,477

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

As the shares lying in the said suspense account are resulting out of allotments made pursuant to the merger activities of the Company, they shall be released as and when released by transferor companies i.e. Future Retail Limited and Aditya Birla Nuvo Limited (now known as 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) **Transfer of sale proceeds of fractional shares arising out of amalgamation to Investor Education and Protection Fund ("IEPF")**

During the year under review, the Company was not required to transfer any fund to the IEPF.

(xiv) **Reconciliation of share capital audit:**

As stipulated under Regulation 76 of The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and as per the amendments, M/s. Dilip Bharadiya & Associates, Company Secretaries (FRN: P2005MH091600), carried out quarterly audit for the purpose of reconciliation of the total issued capital, listed capital and the capital held by the depositories in dematerialised form, the details of changes in the share capital during each quarter and the in-principle approval pending from stock exchanges with respect to such further issued capital, if any.

Further, an audit report issued in that regard is submitted to the stock exchanges, National Securities Depository Limited ("NSDL") and CDSL on quarterly basis and the same is also placed before the Board.

(xv) **Outstanding Global Depository Receipts ("GDRs")/American Depository Receipts ("ADRs")/ warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company on September 20, 2022 has *inter-alia* allotted 6,58,00,866 warrants to Caladium Investment Pte. Ltd. ("Caladium") on preferential basis and each warrant is convertible into or exchangeable for 1 (One) equity share of the Company of face value of ₹ 10 /- each (Rupees Ten Only) ("Warrants"). The Warrants shall be convertible into equity shares of the Company on or before March 20, 2024. Post conversion of Warrants, Caladium will hold 7.49% (assuming full conversion) of the equity share capital of the Company.

(xvi) **Commodity price risk/foreign exchange risk and hedging activities:**

The foreign currency exposure of the Company, in respect of its imports, borrowings and export receivables, is hedged as per its policies. The Company uses a mix of various derivative instruments like forward covers.

(xvii) **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 ("AC")

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

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

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

During the year under review, the Company received total of 88 complaints from the shareholders. Details of complaints received along with their status as on March 31, 2023, have been disclosed separately in the Corporate Governance Report forming part of this Annual Report.

(xviii) Share transfer system:

The Company has a Board-level SRC to examine and redress investors' complaints.

In terms of the provisions of Regulation 40(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained, on yearly basis, a certificate, from a Company Secretary in practice, certifying that all certificates have been issued within thirty days of the date of lodgement of the transfer, sub-division, consolidation and renewal (except those rejected on technical grounds) and also filed a copy of the said certificate with the Stock Exchanges.

Securities of the listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Further, SEBI vide Circular no SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated all listed companies to issue securities in dematerialised form only, while processing the service request of issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/exchange of securities certificate, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. The Company/RTA shall verify and process the investor service requests and thereafter issue a 'Letter of Confirmation ("LOC")' in lieu of physical share certificate(s). The LOC shall be valid for a period of 120 days from the date of issuance within which the Member/ Claimant shall make a request to the Depository Participant for dematerialising the said shares. In case, the demat request is not submitted within the aforesaid period, the shares shall be credited to the Company's Suspense Escrow Demat Account.

In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, shareholders are advised to dematerialise the shares held by them in physical form. Accordingly, shareholders holding shares in physical are requested to contact the RTA/Company for assistance in converting their holdings to demat form at the earliest.

Shareholders are advised to refer the latest SEBI guidelines/circulars issued for all the holders holding securities in listed companies in physical form from time to time and keep their KYC details updated at all times, to avoid freezing their folio as prescribed by SEBI.

(xix) Suspense Escrow Demat Account

In accordance with the recent SEBI circular as mentioned above, the Company has opened a separate Suspense Escrow Demat Account ("said account") with NSDL in case any demat request is not submitted within 120 days from the date of LOC the same shall be credited to the said account.

The details of shares lying under the said Demat Account as on March 31, 2023 is as follows:

Particulars	No. of shareholders	No. of shares
Outstanding shares in the suspense escrow demat account lying as on April 1, 2022	Not Applicable	
Transferred during the year	4	1,044
Shareholders who approached the Company for transfer of shares from the suspense escrow demat account	-	-
Shareholders and number of shares outstanding in the suspense escrow demat account lying as on March 31, 2023	4	1,044

(xx) Company's recommendations to the shareholders:

a. Intimate/update contact details

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

b. Furnish/update PAN, KYC, bank account and nomination details with the Company/DP

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, has mandated all holders of physical securities in listed companies to update their KYC by furnishing the following documents/details to the RTA:

- Register the PAN through Form ISR - 1
- Compulsory linking of PAN and Aadhaar
- Nomination in Form SH-13 or cancellation or variation in nomination through Form SH-14
- Declaration to Opt-out Nomination through Form ISR - 3 after cancelling his existing nomination, if any, through Form SH-14
- Bank account particulars through Form ISR-2
- Specimen signature update
- All the above forms are available on the website of the Company www.abfrl.com and with RTA

The folios wherein any one of the cited document/details as above are not available on or after October 1, 2023, shall be frozen by the RTA.

c. 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.

d. 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 this 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.

e. 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.abfrl.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.

f. 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.

g. 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.

(xxi) Plants of the Company with their locations:

Sr. no.	Plants	Location
1.	Madura Clothing *(Crafted Clothing)*	No. 527, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
2.	Madura Clothing *(Fashion Craft)*	No. 324, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka
3.	Madura Clothing *(Europa Garments)*	Survey No. 62/2A, 62/2B, Parappana Agrahara, Off Hosur Road, Begur Hobli, Naganathapura, Bengaluru - 560100, Karnataka
4.	Madura Clothing *(Classical Menswear)*	No. 288/2, Dodda Begur, Bommanahalli, Bengaluru - 560068, Karnataka
5.	Madura Clothing *(English Apparels)*	No. 52/2, Bilvaradahalli, Jigani Hobli, Anekal Taluk, Bengaluru - 560083, Karnataka
6.	Madura Clothing *(Haritha Apparels)*	Survey No. 42/2, 43, Basavanapura, Mayaganahalli, Kasaba Hobli, Ramanagara Taluk and District - 562159, Karnataka
7.	Madura Clothing *(Alpha Garments)*	No. 10/1, Byatarayanapura Jakkur Layout, Bellary Main Road, Bengaluru - 560064, Karnataka
8.	Madura Clothing *(Little England Apparels)*	Survey No.#569/1,569/2B,570,606,853/1, Kurbarapalli Village Doddaubanur Post, Denkanikotte Taluk, Thally - 635118, Tamil Nadu
9.	Aditree Apparels (formerly known as 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

(xxii) Store Locations of the Company:

Your Company also has multiple stores spread across India. You may please refer the back inner cover page of this Annual Report for the city-wise break-up of stores of the Company plotted on the map of India.

(xxiii) Address for correspondence:

- All shareholder's correspondence should be forwarded to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company or to the Company Secretary at the registered office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for shareholders complaints and other communications is secretarial@abfrl.adityabirla.com.

Registrar and Share Transfer Agent	Registered Office
Link Intime India Private Limited	**Aditya Birla Fashion and Retail Limited**
Unit: Aditya Birla Fashion and Retail Limited	Piramal Agastya Corporate Park, Building 'A',
C-101, 247 Park, L.B.S. Marg,	4^{th} and 5^{th} Floor, Unit No. 401, 403, 501, 502,
Vikhroli (West), Mumbai - 400083	L.B.S. Road, Kurla, Mumbai - 400070
Phone : +91 8108116767	Phone : +91 86529 05000
Fax : +91 22 49186060	Fax : +91 86529 05400
E-mail : rnt.helpdesk@linkintime.co.in	E-mail : secretarial@abfrl.adityabirla.com
Website : www.linkintime.co.in	Website : www.abfrl.com

(xxiv) 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.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

BUILDING SUSTAINABLE BUSINESSES

At the Aditya Birla Group, we endeavor to become the leading Indian conglomerate for sustainable business practices across our global operations. We define action "Sustainable Business" as one that can continue to survive and thrive within the growing needs and tightening legal and resource constraints of a "Sustainable World". We believe that this means that as we go forward towards constrained operating environments of 2030 and 2050, that for a continued "Sustainable World", it can increasingly only contain "Sustainable Businesses".

BUSINESS SUSTAINABILITY JOURNEY

We, at Aditya Birla Fashion and Retail Limited *("ABFRL")*, consider sustainability as our ability to survive and thrive in the face of growing uncertainty and megatrends to build a sustainable business. Post successful achievement of milestones in 2021, we have set ourselves on a transition i.e., sustainability 2.0 from 'Process-led to Product-led', with a 2025 agenda focusing on product design and development, customer centricity and supply chain. We believe this transition shall strengthen integration of sustainability across the whole spectrum of design development, supply chain and consumer end of use for product life cycle.

All our value chain partners are in principle alignment with our sustainability goals and continue to play a vital role in achieving them together with us. This partnership demonstrates our commitment and vision to deliver sustainable fashion with a positive impact on society, stakeholders and the ecosystem.

In this 'Decade of Journey' we at ABFRL continue to transform our ambition to effective actions ensuring alignment not just to our sustainability goals but also to regional, national and global goals. We believe, going forward, imperatives for sustainability will only intensify and collective effort with pragmatic approach shall contribute in holistic growth taking businesses beyond obvious establishing a global ecosystem which is transparent, accountable and also sustainable.

Business Responsibility and Sustainability Report

Anchored by the ABG Vision and Sustainable Business Framework, we at ABFRL embarked on our sustainability journey with the launch of the sustainability 1.0 programme 'ReEarth - For Our Tomorrow' in FY13.

Building on our commitment to foster a sustainable tomorrow and deliver sustainable fashion, we have leapfrogged in our ReEarth programme with sustainability 2.0 and defined milestones for 2025.

Our Product Life Cycle Approach is the fulcrum of our sustainability 2025 strategy. From product design and development, to supply chain and customer-centricity, through use and end-use, this approach shall act as pivot in integrating sustainability into products. Please refer sustainability Report 2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

We present our Business Responsibility and Sustainability Report *(BRSR)* in alignment with the National Guidelines on Responsible Business Conduct *(NGRBCs)* on Environmental, Social and Governance (ESG) of Businesses as released by the Ministry of Corporate Affairs in May 2021. This Report is prepared as per amended 34 (2) (f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021 and demonstrate the ESG efforts taken by the Company during the financial year 2022-23.

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	**Corporate Identity Number (CIN) of the Listed Entity**	:	L18101MH2007PLC233901
2	**Name of the Listed Entity**	:	Aditya Birla Fashion and Retail Limited
3	**Year of incorporation**	:	2007
4	**Registered office address**	:	Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai, Maharashtra - 400 070
5	**Corporate address**	:	KH No 118/110/1 Building2 Divyashree Technopolis, Yemalur Post, HAL Old Airport Rd, Bengaluru, Karnataka - 560 037
6	**E-mail**	:	secretarial@abfrl.adityabirla.com
7	**Telephone**	:	91 86529 05000
8	**Website**	:	www.abfrl.com
9	**Financial year for which reporting is being done**	:	2022-2023
10	**Name of the Stock Exchange(s) where shares are listed**	:	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")
11	**Paid-up Capital (in INR)**	:	₹ 9,48,79,08,470
12	**Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**	:	Name: Dr Naresh Tyagi Designation: Chief Sustainability Officer Telephone: 080-67271000 Email Address: naresh.tyagi@abfrl.adityabirla.com
13	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).**	:	Yes, the disclosure under this report are made on Standalone basis. The BRSR disclosures pertain to our Corporate office in Mumbai and Head Office in Bengaluru, factories, warehouses, and retail stores. The defined boundary covers significant operations of the organization. We have continued using the gate-to-gate approach for disclosures, and unless otherwise stated, this report does not include any data and/or information which pertains to any entity outside our organization. Refer 'Reporting Scope Boundary and Framework' section in Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

II. Products / services

14. Details of business activities (accounting for 90% of the turnover):

Business activities include design, manufacturing, distribution and retailing offering branded apparel and accessories. Details of turnover provided in subsequent question.

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Description of Main Activity	Description of Business Activity	Business Activity Code	% of Turnover of the entity
1	Manufacturing	Textile, Leather and other apparel products	C2	27.36%
2	Trade	Retail Trading	G2	72.63%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated.

Location	Number of plants	Number of offices	Total
National	10 Factories 8 Warehouses	Registered Office – Mumbai Office – Bengaluru	20
International	—	—	—

Refer 'Reporting Scope Boundary and Framework' section in Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

17. Markets served by the entity:

a. Number of locations:

Location	Number
National (no. of states)	28 states and 4 union territories across India
International (no. of countries)	The Middle East, USA

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1.46% is contributed to exports in total turnover

c. A brief on types of customers:

Considering our product portfolio, we cater to all types of customer needs in fashion including formals, casuals, fast fashion, Indian ethnic and luxury. We also cater to accessory needs of the customers across India. With the ever-increasing ease of access to internet connectivity and we also reach out to our customer through our e-commerce along with our large retail footprint.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Particulars	Total	Male		Female	
Employees					
		Nos	**%**	**Nos**	**%**
Permanent	14381	10688	74%	3693	26%
Other than Permanent	19855	-	-	-	-
Total employees	**34236**	**10688**	**31%**	**3693**	**11%**
Workers					
	Nos	**%**	**Nos**	**%**	
Permanent	14009	2070	15%	11939	85%
Other than Permanent	0	0	0	0	0
Total Workers	**14009**	**2070**	**15%**	**11939**	**85%**

b. Differently abled Employees and workers:

Particulars	Total	Male		Female	
		Nos	**%**	**Nos**	**%**
Workers *(Permanent)*	75	32	43%	43	57%

We do not have differently abled under employee category.

19. Participation / Inclusion / Representation of women

	Total	No. and percentage of Females	
		Nos	**%**
Board of Directors	14	4	29%
Key Management Personnel	5*	1	20%

*Includes a managing director and two whole-time directors

20. Turnover rate for permanent employees and workers
(Disclose trends for the past 3 years)

	FY 22-23			FY 21-22			FY 20-21		
Permanent Employees	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Turnover rate %	35	38	35	22	26	22	22	23	22
Permanent Workers	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Turnover rate %	55	59	59	52	52	52	47	56	55

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Jaypore E-Commerce Private Limited	Subsidiary	100.00%	No
2	TG Apparel & Decor Private Limited	Subsidiary	100.00%	No
3	Finesse International Design Private Limited	Subsidiary	58.69%	No
4	Sabyasachi Calcutta LLP	Subsidiary	51.00%	No
5	Sabyasachi Inc.	Subsidiary	51.00%	No
6	Indivinity Clothing Retail Private Limited	Subsidiary	80.00%	No
7	House of Masaba Lifestyle Private Limited	Subsidiary	52.44%	No
8	Aditya Birla Garments Limited	Subsidiary	100.00%	No
9	Aditya Birla Digital Fashion Ventures Limited	Subsidiary	100.00%	No
10	Pratyaya E-Commerce Private Limited	Subsidiary	66.26%	No
11	Imperial Online Services Private Limited	Subsidiary	55.00%	No
12	Awesomefab Shopping Private Limited	Subsidiary	55.00%	No
13	Bewakoof Brands Private Limited	Subsidiary	85.17%	No
14	Next Tree Products Private Limited	Subsidiary	85.17%	No
15	Goodview Fashion Private Limited	Joint Venture	33.50%	No

VI. CSR Details

22. CSR details

(i) **Whether CSR is applicable as per section 135 of Companies Act, 2013:** *Yes*

(ii) **Turnover (in Rs.):** *Rs. 1,17,36,85,61,246*

(iii) **Net worth (in Rs.):** *Rs. 37,86,89,24,949*

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 (Current)			FY 2021-22 (Previous)		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	-	0	0		0	0	
Investors (other than shareholders)	Yes	0	0		0	0	
Shareholders	Yes https://www.abfrl.com/corporate-governance/policies/	88	1	All complaints received were addressed, except for 1, which was received towards the quarter end and resolved/ replied to on April 8, 2023.	114	0	The Company addressed all the investor complaints received, along with two from the previous years.
Employees and workers	Yes	163	2	cases received towards the year end	85	0	0
Customers	Yes	2	0		4	29	NA
Value Chain Partners	No	0	0		0	0	0

24. Overview of the entity's material responsible business conduct issues: Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

At ABFRL, we carried out a detailed materiality analysis, focusing on development of our 2025 strategy for ReEarth's Sustainability 2.0. It involved extensive stakeholder engagement with senior management, employees, functional heads, suppliers, customers, local community and industry associations. Inputs from various sector trends, peer performance and internal strategy documents were also collected. A list of material issues has been identified and prioritized through consultation with different stakeholder groups. The outcome of the process is a comprehensive materiality analysis along with qualitative outputs that feed into the sustainability strategy development process.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Sustainable Product	Opportunity	Influence on Stakeholders vis-à-vis Significance to Business	Creating products by embracing lifecycle thinking, designing out waste and pollution, keeping material is use and enabling regenerative natural systems.	Increase in share of sustainable products in the product portfolio
2	Packaging	Opportunity & Risk	Influence on Stakeholders vis-à-vis Significance to Business	Exploring environment-friendly substitutes for packaging while continuing the rigor on standardizing, eliminating, and minimizing the primary, secondary and tertiary packaging of the product	Transitioning towards 100% sustainable packaging Adherence to legal compliance
3	Innovation	Opportunity	Influence on Stakeholders vis-à-vis Significance to Business	Investing in innovation and technology to accelerate the journey ahead across product development, manufacturing, supply chain, and consumer engagement	Breakthrough technology and processes, Process improvement
4	Waste Management	Opportunity & Risk	Influence on Stakeholders vis-à-vis Significance to Business	Establishing integrated waste management system with a focus to reduce overall waste generation, encourage circularity, dispose zero waste to landfill and drive last mile traceability	Zero Waste to landfill, Adherence to legal compliance
5	Water Management	Opportunity & Risk	Influence on Stakeholders vis-à-vis Significance to Business	Conserving and rejuvenating water sources through reducing fresh water withdrawal and enhance share of alternate water i.e., rainwater, recycled water	Water positive operations & Adherence to legal compliance
6	Health & Safety	Risk	Influence on Stakeholders vis-à-vis Significance to Business	Strengthening safety management systems to establish a conducive workplace which are safe and healthy	Zero fatality or loss of asset, adherence to legal compliance

Refer Materiality – Stakeholder Engagement, Sustainability Report for FY2022-23 available at

https://www.abfrl.com/sustainability/sustainability-reports

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Policy and Management Process									
1a.	**Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)**	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
1b.	**Has the policy been approved by the Board? (Yes/No)**	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
1c.	**Web Link of the Policies, if available**	http://www.abfrl.com/corporate-governance/policies/	—	http://www.abfrl.com/corporate-governance/policies/						
		Some policies may also include a combination of internal policies of the Company which are accessible to all internal stakeholders and policies placed on the Company's website								
2	**Whether the entity has translated the policy into procedures. (Yes / No)**	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
3	**Do the enlisted policies extend to your value chain partners? (Yes/No)**	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
4	**Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**	Global Standards / frameworks: ILO, GRI, IFC, ISO, SA8000	Labels: BCI, LIVA Eco Fibber International Standards: OHSAS, ANSI, BSI, ASTM, NFPAIndian Standards: BIS, NBC, NSCGlobal Standards / frameworks: ILO, GRI, IFC, ISO, SA8000, Recycled Claim Standard, Higg Index	International Standards: OHSAS, ANSI, BSI, ASTM, NFPAIndian Standards: BIS, NBC, NSCGlobal Standards / frameworks: ILO, GRI, IFC, ISO, SA8000, ETI	Global Standards: AA1000AS, GRI, UNGC	Global Standards / frameworks: ILO, ISO, IFC SA8000, ETI, UNGC	Global Standards / frameworks: ILO, GRI, IFSC, ISO, SA8000 Certifications: USGBC, IGBC	Global Standards: AA1000AS, GRI, UNGC	Global Standards / frameworks: ILO, IFC, ISO, SA8000, UNGC	Global Standards / Frameworks: ISO, UNGC

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**	-	• 50% products by volume to have at least one sustainable attribute by 2025 • All tier-1 suppliers to be covered under Vendor Code of Conduct Program by 2025 • Zero severity at our premises • 50% renewable energy across our facilities	• All tier-1 suppliers to be covered under Vendor Code of Conduct Program by 2025 • Zero Harm - No incident of 'Category 5' at our premises.	-	• All tier-1 suppliers to be covered under Vendor Code of Conduct Program by 2025	• 50% Renewable Energy across our facilities by 2025 • 5% reduction in Scope 1, 2 & 3 Emissions by 2025 • Water positive across our facilities • Zero Waste disposed to landfill	-	• CSR goals are defined year-on-year across Education, Healthcare & Sanitation, Sustainable Livelihood, Water & Watershed and Digitalization	• 'All tier-1 suppliers to be covered under Vendor Code of Conduct Program by 2025 • 10% products by volume to berecycled / upcycled
6	**Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met**	-	• Achievements FY 2023: • 70.3% of products by volume have at least 1 sustainability attribute • More than 98% tier -1 Vendors covered -91.5% sustainable packaging.	• Achievements FY 2023:-More than 98% tier • 1 Vendors covered - Zero Harm - No incident of 'Category 5' at our premises.	-	• Achievements FY 2023:- More than 98% tier -1 Vendors covered	• Achievement FY 2023: • Renewable Energy at owned manufac-turing units, warehouses and offices is 69%. • Zero Waste disposed to landfill achieved across our facilities	-	• Achievement FY2023 (beneficiary impacted) • Education: 26689 • Healthcare: 49241 Sustainable Livelihood: 2416 Water & Watershed: 36814 Digitalization: 25185 Volunteering: 4464 employees Volunteering Hours: 29,439 hours	• Achievements FY 2023-More than 98% tier -1Vendors covered
Governance, Leadership and Oversight										
7	**Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)**		*Refer 'Executive Messages' Section in Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/*							
8	**Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**		Name: Dr. Naresh Tyagi Designation: Chief Sustainability Officer Telephone: 080-67271000Email Address: naresh.tyagi@abfrl.adityabirla.com							
9	**Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details**	We have a matured multi-tier sustainability governance mechanism in place with a focus on enabling robust, effective, transparent and an ethical ecosystem. Governance is the foundation for ABFRL's framework for overseeing climate-related issues. Our sustainability governance structure comprises the Board of Directors, Risk Management and Sustainability Committee, and Sustainability teams headed by Chief Sustainability Officer, with specific roles and responsibilities. The Board of Directors shall act as the apex committee providing leadership on the organization's sustainability agenda and setting future goals. The Risk Management and Sustainability Committee (RMSC) shall steer the organization's sustainability agenda. RMSC is responsible for monitoring and reviewing the risk management plan, sustainability, cyber security of the Company, and other such functions, as may be delegated by the Board from time to time. The sustainability team (which includes corporate, brands, factory, warehouse and retail) shall be responsible for the overall implementation of sustainability initiatives in their respective areas. The sustainability team shall also look after data collection, review, and overall implementation for their respective functions.								
10	**Details of Review of NGRBCs by the Company**	**Indicate whether: (i) Review was undertaken by Director / Committee of the Board / Any other Committee(ii) Frequency - Annually / Half yearly / Quarterly / Any other – please specify**								
	Subject for review	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	Quarterly / Half yearly	Quarterly / Half yearly	Quarterly / Half yearly	Quarterly / Half yearly	Quarterly / Half yearly	Quarterly / Half yearly	-	Quarterly / Half yearly	-
	Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Half yearly	Half yearly	Half yearly	Half yearly	Half yearly	Half yearly	-	Half yearly	-
11	**Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency**	Yes, IMS audit conducted by BVQI	Yes, facilities assessed on Higg Index FEM / FSLM by Bluwin		Yes, Sustainability Report assessed and assured by BSI	Yes,Human Rights Assessment conducted by KPMG	-	-	Yes,Social Impact assessment by BlueSky Sustainable Business LLP	Yes, Information and Cyber Security systems & protocols assessed by one of the Big 4 Audit firm
12	**If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**									
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
	The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
	The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
	It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
	Any other reason (please specify)	-	-	-	-	-	-	While ABFRL does not have a stated policy on Policy Advocacy; as part of the Aditya Birla Group, we actively undertake need- based advocacy on issues pertaining to the industry through our membership of relevant industry bodies, such as Retail Association of India and Clothing Manufacturers Association of India.		

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Good governance is the common underlying principle for all successful organizations. To ensure transparent communication and ethical conduct at all levels of the value chain, we adhere to three policies which form the cornerstone of our operations and ensure business continuity in a responsible manner. All policies are communicated to ABFRL's employees upon joining and are displayed on the Company website as well. There are regular policy refreshers being conducted for employees around the year.

- **Anti-Fraud Policy**: Frauds can be detected, prevented and deterred in the day-to-day business of the Company.
- **Whistle Blowers Policy:** Adopted at the ABG level, this policy is a provision for disclosures or demonstration of evidence of an unethical activity or any conduct that may constitute breach of the Group's/Group Company's Code of Conduct or Group Values.
- **Company Code of Conduct:** Signed by the board members and senior management of the Company, it requires every employee to observe the highest standards of ethical conduct and integrity, and work to the best of their ability and judgement.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

A top priority at ABFRL is effectively harnessing the skills and capabilities of our people through focused initiatives on talent development. These initiatives enable our employees to focus on achieving personal and professional goals that are in alignment with the organizational strategy and their own career aspirations.

Behavioral trainings include Negotiation skills, People Management, Unleashing Potential, Being Your Best. Functional learnings include but not limited to Sustainability specific – Sustainable Packaging, Higg Index, Brand Orientation, Lifecycle Analysis, Data Management, Waste Management.

Trainings and awareness programmes conducted for Board of Directors is covered under 'Corporate Governance' section of this Annual Report.

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	Total no. of persons in the category	Total no. person covered by the awareness programmes	% of persons in category covered by the awareness programmes
Board of Directors	1	1,2,4,5,6	14	10	71%
Key Managerial Personnel	0	0	5	0	0
Employees other than BoD and KMPs	307	1,2,3,4,5,8	31373	13774	44%
Workers	13	1,2,5,6,7,9	18651	10392	56%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year:**

Monetary	NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	1 to 9	NIL (for directors & KMP)	-	-	-
Settlement	1 to 9	NIL (for directors & KMP)	-	-	-
Compounding fee	1 to 9	NIL (for directors & KMP)	-	-	-
Non-Monetary	**NGRBC Principle**	**Name of the regulatory / enforcement agencies / judicial institutions**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**	
Imprisonment	1 to 9	NIL (for directors & KMP)	-	-	-
Punishment	1 to 9	NIL (for directors & KMP)	-	-	-

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed. –**

   NIL

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   Yes, we have an Anti-Fraud Policy in place. The Policy is applied to all frauds, suspected and/ or proven and/or otherwise, taking place in the Company, involving Directors (Whole-time or otherwise), Key Managerial Personnel, other Employees (including contractual employees) as well as Shareholders, Consultants, Vendors, Suppliers, Service Providers, Contractors,

   Refer Anti-Fraud Policy -

   https://www.abfrl.com/docs/corporate_governance/policies/Anti-Fraud-Policy.pdf

   In addition to this, we do have Whistle Blowers Policy ensures adherence to ABFRL's Value Framework and Code of Conduct. This covers value violations, violation of the Code of Conduct and fraud. Some typical categories of cases that get reported include - Pilferage, Manipulation in Gift Voucher Redemption, Misuse of Employee Discount Card/Payback Card, Inappropriate Behavior, Misrepresentation of Information, Conflict of Interest and other types of fraud. The designated Value Committee Members conduct the investigation as defined in the Whistle Blowers Policy.

   Refer Whistle Blower Policy - *https://www.abfrl.com/docs/corporate_governance/policies/Whistle-Blower-Policy.pdf*

   We also have a separate Code of Conduct for our employees as well as for our Vendors. We instill our values of Integrity, Commitment, Passion, Speed and Seamlessness in our people. All employees are expected to adhere to the Organisation's Values Framework and Code of Conduct to ensure prevalence of a common minimum standard of professional behavior in the workplace. Refer Code of Conduct - *https://www.abfrl.com/corporate-governance/code-of-conduct/*

   Along with this we also have Vigil mechanism in place under which a Committee has been appointed comprising of Directors & Senior Managers of the Company for attending the complaints received from the employees and to report concerns about the unethical behavior, actual or suspected fraud and violation of the Code of Conduct or Ethics Policy by the Directors and the employees of the Company.

   Refer Vigil Mechanism

   https://www.abfrl.com/docs/corporate_governance/policies/Vigil-Mechanism.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Segment	FY 2022-23	FY 2021-22
Directors	Nil	Nil
Key Managerial Personnel	Nil	Nil
Employees other than BoD and KMPs	Nil	Nil
Workers	Nil	Nil

6. **Details of complaints with regard to conflict of interest:**

No. of complaints received in relation to issues of Conflict of Interest	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest**

   Not Applicable

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Number of awareness programmes held	Topics / principles covered under the training	**% of value chain partners covered** (by value of business done with such partners)
20	Chemical management training in collaboration with ZDHC	-
25	Garment fit awareness training conducted for Pantaloons suppliers	-
35	Vendor code of conduct training organised for VH innerwear suppliers	-
56	Supplier Sustainability assessment (SSI) Program	-

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

   Board and Senior Management being the decision-making authority, there's a code of conduct in place to observe the highest standards of ethical conduct and integrity.

   Refer Code of Conduct - https://www.abfrl.com/corporate-governance/code-of-conduct/

Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe

ABFRL is committed to its vision to 'passionately satisfy Indian consumers' needs in fashion, style and value'. Consumers today are more aware and prefer not only the style and service but also in the knowledge that the brands they choose manufacture products sustainably and operate responsibly and ethically. They make the conscious, and often a well-researched choice to opt for products that meet their expectations in terms of both quality and values without compromising on sustainability.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	NA	NA	NA
Capex	0	~ 90 Lakhs	Upgrading and strengthening Environment Management Systems and enhancing sustainability performance

2. a. **Does the entity have procedures in place for sustainable sourcing?**

   Yes, we have a defined methodology namely 'Sustainable Attributes' to monitor sustainable coefficient across our product portfolio

   b. **If yes, what percentage of inputs were sourced sustainably?**

   At ABFRL Level, 70.3% product have at least one sustainable attribute

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life**

Plastics (including packaging)	ABFRL is registered with CPCB for Plastic EPR compliance under Plastic Management Rule 2016 and in FY'23, completed the 645 tons Plastic EPR Liability.
E-waste	NA
Hazardous waste	NA
Other waste	NA

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities-**

   Yes

   If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

   The waste collection plan is in line with EPR requisites and the plan has been submitted to Central Pollution Control Board.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
Section C, Division 13 and 14, Group 131 and Group 141	Shirt (Formal and Casual)	40%	Cradle to Grave	Yes	Yes Please refer Product Responsibility, Sustainability Report

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

Name of Product	Description of the risk / concern	Action Taken
Shirt (Formal and Casual)	High Energy Consumption at Yarn Spinning Stage	Presently, we are collaborating with tier 1 supplier, and this comes under tier 3 supplier
	Use of dyeing chemicals in Yarn Dyeing	Collaboration with ZDHC to use better and safer chemicals in dyeing process, Implementation of Restricted Substance List (RSL)
	High Blue water consumption at cotton agriculture stage	Collaboration with Better Cotton Initiative (BCI)

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Recycled Viscose Fiber- Liva Reviva	1.65 lakh garments	1 lakh shirt pieces
Carton Box	100% cardboard made from recycled paper	

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics *(including packaging)*	0	645 Tons (100%)	NA	0	129.9 Tons	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category. –** *Not Applicable*

Principle 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

At ABFRL, our 'People Vision' is to **'Drive a High Performing and Customer Centric Culture with Happy and Value Oriented Employees'.** We are especially proud of our performance as it is expertly anchored by advanced capabilities and enhanced productivity. Through a strong service orientation, we foster a culture that puts customers first. We focus on creating happiness through purpose-driven behavior and delivering high quality. All of these objectives are accomplished through our dedicated talent that is value-oriented with a deep commitment to the ethics of the Aditya Birla Group.

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Male	10688	6404	60%	10688	100%	0	0	2378	22%	0	0
Female	3693	1713	46%	3693	100%	3693	100%	0	0	0	0
Total	14381	8117	56%	14381	100%	3696	26%	2378	17%	0	0

The above benefits do include 'Permanent employees' category

b. Details of measures for the well-being of workers:

Category	Total (A)	% of Workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Male	2070	365	18%	0	0	0	0	0	0	2070	100%
Female	11939	125	1%	0	0	11939	100%	0	0	11939	100%
Total	14009	490	3%	0	0	11939	85%	0	0	14009	100%

The above benefits do include 'Permanent workers' category

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23						
	Total no. of employees	No. of employees covered under retirement benefits	% of employees covered under retirement benefits	Total no. of workers	No. of workers covered under retirement benefits	% of workers covered under retirement benefits	Deducted and deposited with the authority (Y/N/N.A.)
PF	14381	14381	100%	14009	14009	100%	Y
Gratuity	14381	14381	100%	14009	14009	100%	NA
ESI	14381	6304	44%	14009	13519	97%	Y

Benefits	FY 2021-22						
	Total no. of employees	No. of employees covered under retirement benefits	% of employees covered under retirement benefits	Total no. of workers	No. of workers covered under retirement benefits	% of workers covered under retirement benefits	Deducted and deposited with the authority (Y/N/N.A.)
PF	11582	11582	100%	13236	13236	100%	Y
Gratuity	11582	11582	100%	13236	13236	100%	NA
ESI	11582	3403	29%	13236	11715	89%	Y

3. Accessibility of workplaces Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the premises / offices are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

While we don't have a standalone Equal Opportunity Policy, our Human Rights policy emphasizes our commitment and approach in providing a conducive and diverse work environment considering the rights of vulnerable groups such as indigenous people, women, migrant workers and other minorities. Please refer Human Rights Policy for further information. - *https://www.abfrl.com/docs/corporate_governance/policies/HUMAN-RIGHTS-POLICY.pdf*

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

	FY 22-23			FY 21-22		
Permanent Employees	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Return to work rate %	100	100	100	100	94	95
Retention Rate %	100	75	94	11	454	131
	FY 22-23			**FY 21-22**		
Permanent Workers	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Return to work rate %	0	78	78	0	44	44
Retention Rate %	0	38	38	0	91	91

Retention rate for 'Permanent Workers' is currently not monitored

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes / No	If Yes, then give details of the mechanism in brief
Permanent Workers	Yes	Works committee has formed to address the Grievance of workers. Committee comprises of 13 members with 20% of male and 80% of female across levels and each unit level (Factories)
Other than Permanent Worker	No	NA
Permanent Employees	Yes	For Employee grievance in terms of value violation or POSH we have ABG helpline numbers and Internal committees at every business unit to address. The Company also has in place a Vigil Mechanism comprising of Directors & Senior Managers for attending the complaints received from the employees and to report concerns about the unethical behavior, actual or suspected fraud and violation of the Code of Conduct or Ethics Policy by the Directors and the employees of the Company.
Other than Permanent Employees	No	NA

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Workers	**14009**	**499**	**4%**	**13236**	**511**	**4%**
Male	2070	39	2%	2017	37	**2%**
Female	11939	460	4%	11219	472	**4%**

Association(s) or Unions in place only for 'Permanent workers' category

8. **Details of training given to employees and workers:**

Health and Safety:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	10688	8246	77%	11404	107%	19650	8961	100	Skill upgradation data not captured	
Female	3693	3129	85%	4169	113%	7298	2621	100		
Total	14381	11375	79%	15573	108%	26948	11582	100		
Worker										
Male	2070	2830	137%	266	13%	3096	2017	100	Skill upgradation data not captured	
Female	11939	14010	117%	120	1%	14130	11219	100		
Total	14009	16840	120%	386	3%	17226	13236	100		

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	10,674	10,674	100%	8961	8961	100%
Female	3,707	3,707	100%	2621	2621	100%
Total	**14,381**	**14,381**	100%	**11582**	**11582**	100%
Worker						
Male	2,088	2,088	100%	2017	2017	100%
Female	11,921	11,921	100%	11219	11219	100%
Total	**14,009**	**14,009**	100%	**13236**	**13236**	100%

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity?**

Yes, an occupational health and safety management system has been implemented

If yes, the coverage such system?

We have a well-defined Occupational Health & Safety Management System and it is in place. We have implemented a comprehensive OHS Policy across all operations, and have established central and regional OHS committees along with committees at our factories, warehouses, and regional and corporate offices to monitor our safety performance. Our all manufacturing facilities are implemented ISO 45001:2018 - Occupational Health and Safety Management System and successfully certified by a 3rd party Certification Body.

Refer Safety Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Risk Assessment and Management System - Hazard Identification and Risk Assessment, Job Safety Analysis

Refer Safety Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Yes. To achieve the safety target of 'Zero Severity,' ABFRL has Safety Observation Programme to instil a proactive safety approach in employees. Management is committed to ensuring that the safety observation process is practiced at all sites that involves dialogue with employees especially workers on human behaviour at their workplace in order to reinforce positive behaviour. These safety observations (Unsafe Condition, Unsafe Act & Near Miss) are used for identifying gaps and work-related hazards; used for developing a strategic improvement plan.

Refer Safety Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?**

We have Group Mediclaim Policy in place for all our employees (including workers)

11. **Details of safety related incidents, in the following format:**

	Category	FY 2022-2023	FY 2021-2022
Lost Time Injury Frequency Rate (LTIFR)	Employees	0.03	0.08
	Workers	0.02	0.06
Total recordable work-related injuries	Employees	46	26
	Workers	17	9
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Safety has always been one of our key focus areas, and our goal is to achieve 'zero Harm – No incident of 'category 5' incidents at workplace'. In our effort towards instituting an organization-wide culture of safety in our business operations, our safety policy will assist our organization in taking collaborative efforts toward achieving our safety goals and targets.

Refer Safety Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

13. Number of Complaints on the following made by employees and workers:

Number of Complaints on the following made by employees and workers:	FY 2022-23			FY 2021-2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Health & Safety	3142	0	-	2261	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed *(by entity or statutory authorities or third parties)*
Health and safety practices	100% (Factories and Warehouse)
Working conditions	100% (Factories and Warehouse)

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Occupational Health and Safety Policy we have in place, ensures increased vigilance and awareness and assists us in our collaborative efforts towards achieving our safety goals and targets.

Some of the key activities undertaken during this year to promote a safe workplace are:

a. Safety Audits & Inspections

Our assurance to providing a safe work environment is fulfilled through a safety audit program of our facilities. These audits and inspections cover health, safety, industrial hygiene, industrial ergonomics, and emergency preparedness policies and action plans. Audits and inspections are conducted on-site and followed by a report requiring the facility to develop an action plan to address deficiencies or best practices. The action plans are reviewed regularly by the corporate safety function.

b. Real-Time Safety Equipment Monitoring System

Staying at par with industry best practice, we implemented a real-time remote monitoring system for critical safety equipment. This helps us monitor the critical equipment's working condition and its readiness.

c. Safety Newsletter and E-Posters

With the aim of enriching a Positive Safety Culture among our employees, we have initiated a Safety Newsletter program that will provide safety information and insights to them. Frequent e-posters on safety aspects like hazards, road safety, travel safety, ladder safety, etc. have been circulated to employees. Through this, awareness also will be increased.

d. Safety KPIs

With the introduction of target based KPIs for factories and warehouses, we seek to achieve the ABFRL Safety Goal.

e. Safety Training Videos

Continuing our efforts in capacity building, we have developed safety-training videos to train all employees in our retail stores and we garner its impact through online assessments.

In our ongoing efforts to create a positive safety culture at ABFRL to achieve our goal of Zero Harm, we have established 10 Life Saving Rules, and strict adherence to them is mandatory for all employees.

Refer Safety Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death.

Employees	Yes
Workers	Claims are settled through EDLI – EPFO

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Statutory dues are managed by internal process stakeholders and there are quarterly audit happening around to ensure the prompt payment and 100% complaint

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees / worker		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-2023	FY 2021-2022	FY 2022-2023	FY 2021-2022
Employees	0	0	NA	NA
Workers	0	0	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

Yes, through 'Gyanodaya' – the ABG's Global Centre for Leadership Learning, entity provides customized courses designed focusing on continued employability post retirement.

In addition to the transition assistance trainings, key business leaders / employees are provided with an opportunity to continue their association with entity as an external expert / consultant given the criticality and relevance of the assignment.

5. Details on assessment of value chain partners:

	% of value chain partners assessed *(by value of business done with such partners)*
Health and safety practices	98%
Working Conditions	98%

6. **Provide details of any corrective actions taken or underway to address significant risks concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Compliance assessments are being conducted on value chain partners to ensure their statutory compliance related to health and safety. The critical observations and recommendations are being communicated to the respective management of supply chain partners for corrective actions. The closure of corrective actions is verified during the next cycle audit.

Principle 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Over the years we have developed firm-level processes to encourage open and constructive interaction with our stakeholders. It reinforces our understanding of relevant matters and helps us identify those attributes of stakeholders that make them important to our business and necessitate meaningful engagement. Engaging with stakeholders provides us an opportunity to serve them in the best sustainable way and redefine our strategies to deliver the maximum value. By partnering with our stakeholders, we involve them in the decision making, product and process improvement and create an enabling environment to do better together.

Refer Stakeholder Engagement Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers	No	Periodic vendor communications, supplier meets/ summits	Continual	1. Supply Chain mapping & traceability 2. Integration of sustainability aspects in supplier assessment process 3. Less packaging and/or recycled packaging material 4. Factories certified as per international standards (such as ISO, Green Building) 5. Business ethics and transparency 6. Training and development of partners and suppliers
Investors	No	Annual report, annual general Continual meeting, company website, analyst calls, investor meets and roadshows, press releases, communication from stock exchanges, SEBI bank's registrar and transfer agents	Continual	1. Performance and growth with respect to revenue and market share 2. Capital allocation to investments for improved environmental performance 3. Product & Process innovation 4. Increased manufacturing efficiency 5. Internal and external communication about sustainability practices
Employees	No	On-ground employee engagement platforms like Retail Sports Meet, Retail Premier League, Retail Got Talent and other such structured platforms for top-down, bottom-up and horizontal communication	Continual	1. Occupational health and safety 2. Career planning and development 3. Market-based compensation, benefits and amenities 4. Employee welfare programs 5. Collective bargaining/freedom of association 6. Code of Conduct and corporate policies 7. Sustainability performance, especially environment, health and safety 8. (Renewable energy (solar, wind)Energy Efficiency (lighting, connected devices)Carbon footprint of logistics and transportation Water Reuse, Recycling and Reduction Waste to be Reduced, Reused, Recycled) 9. Work life balance 10. Promotion and action on diversity and equal opportunities for all employees 11. Training, skill up-gradation and continuous learning of all employees
Consumers	No	Interactions at stores, social media interactions, online and mobile initiatives, customer satisfaction surveys, customer feedback mechanisms (Mission Happiness)	Continual	1. Customer centricity 2. Mission happiness 3. Post purchase survey 4. Renewable energy (solar, wind) 5. Energy efficiency (lighting, connected devices) 6. Carbon footprint 7. Waste to be Reduced, Reused, Recycled
Media	No	Press releases, media interactions by senior management, PR agency partnerships	Continual	1. Internal and external communication about sustainability practices
Community	Yes	Community need assessment surveys, disaster management workshops, community visits, satisfaction surveys, meetings with community heads	Continual	1. Continued Cluster Development projects (E.g. Ikat, Ajrak) 2. Increase in number of CSR programs and beneficiaries 3. Local sourcing of labour 4. Human rights 5. Model village (Livelihood, Education, Healthcare, Infrastructure Development)
Government and Regulators	No	Mandatory filings with regulators (including SEBI)	Quarterly / Half yearly / Annual	1. Lesser usage of Chemicals or alternatives for hazardous / toxic chemicals 2. Less packaging and/or recycled packaging material 3. Focus on occupational health and safety of all individuals at the workplace 4. Ensuring compliance with local laws and regulations

Refer Stakeholder Engagement Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

ABFRL maintains a regular and proactive engagement approach with its key stakeholders. It enables it to communicate its strategies and performance with stakeholders in a transparent way. Through continuous engagement, we align expectations and feedback, thereby enabling stakeholders to align their goal with us. The board is kept abreast on progress and feedback on the same.

Refer Materiality - Stakeholder Engagement section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No).

Yes

3. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Refer Materiality Section - Stakeholder Engagement section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

4. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

We do not have any vulnerable or marginalized group identified as stakeholder group. However, for further more details please refer Materiality Section - Stakeholder Engagement, Sustainability Report

Principle 5 Businesses 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

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Employees	FY 2022-2023			FY 2021-2022		
	Total (A)	No. of employees covered (B)	% (B / A)	Total (C)	No. of employees covered (D)	% (D / C)
Permanent	14381	11955	83%	11582	230	2%
Other than permanent	19855	0	0%	0	0	0
Total Employees	34236	11955	35%	11582	230	2%

Workers	FY 2022-2023			FY 2021-2022		
	Total (A)	No. of workers covered (B)	% (B / A)	Total (C)	No. of workers covered (D)	% (D / C)
Permanent	14009	8948	64%	13236	8136	61%
Other than permanent	0	0	0%	0	0	0
Total Workers	14009	8948	64%	13236	8136	61%

2. Details of minimum wages paid to employees and workers, in the following format:

Employees		FY 2022-2023					FY 2021-2022				
		Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
			No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent employees	Male	10688	496	5%	10192	95%	8961	3321	19%	7255	81%
	Female	3693	238	6%	3455	94%	2621	626	24%	1995	76%

Workers		FY 2022-2023					FY 2021-2022				
		Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
			No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent employees	Male	2070	87	4%	1983	96%	2017	273	14%	1744	86%
	Female	11939	3191	27%	8748	73%	11219	4263	38%	6956	62%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration / salary / wages of respective *(in INR)*	Number	Median remuneration / salary / wages of respective *(in INR)*
Board of Directors (BoD)	—	-	-	-
Key Managerial Personnel	4	6,87,52,842	1	7,32,00,765
Employees other than BoD and KMP	10684	2,97,756	3,692	2,04,577
Workers	2070	1,88,250	11,939	1,43,075

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) - *Yes*

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

ABFRL recognizes the valuable role that our business can play in the long-term protection of Human Rights. All our business units, factories and offices are committed to respect the human rights of our workforce, communities, and those affected by our operations wherever we do business. We have a formal policy in line with UNGC Principles of Human Rights & Labor POSH, Social Accountability 8000 etc.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-2023			FY 2021-2022		Remarks
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	
Sexual Harassment (POSH)	30	1	1 case was received at the end of March & is within TAT	16	0	All Cases resolved
Discrimination at workplace	NIL					
Child Labour	NIL					
Forced Labour / Involuntary Labour	NIL					
Wages	NIL					
Value Violation	133	1	1 Case is "In Progress"	69	0	All Cases resolved

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Following robust mechanisms in place across our operations

- POSH Committee
- Works Committee (manufacturing units)
- ABG Hotline

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)-** *Yes*

9. **Assessments for the year – Percentage of plants and offices**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	100% assessed for Workplace Health & Safety requirements

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

At the time of Audit suitable corrective actions are recommended and facilities are monitored through regular Follow-up and Annual Surveillance Audits to ensure robustness of the systems in place

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.** – *Not applicable*

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

All the tier 1 vendors, warehouse, retail stores, business offices, and in-house factories are under the scope of Human Rights due diligence.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	98% of Tier 1 vendors assessed
Forced/involuntary labour	98% of Tier 1 vendors assessed
Sexual harassment	98% of Tier 1 vendors assessed
Discrimination at workplace	98% of Tier 1 vendors assessed
Wages	98% of Tier 1 vendors assessed
Others – please specify	98% of Tier 1 vendors were assessed for Workplace Health & Safety requirements

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

At the time of Audit suitable corrective actions are recommended. Vendors are monitored through regular Follow-up and Annual Surveillance Audits to ensure robustness of the systems in place

Principle 6 Businesses should respect and make efforts to protect and 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.

- Our sustainability webpage link - https://www.abfrl.com/sustainability/
- Our Environmental Policy link –

  https://www.abfrl.com/docs/corporate_governance/policies/ENVIRONMENTAL-POLICY.pdf

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (TJ)	306	187
Total fuel consumption (TJ)	144	115
Energy consumption through other sources (TJ)	-	-
Total energy consumption (TJ)	**450**	**302**
Turnover (in Cr INR)	12418	8136

Parameter	FY 2022-23	FY 2021-22
Energy intensity per rupee of turnover (Total energy consumption/ turnover in Cr INR)	0.04	0.04
Energy intensity (optional) – the relevant metric may be selected by the entity	—	—

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agencyYes, British Standards Institution (BSI) assurance

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

None of the ABFRL facility has been identified as designated consumers under PAT scheme

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter (kl)	FY 2022-23	FY 2021-22
Surface water	12,287	8,726
Groundwater	1,58,713	1,32,530
Third party water	22,783	8,774
Seawater / desalinated water	-	-
Others	-	-
Total volume of water withdrawal	**1,98,784**	**1,50,030**
Total volume of water consumption	1,90,778	1,45,631
Turnover (in Cr INR)	12418	8136
Water intensity per turnover (Water consumed / turnover in Cr INR)	15.4	17.9
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, ABFRL has implemented a mechanism for Zero Liquid Discharge. Under Liquid waste, we have Used oil, which is collected, stored and disposed for recycling.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	Tons	3.02	2.23
Sox	Tons	1.90	0.66
Particulate matter (PM)	Tons	5.58	2.97
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions	Metric tonnes of CO2 equivalent	**2,890**	**1,926**
Total Scope 2 emissions		**66,716**	**39,300**
Total Scope 1 and Scope 2 Emissions		**69,605**	**41,226**
Turnover	INR Cr	12,418	8,136
Total Scope 1 and Scope 2 emissions per turnover	Metric tonnes of CO2 equivalent / turnover	5.6	5.07
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, Energy efficiency, PV Solar Roof Top, Use of biomass as fuel in boiler etc.

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

8. **Provide details related to waste management by the entity, in the following format:**

Parameter (in metric tonnes)	Please specify unit	FY 2022-23	FY 2021-22
Plastic waste	MTs	151.12	129.9
E-waste	MTs	4.09	0
Bio-medical waste	MTs	3.65	3.3
Construction and demolition waste	MTs	0	0
Battery waste	MTs	189	171
Radioactive waste	MTs	0	0
Other Hazardous waste. Please specify, if any	MTs	0	0
used oil	MTs	1.78	1.6

Parameter (in metric tonnes)	Please specify unit	FY 2022-23	FY 2021-22
Other Non-hazardous waste generated. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	MTs	38.53	16.3
Fabric	MTs	2299.45	1515.0
Metal	MTs	128.6	28.9
Paper	MTs	375.1	300.7
Canteen Waste	MTs	82.8	42.4
Briquette Ash	MTs	394.2	362
Wood	MTs	3.6	0
Carton Box	MTs	2072.1	1313
Total	MTs	**5555.5**	**3,735**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)			
Recycled	MTs	3169.5	2174.5
Re-used	MTs	2299.6	1515
Other recovery operations	MTs	82.8	42.35
Total	MTs	**5551.9**	**3,731.9**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Incineration	MTs	3.6	3.3
Landfilling	MTs	0	0
Other disposal operations	MTs	0	0
Total	MTs	**3.6**	**3.3**
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship section of, Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company perceives sustainability as an opportunity to achieve leadership in sustainable fashion and co-create long term value for the stakeholders. Its Sustainability policy emphasizes on 'enhancing value creation through conscious consumption of natural resources and energy; and avoidance and prevention of pollution; promoting waste management and recycling measures'. The Company is following a strategy of 'Zero Waste to Landfill' goal across all facilities. It adheres to Aditya Birla Group level policies for Waste Management and also meets all state laws and regulations. Zero Waste policy focusses on sustainability initiatives for reduction of waste, diversion from landfill through recycling and bringing it back to use. Also, through streamlined waste management approach the Company continues to ensure 'Zero Waste to Landfill across all facilities'.

Refer Environment Stewardship Section of section Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

9. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable. ABFRL has no operations/offices in/around ecologically sensitive areas

10. Details of environmental impact assessments (EIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

11. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, we adhere to all applicable local and national environment laws and regulations

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources (TJ)		
Total electricity consumption (TJ)	9	8
Total fuel consumption (TJ)	109	91
Energy consumption through other sources (TJ)	—	—
Total energy consumption (TJ)	**119**	**99**
From non-renewable sources (TJ)		
Total electricity consumption (TJ)	297	179
Total fuel consumption (TJ)	35	24
Energy consumption through other sources (TJ)	—	—
Total energy consumption (TJ)	**331**	**203**
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23	FY 2021-22
No treatment	6,222	4,398
With treatment – please specify level of treatment	1,784	-
Total water discharged (in kilolitres)	**8,005**	**4,398**
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

3. **Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Bangalore and Gurugram

(ii) Nature of operations: Domestic purpose

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter (in kilolitres)	FY 2022-23	FY 2021-22
Surface water	10,262	7,335
Groundwater	1,07,281	82,533
Third party water	11,451	5,884
Seawater / desalinated water	-	-
Others	-	-
Total volume of water withdrawal	1,28,994	95,752
Total volume of water consumption	1,27,680	94,878
Water discharge by destination and level of treatment (in kilolitres)		
(v) Others	1,314	874
No treatment	1,784	-
With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**3,098**	**874**
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, British Standards Institution (BSI) assurance	

Refer Environment Stewardship Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

	Parameter	FY 2022-23	FY 2021-22
Total Scope 3 emissions	Metric tonnes of CO2 equivalent	12,97,038	11,20,853
Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, British Standards Institution (BSI) assurance		

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

ABFRL has no operations/offices in/around ecologically sensitive areas

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Refer Environment Stewardship section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

We have crisis management policy at group level

https://sustainability.adityabirla.com/images/Crisis-Management-Policy.pdf

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

No significant adverse impacts to the environment evidenced as a result of our operations

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

56 Critical vendors assessed for Environmental Impacts through our internal program named as supplier sustainability Index

Principle 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

ABFRL being the market leader, has always believed in collaborating and partnership with peers and organization for sustainable growth and sectorial growth. With our existing collaboration with the Sustainable Apparel Collation (SAC), International Council of Circular Economy (ICCE), ZDHC, Cotton 2040 and Circular Apparel Innovation Factory (CAIF), we have made a large stride in our circularity journey through our collaboration with the 'GIZ' a German Government agency in a 'private-public development partnership project'. We have also collaborated with ZDHC Foundation with an objective to drive good chemical management practices across the supply chain, as this helps to assure our end-customer on the sustainability of our value chain. We have also partnered with Textile Exchange Membership with an objective to accelerate action in the areas of sustainable raw materials and sustainable supply chain.

ABFRL is a member of the Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).

Refer 'Membership in Industry Associations', Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers / associations (State/National)
1	GIZ	National
2	ZDHC	National
3	Retail Association of India (RAI)	National
4	Clothing Manufacturers Association of India (CMAI)	National
5	Sustainable Apparel Collation (SAC)	National
6	Ellen McArthur foundation	National
7	Cotton 2040	National
8	Circular Apparel Innovation Factory (CAIF)	National
9	Textile Exchange Membership	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   – *Not Applicable*

Principle 8 Businesses should promote inclusive growth and equitable development

The Company focuses its CSR initiatives under 5 pillars, i.e., Education, Health & Sanitation, Sustainable Livelihood, Water and Digitization. It 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 organization helps enhance the scale, reach and effectiveness of our CSR initiatives. the Company undertakes CSR interventions in Karnataka, Tamil Nadu, Maharashtra and Odisha through its independent entity called Aditya Birla Fashion and Retail Jan Kalyan Trust.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. –** *Not Applicable*

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

   We have not undertaken any Rehabilitation and Resettlement (R&R) as none of our activities have direct / indirect impact that required R&R.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Since we are not an extracting industry and we do not displace people from their land, there are less of IR (Industrial relations) related grievances. However, we conduct regular meetings with the community stakeholders to understand their needs and aspirations.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs / small producers	40%	40%
Sourced directly from within the district and neighboring districts	9%	52%

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Details of negative social impact identified **Corrective action taken**

   Not Applicable as no negative social impacts identified in the Social Impact Assessments

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In INR)
1	Andhra Pradesh	YSR Kadapa	₹ 14,30,769

3a. **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

   - *No*

3b. **From which marginalized /vulnerable groups do you procure?**

   Currently, we are not purchasing from any marginalized or vulnerable groups

3c. **What percentage of total procurement (by value) does it constitute? –** 0%

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   – *Not Applicable*

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized group
1	School Transformation Project, Panvel	9,582	100%
2	Gyanarjan Project, Karnataka	1,686	100%
3	KGBV Support, Karnataka	792	100%
4	Village Development Project, Karnataka, Tamil Nadu	1,14,775	100%
5	Village Development Project, Odisha	26,437	100%
6	New Business CSR Project - AP	74,142	100%
7	New Business CSR Project - Innerwarehouse - Nelamanagala	3,315	100%
8	Kaushalya Project, Karnataka	468	100%

Refer Social Performance Section of Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

Principle 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   We have dedicated Customer care number and email id wherein we receive consumer complaints and customer care responds to the same post internally discussing with stakeholders.

   Apart from that we interact with our customers through Mission Happiness, an electronic interface, our customers can provide detailed feedback and rate their in-store as well as their post purchase experience.

   Also, Customer Voice Response System (CVRS), a platform which handles customer complaints and ascertains process transparency through the deployment of an online Complaint Management System.

   Refer Customer, Stakeholder Engagement, Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

   Turnover of products and / services as a percentage of turnover from all products/service that carry information about:

Environmental and social parameters relevant to the product	We have defined sustainable product attributes. We launch various environment friendly collections and mentions the Environment and Social performance of the products. Such products comprise of 70.3% by volume.
Safe and responsible usage	The Company operates in Fashion and Retail industry and our products offerings are apparels, footwear and other accessories. Our product tags contain the information on the safe and responsible usage of the products such as wash care, drying and ironing instruction. We mention these instructions on 100% of our apparel products.
Recycling and/or safe disposal	Not Applicable

2. **Number of consumer complaints in respect of the following:**

	FY 2022-2023			FY 2021-2022		
	Received during the year	**Pending resolution at end of year**	**Remarks**	**Received during the year**	**Pending resolution at end of year**	**Remarks**
Data privacy	Nil	Nil		0	0	Not received against this head
Advertising	2	Nil	The complaints filed with ASC resolved.	0	0	Not received against this head
Cyber-security	Nil	Nil		0	0	Not received against this head
Delivery of essential services	Nil	Nil		0	0	Not received against this head
Restrictive Trade Practices	Nil	Nil		0	0	Not received against this head
Unfair Trade Practices	10	27	17 carry forwarded cases are from previous FY. Cases are pending in consumer courts at various stages.	0	17	Not received against this head For FY22r. But 17 carry forwarded cases are from previous FY. Cases are pending in consumer courts at various stages.
Other	Nil	Nil		NA	NA	NA

3. **Details of instances of product recalls on account of safety issues: -** *Not Applicable*

4. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   ABFRL has IT Security Policy for internal purpose and not in public domain. The IT Security Policies have been constructed using leading standards, frameworks, and laws such as ISO 27001, ISO 20000, ITIL, IT Amended Act of 2008 of India, etc. Policies from this document apply to information and information systems across all Units of ABFRL and third-party services providers for services related to hosting, SAAS, etc. The policy sets out management direction and support for information security and the requirements that all employees, contractors, trainees, vendors, business partners, other related third-party personnel of ABFRL and management should comply with, in order to secure ABFRL information.

5. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services. -** *Nil*

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

   Information relating to all the products and services provided by the organization are available on the Company website https://www.abfrl.com. Apart from that all the brands that are part of ABFRL, have their own websites, where they regularly update their information regarding their products and services.

   In addition, the Corporation actively uses various social media and digital platforms to disseminate information.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Our product tags contain the information on the safe and responsible usage of the products such as wash care, drying and ironing instruction. We mention these instructions on all of our apparel products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Not applicable

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   Product Story related to raw material, finish or any other key highlight shall be disclosed over and above the mandatory requirement through the hangtag. Example - LIVA, Giza Cotton

   Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

   Yes, we do carry out surveys with regard to consumer satisfaction

   Refer Customer, Stakeholder Engagement, Sustainability Report for FY2022-23 available at https://www.abfrl.com/sustainability/sustainability-reports/

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact:**

      0

   b. **Percentage of data breaches involving personally identifiable information of customers:**

      0%

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Fashion and Retail Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of Aditya Birla Fashion and Retail Limited ("the Company") which includes the financial statements of ABFRL Employee Welfare Trust, which comprise the Standalone Balance Sheet as at March 31, 2023, and the Standalone Statement of Profit and Loss for the year ended March 31, 2023 (including other comprehensive income), the Standalone Statement of Changes in Equity for the year ended March 31, 2023 and the Standalone Statement of Cash Flows for the year ended March 31, 2023, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of the Standalone 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 opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of goodwill (Refer Note 5 to the Standalone Financial Statements) The Company has goodwill of ₹ 1,859.60 crores as at March 31, 2023. The goodwill was acquired in business combinations recorded in the prior years and was allocated to cash generating units (CGU) of the Company. In accordance with Ind AS 36, Impairment of Assets, goodwill acquired in a business combination is required to be tested for impairment annually.	Our audit procedures included the following: • Understood and evaluated the design and tested operating effectiveness of Company's controls to assess impairment of goodwill on an annual basis. • Evaluated whether the CGUs were determined and the goodwill allocation was performed in accordance with requirements of Ind AS 36 and our knowledge of the Company's operations. • Evaluated the appropriateness of the approach selected by the management to determine the recoverable amount of the CGU. • Evaluated the objectivity, competency and independence of the management expert engaged by the Company.

Key Audit Matter	How our audit addressed the key audit matter
Management has performed impairment assessment for each of the CGUs to which goodwill has been allocated by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU which is higher of value in use and fair value less costs of disposal. Impairment assessment of goodwill requires significant management judgement and estimates such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates. Given the judgement, subjectivity and sensitivity of key parameters to the changes in economic conditions, the impairment assessment of goodwill is considered to be a key audit matter.	• Assessed the reasonableness of the cashflow projections by testing the key management assumptions and estimates used in the impairment analysis and evaluated the consistency of the cashflow projections with the budgets approved by the Board of Directors. • Evaluated the sensitivity analysis performed by management on the growth rates and discount rates to determine whether reasonable changes in these key assumptions would result in the carrying amounts of individual CGUs to exceed their recoverable amounts. • Involved auditor's expert to assist in evaluating the impairment assessment including certain assumptions used. • Evaluated the adequacy of the disclosures made in the Standalone Financial Statements. Based on procedures above, management's impairment assessment of goodwill appears to be reasonable.
Impairment evaluation of Investments in subsidiaries (Refer Note 6(a) to the Standalone Financial Statements) The Company has made equity investments in the following subsidiaries namely, Jaypore E-Commerce Private Limited, Finesse International Design Private Limited, Sabyasachi Calcutta LLP, Indivinity Clothing Retail Private Limited, House of Masaba Lifestyle Private Limited and Aditya Birla Digital Fashion Ventures Limited with carrying values of ₹ 229.75 crores, ₹ 77.78 crores, ₹ 440.84 crores, ₹ 154.20 crores, ₹ 90 crores and ₹ 315.50 crores respectively, as at March 31, 2023. The Company reviews the carrying values of these investments in accordance with Ind AS 36 'Impairment of Assets'. Impairment assessment is performed and recoverable amounts of the investments are determined if indicators of impairment are identified. Management has considered losses suffered by these subsidiaries as an indicator for impairment assessment. Management has therefore performed impairment assessment by determining the recoverable amount of the investments in these subsidiaries using the value in use method and comparing the same with the carrying value. Where the carrying value exceeds the recoverable amount, an impairment loss is recognized.	Our audit procedures included the following: • Understood and evaluated the design and tested operating effectiveness of Company's controls to assess impairment of its investments in subsidiaries. • Evaluated the appropriateness of the approach selected by the management to determine the recoverable amount. • Evaluated the objectivity, competency and independence of the Management expert engaged by the Company. • Evaluated the reasonableness of the cashflow projections by testing the key management assumptions and estimates used in the impairment analysis and assessed the consistency of the cashflow projections with the budgets approved by Board of Directors. • Evaluated the Company's sensitivity analysis of the recoverable amounts and evaluated whether any reasonably foreseeable changes in key assumptions could lead to impairment loss or material change in valuation. • Evaluated the Company's process regarding impairment assessment with the involvement of auditor's valuation experts to assist in assessing the appropriateness of the impairment model including independent assessment of certain assumptions underlying the cash flow projections, discount rate, terminal value etc. • Obtained the audited Standalone Financial Statements of the subsidiaries for the year ended March 31, 2023 and evaluated their financial performance.

Key Audit Matter	How our audit addressed the key audit matter
Determination of value in use involves use of projected cash flows based on financial budgets approved by the Board of Directors. Management has involved external experts to determine the recoverable amounts. Impairment evaluation of investment in subsidiaries is considered as a key audit matter as it requires significant management judgement and estimates in addition to consideration of economic and entity specific factors in determination of the recoverable value used in impairment assessment such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates which are subject to management judgement and subjectivity and might be affected by changes in economic conditions.	• Evaluated the adequacy of the disclosures made in the Standalone Financial Statements. Based on the above work performed, Management's assessment of impairment of subsidiaries appears to be reasonable.
Provision for Inventory obsolescence (Refer Notes 12 and 40(f) to the Standalone Financial Statements) The Company held inventories of ₹ 3,764.03 crores as at March 31, 2023. In accordance with Ind AS 2, Inventories, inventories are carried at lower of cost or net realizable value. The Company operates in a fast changing fashion market where there is a risk of inventory falling out of fashion and proving difficult to be sold above cost. Management has a policy to recognize provisions for inventory considering assessment of future trends and the Company's past experience related to its ability to liquidate the aged inventory. The provision for inventory obsolescence has been considered as a key audit matter, as determination of provision for inventory involves significant management judgment and estimates.	Our audit procedures included the following: • Understood and evaluated the design and tested the operating effectiveness of Company's controls to assess the adequacy of provision for inventory obsolescence. • Evaluated the methodology used by the management to determine the provision for inventory obsolescence and determined whether the method is consistent with that applied in the prior year. • Assessed whether the changes in the methodology (if any) are reasonable and consistent with our understanding of the changes in the business. • Evaluated the ageing report including assessing its completeness and the underlying management judgements and estimates made. Further, assessed on a sample basis whether the calculation of provision for obsolescence is in accordance with Company's policy. • Verified appropriate approvals for specific obsolescence provisions and assessed their reasonableness on a sample basis. • Evaluated the adequacy of the disclosures made in the Standalone Financial Statements. Based on the above procedures performed, we did not identify any material exceptions in recognition and measurement of provision for inventory obsolescence

Key Audit Matter	How our audit addressed the key audit matter
Provisions for discount and sales returns (Refer Note 40(g) to the Standalone Financial Statements) The Company has recognised provisions for unsettled discounts and sales returns amounting to ₹ 389.15 crores and ₹ 530 crores respectively, as at March 31, 2023. Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by transferring control of promised goods to a customer. Recognition of revenue requires determination of the net selling price after considering variable consideration including forecast of sales returns and discounts. The estimate of sales returns and discounts depends on contract terms, forecasts of sales volumes and past history of quantum of returns. The expected returns and discounts that have not yet been settled with the customers are estimated and accrued. Determination of provisions for discounts and sales returns is determined as a key audit matter as it involves significant management judgement and estimation.	Our audit procedures included the following: • Understood and evaluated the design and tested the operating effectiveness of Company's controls to assess the adequacy of provision for discounts and sales returns. • Evaluated the periodic account reconciliations prepared by the management during the year. • Evaluated the management estimates and judgements in determining the provision for discounts and sales returns and assessed whether the same is consistent with the prior year. • Evaluated the contract terms for a sample of customer contracts to assess the reasonableness of the provision for discounts and returns and determine whether the same is in line with terms of the contract. • Verified credits notes issued to customers on a sample basis and assessed the validity of claims with the underlying documents and appropriate approvals. • Evaluated the adequacy of the disclosures made in the Standalone Financial Statements. Based on the above procedures performed, we did not identify any material exceptions in recognition and measurement of provisions for discount and sales returns.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

   Our opinion on the standalone 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 and those charged with governance for the Standalone Financial Statements

6. 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 Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the standalone 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 financial statements.

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

   a) Identify and assess the risks of material misstatement of the standalone 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 controls.

   b) 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.

   c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   d) 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.

e) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. 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.

11. 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.

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

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2020 ("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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) 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 Financial Statements – Refer Note 24 and 45 to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 56(vii) to the Standalone Financial Statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 56(vii) to the Standalone Financial Statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOYY4191

Place: Mumbai
Date: May 22, 2023

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of Aditya Birla Fashion and Retail Limited on the Standalone Financial Statements for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to Standalone Financial Statements of Aditya Birla Fashion and Retail Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

6. A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOYY4191

Place: Mumbai
Date: May 22, 2023

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Aditya Birla Fashion and Retail Limited on the Standalone Financial Statements as of and for the year ended March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3(a) and 4(a) to the Standalone Financial Statements, are held in the name of the Company, except for the following:

Description of property	Gross carrying value (₹ in crores)	Held in the name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in the name of the Company
Freehold land	5.92	Madura Garments Exports Limited	No	7 years (from January 2016)	Title deeds are in the name of erstwhile transferor companies
Factory building	0.13	Madura Garments Lifestyle Retail Company Limited	No	7 years (from January 2016)	
Leasehold properties (stores)	122.92	Aditya Birla Nuvo Limited	No	7 years (from January 2016)	
Leasehold properties (stores)	134.21	Pantaloons Fashion and Retail Limited	No	7 years (from January 2016)	
Leasehold properties (stores)	15.20	Pantaloons Fashion India Limited	No	7 years (from January 2016)	
Leasehold properties (factories)	1.29	Aditya Birla Nuvo Limited	No	7 years (from January 2016)	
Leasehold properties (factories)	19.90	Crafting Clothing Private Limited	No	7 years (from January 2016)	

Description of property	Gross carrying value (₹ in crores)	Held in the name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in the name of the Company
Leasehold properties (factories)	14.17	Madura Garments Lifestyle Clothing Private Limited	No	7 years (from January 2016)	Title deeds are in the name of erstwhile transferor companies
Leasehold properties (factories)	5.94	Madura Garments Exports Limited	No	7 years (from January 2016)	

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) [formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)] and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its Standalone Financial Statements does not arise.

ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory and have been appropriately dealt with in the books of account.

(b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. Company has filed quarterly returns or statements with such banks, which are in agreement with the unaudited books of account.

iii. (a) The Company has made investments in five subsidiary companies and eighteen mutual fund schemes, granted unsecured loans to three subsidiary companies, advances in nature of loans to a company and other parties (employees). The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such investments in subsidiaries, investments in mutual fund schemes, loans or advances and guarantees or security to subsidiaries, joint ventures and associates and to parties other than subsidiaries and joint venture are as per the table given below:

	Amount (₹ in crores)
Aggregate amounts invested/ granted/ provided during the year:	
- Investments in subsidiary companies	562.70
- Loans to subsidiary companies	106.79
- Loans to employees	1.59
- Advance in the nature of loan	10.50
- Investment in mutual fund schemes	12,629.00
Balance outstanding as a balance sheet date in respect of the above:	
- Investments in subsidiary companies	562.70
- Loans to subsidiary companies	15.25
- Loans to employees	1.21
- Advance in the nature of loan	1.50
- Investment in mutual fund schemes	150.02

Also refer Note 6(a), Note 6(c), Note 7, Note 13 and Note 19 to the Standalone Financial Statements.

(b) In respect of the aforesaid investments, loans, advances in nature of the loan, the terms and conditions under which such loans were granted/investments were made are not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans and advances in nature of loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans and advances in nature of loans, there is no amount which is overdue for more than ninety days.

(e) There were no loans and advances in nature of loans which fell due during the year and were renewed or extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans or advances in nature of loan.

(f) Following loans were granted during the year to related parties under Section 2(76), which are repayable on demand:

	All parties (₹ in crores)	Related parties (₹ in crores)
Aggregate of loans/advances in nature of loan repayable on demand	15.2	15.2
Aggregate of loans/advances in nature of loan where agreement does not specify any terms or period of repayment	-	-
Percentage of loans/advances in nature of loan to the total loans	13%	13%

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Sections 185. Further in our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 186 of the Companies Act 2013 in respect of the investments made, loans provided and the Company has not provided any guarantees or security to parties covered under section 186 of the Act.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, tax deducted at source under the Income Tax Act, 1961, labour welfare fund, professional tax and goods and services tax though there have been a slight delays in a few cases, and is regular in depositing undisputed statutory dues, including employees state insurance, duty of customs and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of provident fund, tax deducted at source, professional tax, labour welfare fund, employees state insurance and duty of customs which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at March 31, 2023 are as follows:

Statue	Nature of Dues	Gross Value (₹ in crores)	Paid Amount (₹ in crores)	Unpaid amount (₹ in crores)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	0.50	-	0.50	2011-12 and 2012-13	Commissioner of Central Excise (Bangalore)
Orissa Entry Tax Act, 1999	Entry tax	0.00*	0.00*	0.00*	2002-03	Additional Commissioner - Appeals, Bhubaneswar
The Central Sales Tax Act, 1956 and Orissa Sales Tax Act, 1947	Sales Tax	0.01	0.00*	0.01	2002-03	Additional Commissioner - Appeals, Bhubaneswar
The Central Sales Tax Act, 1956 and Kerala Value Added Tax Act, 2003	Value added tax and Central sales tax	0.01	-	0.01	2004-05	Kerala Sales Tax Appellate Tribunal, Ernakulam
Karnataka Tax on Entry of Goods Act, 1979	Entry tax	0.02	-	0.02	2002-05	Joint Commissioner of Commercial Taxes, Bengaluru
Andhra Pradesh Entry Tax Act	Entry tax	0.02	0.01	0.01	2006-07	Deputy Commissioner of Commercial Taxes, Secunderabad

Statue	Nature of Dues	Gross Value (₹ in crores)	Paid Amount (₹ in crores)	Unpaid amount (₹ in crores)	Period to which amount relates	Forum where dispute is pending
The Central Sales Tax Act, 1956 and The Karnataka Value Added Tax Act, 2003	Value added tax and Central sales tax	2.01	2.00	0.01	2005-07	High Court, Karnataka
The Central Sales Tax Act, 1956 and The Karnataka Value Added Tax Act, 2003	Value added tax and Central sales tax	5.31	1.59	3.72	2014-15	Karnataka Commercial Appellate Tribunal
Kerala Surcharge on Taxes Act, 1957	Surcharge on sales tax	3.14	0.70	2.44	2008-09 to 2016-17	Supreme Court
Goods and Service Tax, 2017	Goods and Service Tax	0.41	0.00*	0.41	2017-18	Deputy Commissioner of State, Maharashtra
The Central Sales Tax Act, 1956 and Kerala Value Added Tax Act, 2003	Value added tax and Central sales tax	0.73	0.15	0.58	2017-18	Assistant Commissioner (Appeals) of State Goods and Service Tax Department, Kozhikode
The Central Sales Tax Act, 1956 and Delhi Value Added Tax, 2004	Value added tax and Central sales tax	5.67	-	5.67	2011-12, 2014-15, 2015-16	Additional Deputy Commissioner of Commercial Taxes, Delhi
Textile Committee Act, 1963	Textile committee cess	1.19	0.60	0.59	1999-05	Karnataka High Court
The Central Sales Tax Act, 1956 and The West Bengal Value Added Tax Act, 2003	Value added tax and Central sales tax	0.01	0.01	0.00*	2005-06	West Bengal Commercial Appellate Tribunal

*All amounts in the table above have been rounded off to the nearest crores. The sign '0.00' indicates that the amounts are below ₹ fifty thousand and the sign '-' indicates that amounts are nil.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. (Also refer Note 22 to the Standalone Financial Statements).

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or a joint venture.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or a joint venture.

x. (a) In our opinion, and according to the information and explanations given to us, the monies raised by way of further public offer during the year have been applied for the purposes for which they were obtained and there were no delays or defaults regarding the application.

(b) The Company has made a preferential allotment during the year under review, in compliance with the requirements of Section 42 and Section 62 of the Act.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report and hence, the impact on our audit report in respect of those complaints cannot be determined at this stage.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit issued till date have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial or housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has 8 CICs (registered and unregistered) as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Refer Note 53 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOYY4191

Place: Mumbai
Date: May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

₹ in Crore

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3a	**799.39**	569.20
(b) Capital work-in-progress	3b	**88.95**	61.04
(c) Right-of-use assets	4a	**3,043.15**	2,278.90
(d) Goodwill	5	**1,859.60**	1,859.60
(e) Other intangible assets	5	**542.59**	43.78
(f) Intangible assets under development	5a	**57.03**	-
(g) Financial assets			
(i) Investment in subsidiaries and joint venture	6a	**1,390.50**	827.80
(ii) Other investments	6b	**10.57**	7.32
(iii) Loans	7	**1.15**	3.63
(iv) Security deposits	8	**400.10**	307.57
(v) Other financial assets	9	**424.26**	165.08
(h) Deferred tax assets (net)	10	**316.61**	353.10
(i) Non-current tax assets (net)		**2.10**	20.38
(j) Other non-current assets	11	**99.56**	87.05
Total - Non-current assets		**9,035.56**	6,584.45
II Current assets			
(a) Inventories	12	**3,764.03**	2,729.23
(b) Financial assets			
(i) Current investments	6c	**150.02**	537.42
(ii) Loans	13	**26.33**	6.84
(iii) Security deposits	14	**92.56**	117.27
(iv) Trade receivables	15	**835.10**	754.40
(v) Cash and cash equivalents	16	**642.48**	107.81
(vi) Bank balance other than Cash and cash equivalents	17	**0.54**	0.11
(vii) Other financial assets	18	**70.05**	51.83
(c) Other current assets	19	**856.55**	712.04
Total - Current assets		**6,437.66**	5,016.95
TOTAL - ASSETS		**15,473.22**	11,601.40

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

₹ in Crore

	Notes	As at March 31, 2023	As at March 31, 2022
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	20	**948.79**	938.29
(b) Other equity	21	**2,838.10**	1,943.85
Total - Equity		**3,786.89**	2,882.14
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	**1,415.41**	757.40
(ii) Lease liabilities	4b	**2,786.52**	1,864.83
(iii) Deposits		**251.10**	228.36
(iv) Other financial liabilities	23	**576.07**	167.93
(b) Provisions	24	**93.78**	90.02
(c) Other non-current liabilities	25	**20.20**	11.73
Total - Non-current liabilities		**5,143.08**	3,120.27
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	**614.50**	449.97
(ii) Lease liabilities	4b	**862.19**	751.05
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	27	**97.35**	74.56
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	**3,565.34**	3,261.06
(iv) Deposits		**189.89**	152.60
(v) Other financial liabilities	28	**446.67**	317.17
(b) Provisions	29	**126.62**	96.40
(c) Other current liabilities	30	**640.69**	496.18
Total - Current liabilities		**6,543.25**	5,598.99
TOTAL - EQUITY AND LIABILITIES		**15,473.22**	11,601.40
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A. J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

		Notes	Year ended March 31, 2023	Year ended March 31, 2022
I	Revenue from operations	31	**11,736.86**	7,824.20
II	Other income	32	**110.16**	94.09
III	**Total income (I + II)**		**11,847.02**	7,918.29
IV	**Expenses**			
	(a) Cost of materials consumed	33a	**1,099.59**	809.76
	(b) Purchase of stock-in-trade	33b	**5,401.11**	3,730.08
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	33c	**(1,091.30)**	(884.01)
	(d) Employee benefits expense	34	**1,338.06**	1,043.43
	(e) Finance costs	35	**424.23**	340.19
	(f) Depreciation and amortisation expense	36	**1,114.46**	946.85
	(g) Rent expense	44a & 4a	**885.28**	390.65
	(h) Other expenses	37	**2,509.34**	1,654.81
	Total expenses		**11,680.77**	8,031.76
V	**Profit/(Loss) before tax (III - IV)**		**166.25**	(113.47)
VI	**Income tax expense**			
	(a) Current tax	38	**-**	-
	(b) Current tax relating to earlier years		**(2.22)**	-
	(b) Deferred tax	38	**35.95**	(32.77)
			33.73	(32.77)
VII	**Profit/(Loss) for the year (V - VI)**		**132.52**	(80.70)
VIII	**Other comprehensive income/ (loss)**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement gains/ (losses) on defined benefit plans	21	**(1.13)**	2.94
	Income tax effect on above		**0.28**	(0.74)
	(b) Fair value gains/ (losses) on equity instruments	21	**3.26**	0.65
	Income tax effect on above		**(0.82)**	(0.16)
	Total other comprehensive income/ (loss) for the year		**1.59**	2.69
IX	**Total comprehensive income/ (loss) for the year (VII + VIII)**		**134.11**	(78.01)
X	**Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2022 : ₹ 10)]**	39		
	Basic (₹)		**1.40**	(0.87)
	Diluted (₹)		**1.39**	(0.87)
	Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A. J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

a. Equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
Equity shares of ₹ 10 each issued				
As at the beginning of the year	**93,85,09,538**	**938.50**	93,77,36,163	937.73
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(iii) & (iv)]	**1,02,16,588**	**10.23**	2,80,504	0.28
Exercise of Options (Refer Note - 43)	**2,70,225**	**0.27**	4,92,871	0.49
As at the end of the year	**94,89,96,351**	**949.00**	93,85,09,538	938.50

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
Equity shares of ₹ 10 each subscribed and paid up				
As at the beginning of the year	**93,83,04,034**	**938.29**	93,75,30,659	915.05
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(iii) & (iv)]	**1,02,16,588**	**10.23**	2,80,504	22.75
Exercise of Options (Refer Note - 43)	**2,70,225**	**0.27**	4,92,871	0.49
As at the end of the year	**94,87,90,847**	**948.79**	93,83,04,034	938.29

b. Other equity

₹ in Crore

	Share application money pending allotment (Refer Note - 21)	Share suspense account (Refer Note - 21)	Reserves and surplus					Share warrants (Refer Note - 21)	Other comprehensive income		Total other equity
			Securities premium (Refer Note - 21)	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)	
As at April 01, 2021	-	0.02	2,879.58	(1,076.74)	47.64	(104.46)	21.88	-	(0.23)	1.84	1,769.53
Loss for the year	-	-	-	(80.70)	-	-	-	-	-	-	(80.70)
Share forfeiture/ (issued) during the year	-	-	-	-	-	-	(0.14)	-	-	-	(0.14)
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(iii) & (iv)]	-	-	226.05	-	-	-	-	-	-	-	226.05
Other comprehensive income for the year	-	-	-	-	-	-	-	-	2.20	0.49	2.69
Recognition of Share based payment expenses	-	-	-	-	28.58	-	-	-	-	-	28.58
Transfer to Securities Premium on exercise of Options	-	-	12.55	-	(12.55)	-	-	-	-	-	-
Treasury shares Issued/ (purchased) by ESOP Trust (Net)	-	-	-	-	-	1.37	-	-	-	-	1.37
Others	-	-	-	-	(3.53)	-	-	-	-	-	(3.53)
As at March 31, 2022	-	0.02	3,118.18	(1,157.44)	60.14	(103.09)	21.74	-	1.97	2.33	1,943.85
As at April 01, 2022	-	0.02	3,118.18	(1,157.44)	60.14	(103.09)	21.74	-	1.97	2.33	1,943.85
Profit for the year	-	-	-	132.51	-	-	-	-	-	-	132.51
Share forfeiture/ (issued) during the year	-	-	-	-	-	-	0.00	-	-	-	0.00
Equity shares under Rights Issue and Preferential Issue [Refer Note - 20(iii) & (iv)]	-	-	284.03	-	-	-	-	-	-	-	284.03
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(0.85)	2.44	1.59
Warrants issued	-	-	-	-	-	-	-	475.00	-	-	475.00
Recognition of Share based payment expenses	-	-	-	-	18.91	-	-	-	-	-	18.91
Transfer to Securities Premium on exercise of Options/ shares pending allotment	0.01	-	5.86	-	(5.86)	-	-	-	-	-	0.01
Treasury shares Issued/ (purchased) by ESOP Trust (Net)	-	-	-	-	-	(11.91)	-	-	-	-	(11.91)
Adjusment to ESOP reserves on account of issue of shares from trust	-	-	-	-	(6.85)	-	0.96	-	-	-	(5.89)
As at March 31, 2023	0.01	0.02	3,408.07	(1,024.93)	66.34	(115.00)	22.70	475.00	1.12	4.77	2,838.10

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A. J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities			
Profit/(Loss) before tax		**166.25**	(113.47)
Adjustments for:			
Depreciation and amortisation expense	36	**1,114.46**	946.85
Finance costs	35	**424.23**	340.19
Gain on retirement of right-of-use assets	32	**(18.78)**	(14.85)
Rent concession on lease rentals	4b, 40k & 44a	**(0.17)**	(215.43)
(Profit)/ Loss on sale/ discard of property, plant and equipment		**(0.53)**	(2.67)
Fair value changes in derivative financial instrument (net)		**(7.38)**	2.94
Share-based payment to employees	34	**29.69**	28.58
Interest income	32	**(10.57)**	(9.32)
Liabilities no longer required written back		**(1.60)**	(1.91)
Net gain on sale of current investments	32	**(21.78)**	(19.33)
Net Unrealised exchange (gain)/ loss		**(0.90)**	3.69
Expense/ (income) on financial assets/ liabilities that is designated as fair value through profit or loss		**(36.90)**	(31.16)
Provision for doubtful debts, deposits and advances	37	**2.65**	7.19
Operating profit before working capital changes		**1,638.67**	921.30
Changes in working capital:			
(Increase)/ decrease in trade receivables		**(81.31)**	(160.34)
(Increase)/ decrease in inventories		**(1,034.80)**	(986.30)
(Increase)/ decrease in other assets		**(167.99)**	(179.91)
Increase/ (decrease) in trade payables		**329.70**	1,221.78
Increase/ (decrease) in provisions		**12.87**	13.63
Increase/ (decrease) in other liabilities		**203.57**	171.74
Cash generated from operations		**900.71**	1,001.90
Income taxes paid (net of refund)		**20.50**	1.16
Net cash flows from operating activities		**921.21**	1,003.06
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and capital advance		**(494.37)**	(273.46)
Consideration paid for acquisition of/ investment in subsidiaries and joint venture	6a	**(562.70)**	(144.94)
Purchase of current investments		**(12,629.00)**	(9,800.01)
Inter-corporate deposits to subsidiaries		**(106.79)**	(11.62)
Proceeds from sale of property, plant and equipment and intangible assets		**9.89**	29.48
Proceeds from sale/ maturity of current investments		**13,038.18**	9,581.50
Repayment of Inter-corporate deposits by subsidiaries		**91.54**	50.04
Interest received		**10.51**	9.51
Net cash flows used in investing activities		**(642.74)**	(559.50)

ADITYA BIRLA FASHION AND RETAIL LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from financing activities			
Proceeds from issue of equity shares		**3.55**	0.49
Proceeds from Rights Issue (net off share issue expenses)	20(iii)	**0.22**	247.12
Proceeds from Preferential Issue (net off share issue expenses)	20(iv)	**769.05**	-
Investment in treasury shares held by ESOP trust		**(11.91)**	1.37
Proceeds from non-current borrowings (net off charges)		**996.99**	399.18
Proceeds/ (repayments) of current borrowings (net)		**273.74**	434.14
Repayment of non-current borrowings		**(448.20)**	(743.87)
Repayment of lease liabilities		**(841.18)**	(531.69)
Interest paid		**(486.06)**	(306.75)
Net cash flows from/ (used) in financing activities		**256.20**	(500.01)
Net Decrease in cash and cash equivalents		**534.67**	(56.45)
Cash and cash equivalents at the beginning of the year		**107.81**	164.26
Cash and cash equivalents at the end of the year	16	**642.48**	107.81
Components of Cash and cash equivalents			
Balances with banks - on current accounts		**105.70**	27.72
Balances with banks - on deposit accounts (original maturity less than 3 months)		**500.00**	50.00
Balances with credit card companies		**16.93**	11.17
Balances with e-wallet companies		**4.18**	1.68
Cash on hand		**12.45**	12.98
Cheques/ drafts on hand		**3.22**	4.26
Total Cash and cash equivalents		**642.48**	107.81

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A. J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)
Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)
Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)
Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)
Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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/ accessories 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 22, 2023.

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.

The Ministry of Corporate Affairs (MCA) through a notification, notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended the following accounting standards and the amendments are applicable for financial periods commencing from April 1, 2022. The Company has evaluated the effect of the amendments on its financial statements and complied with the same.

2.2 Functional and Presentation Currency:

The financial statements are presented in Indian Rupee (₹) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest Crore, unless otherwise stated. (₹ 1 Crore is equal to ₹ 10 Million)

2.3 Summary of significant accounting policies

(I) Current versus non-current classification

The Company presents assets and liabilities in the Standalone Balance Sheet based on current/ non-current classification.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

<u>Inter-segment transfers</u>

The Company generally accounts for inter-segment sales at arm’s length basis in a manner similar to transactions with third parties.

<u>Allocation of common costs</u>

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

<u>Unallocated items</u>

Unallocated items include general corporate income, expense and other common assets and liabilities which are not allocated to any business segment.

<u>Segment accounting policies</u>

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(III) Fair value measurements and hierarchy

The Company measures financial instruments, such as investments (other than equity investments in subsidiaries and joint ventures) and derivatives at fair value at each Standalone Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability; or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 - inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(IV) Foreign currencies

Transactions and balances:

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Standalone Balance Sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Exchange differences arising on settlement or translation of monetary items are recognised in the Standalone Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or the Standalone Statement of Profit and Loss are also reclassified in OCI or the Standalone Statement of Profit and Loss, respectively).

(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 from sales of products is measured at the amount of transaction price (net of returns, customer incentives, discounts, variable consideration and other similar charges offered by the Company) allocated to that performance obligation.

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 (right to 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 under other current assets and other current liabilities, respectively.

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 at amortised cost. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in other income in the Standalone Statement of Profit and Loss.

Export incentives income

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Commission income

In case of sales of goods, where the Company is an agent in the transaction, the difference between the revenue and the cost of the goods sold is disclosed as commission income in other operating income.

(VI) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- 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 Statement of Profit and Loss 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 Standalone Statement of Profit and Loss.

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

(VIII) Taxes

Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

The Company had adopted the new tax regime in the Financial Year 2019-20 under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

Current tax and deferred tax relating to items recognised outside the Standalone Statement of Profit and Loss are recognised outside the Standalone Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(IX) Property, plant and equipment

Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes borrowing costs for long-term construction projects, if the recognition criteria is met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Standalone Statement of Profit and Loss, during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is 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	Class of Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013
Factory buildings	Freehold buildings	30 years
Fences, wells, tube wells	Freehold building	5 years
Borewells (pipes, tubes and other fittings)	Freehold building	5 years
Other office equipment	Office equipment	5 years
Electrical installations and equipment (at factory)	Plant and equipment	10 years

(b) Assets where useful life differ from Schedule II

Assets	Class of Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Other than continuous process plant (single shift)	Plant and equipment	15 years	20 years
Plant and machinery – retail stores	Plant and equipment	15 years	5 – 6 years
Furniture and fittings – retail stores	Furniture and fixtures	10 years	5 – 6 years
Furniture and fittings – shop in shop stores	Furniture and fixtures	10 years	3 years
Motorcycles, scooters and other mopeds	Vehicles	10 years	5 years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	Vehicles	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.	Computers	3 years for end user devices and 6 years for servers	4 years
Furniture and fittings (other than retail stores)	Furniture and fixtures	10 years	7 years
Office electrical equipment	Office equipment	5 years	4 years
Electrically operated vehicles including battery powered or fuel cell powered vehicles	Vehicles	8 years	5 years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 Standalone Statement of Profit and Loss within other gains/ losses.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(X) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Standalone Statement of Profit and Loss, in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Standalone Statement of Profit and Loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Standalone Statement of Profit and Loss when the asset is de-recognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Amortisation methods and periods

A summary of amortisation policies applied to the Company's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis
Brands/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	20 years	Amortised on straight-line basis over the period of franchise agreement

(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 Standalone statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, goodwill on business combination is initially measured at cost, being the excess of the sum of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually as at reporting date. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(XII) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Standalone Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Standalone Statement of Profit and Loss.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually as at reporting date. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Standalone Statement of Profit and Loss.

Reversal of impairment losses except on goodwill is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(XIII) Leases

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

<u>Where the Company is the lessee</u>

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 Standalone Balance Sheet.

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

<u>Where the Company is the lessor</u>

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

recognised in the Standalone Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Standalone Statement of Profit and Loss.

Covid-19-Related Rent Concessions

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

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

(ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.

(iii) There is no substantive change to other terms and conditions of the lease.

Pursuant to the above amendment, the Company has applied the practical expedient with effect from April 01, 2020. The Company has accounted the unconditional rent concessions in "Rent expense" in the Standalone Statement of Profit and Loss. Adoption of the COVID-19 related concessions – amendments to Ind AS 116, Leases with effect from April 1, 2021 has resulted in recognition of ₹ 0.17 crore (March 31, 2022: ₹ 215.43 Crore) as income from lease concession during the year. This amendment is not expected to have any material impact on the Statement of Profit and Loss for the future years.

(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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, except for trade receivables which do not contain significant financing component are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Standalone Statement of Profit and Loss are recognised immediately in the Standalone Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

All recognized financial assets, are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For trade receivables, the company applies the simplified approach required by Ind AS 109, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

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 Standalone Statement of Profit and Loss and is included in the 'Other income' line item.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/(loss) in the Standalone Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Standalone Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (refer above) are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Standalone Statement of Profit and Loss. The net gain or loss recognised in the Standalone Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Call options over shares in the acquired subsidiary is initially recognised as a financial asset at fair value, with subsequent changes in fair value recognised in the standalone statement of profit and loss.

(iv) Equity investments

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Investment in Subsidiaries and Joint Venture are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries and Joint Venture at cost. All other equity investments are measured at fair value as per Ind AS 109. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Standalone Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 Standalone Balance Sheet.

The Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries and joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries and joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and joint venture and its carrying value, and then recognises the impairment loss in the standalone statement of profit and loss.

(b) Non-derivative financial liabilities

(i) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(1) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Standalone Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(2) Compound financial instruments:

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(3) Financial liabilities:

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Standalone Statement of Profit and Loss.

The Put Option and/or Call option on the Non-Controlling Interest (“NCI”) of subsidiary is initially measured at the fair value. The subsequent changes in fair value is recognised in the Standalone Statement of Profit and Loss.

However, financial liabilities that are not held-for-trading and are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Standalone Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Standalone Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Standalone Statement of Profit and Loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are reflected immediately in other comprehensive income under other equity and are not subsequently reclassified to the Standalone Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

(ii) Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Standalone Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all of the facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the Standalone Statement of Profit and Loss as ‘Finance costs’.

(iii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Standalone Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the Standalone Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in ‘Other income’.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Standalone Statement of Profit and Loss.

On de-recognition of a financial asset other than in its entirety (for example: when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Standalone Statement of Profit and Loss. 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 Standalone Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(XV) Derivative financial instruments

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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 – 40f).

(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 Standalone Statement of Profit and Loss, net of any reimbursements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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 Standalone Statement of Profit and Loss, on accrual basis. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

(c) Defined benefit plan

The Company operates a defined benefit gratuity plan in India. The Company operates gratuity plan through a Trust wherein certain employees are entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service as per the Payment of Gratuity Act, 1972. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. The benefit vests after five years of continuous service and the same is payable on termination of service or retirement, whichever is earlier. A part of the gratuity plan is funded (maintained by an independent insurance company) and another part is unfunded and managed within the Company, hence the liability has been bifurcated into funded and unfunded. 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 Standalone Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Standalone Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net Interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. These are presented as re-measurement gains or losses on defined benefit plans under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Standalone Statement of Profit and Loss.

(d) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation in the Standalone Statement of Profit and Loss.

The Company presents the entire leave as a current liability in the Standalone Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

(XIX) Share-based payment

Employees of the Company receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. 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 Standalone Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share options outstanding account.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met.

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

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability using a binomial method. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Standalone Statement of Profit and Loss for the year.

The Company has created an "ABFRL Employee Welfare Trust"(ESOP Trust) and uses it as a vehicle for distributing shares to employees under the Employee Stock Option Scheme 2019 or any subsequent Stock Option Scheme. The trust purchase shares of the Company from the market, for issuing shares to employees. The Company treats trust as its extension and shares held by trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the standalone statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

(XX) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends. The weighted average number of equity shares outstanding during the period is adjusted for treasury shares and events such as bonus issue, bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(XXI) Cash and cash equivalents

Cash and cash equivalents in the Standalone Balance Sheet and for the purpose of the Standalone Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months or less 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.

2.4 New and amended standards adopted by the Company:

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.5 Standards issued but not yet effective:

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amended the following accounting standards. These amendments are effective from April 01, 2023 and early adoption is permitted in some cases.

a) Ind AS 1, Presentation of financial statements

b) Ind AS 12, Income taxes

c) Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The above amendments are not likely to have any material impact on the financial statements of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 3a
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, 2021	**5.92**	**43.36**	**218.58**	**312.47**	**116.10**	**498.47**	**134.66**	**12.87**	**1,342.43**
Additions	-	-	75.57	73.14	14.12	85.08	8.90	2.02	**258.83**
Disposals	-	-	46.83	26.43	2.20	74.55	2.51	5.85	**158.37**
As at March 31, 2022	**5.92**	**43.36**	**247.32**	**359.18**	**128.02**	**509.00**	**141.05**	**9.04**	**1,442.89**
Additions	-	0.53	53.97	112.94	44.69	218.33	30.55	9.00	**470.01**
Disposals	-	-	31.65	27.26	8.19	48.32	4.39	3.25	**123.06**
As at March 31, 2023	**5.92**	**43.89**	**269.64**	**444.86**	**164.52**	**679.01**	**167.21**	**14.79**	**1,789.84**
Depreciation									
As at April 01, 2021	**-**	**5.67**	**102.24**	**180.22**	**88.68**	**354.04**	**70.60**	**6.48**	**807.93**
Depreciation for the year (Refer Note - 36)	-	1.57	56.11	49.36	7.93	75.60	7.43	2.76	**200.76**
Disposals	-	-	39.84	20.78	1.50	66.34	1.92	4.62	**135.00**
As at March 31, 2022	**-**	**7.24**	**118.51**	**208.80**	**95.11**	**363.30**	**76.11**	**4.62**	**873.69**
Depreciation for the year (Refer Note - 36)	-	1.58	48.02	58.76	16.12	93.84	8.93	2.87	**230.12**
Disposals	-	-	29.29	25.26	7.23	45.02	3.64	2.92	**113.36**
As at March 31, 2023	**-**	**8.82**	**137.24**	**242.30**	**104.00**	**412.12**	**81.40**	**4.57**	**990.45**
Net carrying value as at:									
March 31, 2023	**5.92**	**35.07**	**132.40**	**202.56**	**60.52**	**266.89**	**85.81**	**10.22**	**799.39**
March 31, 2022	**5.92**	**36.12**	**128.81**	**150.38**	**32.91**	**145.70**	**64.94**	**4.42**	**569.20**

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Property, plant and equipment	799.39	569.20
Total	**799.39**	569.20

* 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 and Freehold building wherein the Gross Block amounting to ₹ 5.92 Crore (March 31, 2022: ₹ 5.92 Crore) and ₹ 0.13 Crore (March 31, 2022: ₹ 0.13 Crore), respectively, which are held in the name of the demerged companies and are in the process of being transferred to the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 3b
CAPITAL WORK-IN-PROGRESS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress	**88.95**	61.04
Total	**88.95**	61.04

Ageing of Capital work-in-progress as on March 31, 2023

₹ in Crore

Capital work-in-progress	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	**88.95**	-	-	-	**88.95**
(ii) Projects temporarily suspended	-	-	-	-	-

Ageing of Capital work-in-progress as on March 31, 2022

₹ in Crore

Capital work-in-progress	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	43.59	12.79	4.66	-	61.04
(ii) Projects temporarily suspended	-	-	-	-	-

There are no projects as at the reporting date where costs have been exceeded as compared to original plan or where completion is overdue.

NOTE: 4
RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

₹ in Crore

	Land	Buildings*	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Total
Cost								
As at April 01, 2021	10.42	3,191.70	16.52	-	3.90	90.18	3.94	3,316.66
Additions	-	1,025.65	4.78	-	-	6.40	2.28	1,039.11
Termination	-	162.58	-	-	-	-	-	162.58
As at March 31, 2022	10.42	4,054.77	21.30	-	3.90	96.58	6.22	4,193.19
Additions	-	1,725.59	-	-	-	9.50	0.36	1,735.45
Termination	-	427.94	-	-	-	-	-	427.94
As at March 31, 2023	10.42	5,352.42	21.30	-	3.90	106.08	6.58	5,500.70
Depreciation								
As at April 01, 2021	0.52	1,239.89	1.78	-	0.02	7.51	0.05	1,249.77
Depreciation for the year (Refer Note - 36)	0.13	708.02	4.03	-	0.79	18.20	1.04	732.21
Termination	-	67.69	-	-	-	-	-	67.69
As at March 31, 2022	0.65	1,880.22	5.81	-	0.81	25.71	1.09	1,914.29
Depreciation for the year (Refer Note - 36)	0.13	828.04	4.28	-	0.79	23.26	1.28	857.78
Termination	-	314.52	-	-	-	-	-	314.52
As at March 31, 2023	0.78	2,393.74	10.09	-	1.60	48.97	2.37	2,457.55
Net carrying value as at:								
As at March 31, 2023	9.64	2,958.68	11.21	-	2.30	57.11	4.21	3,043.15
As at March 31, 2022	9.77	2,174.55	15.49	-	3.09	70.87	5.13	2,278.90

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

* The title deeds of Right of Use assets above are held in the name of the Company except for Buildings wherein the Gross Block amounting to ₹ 313.63 Crore (March 31, 2022: ₹ 259. 93 Crore) are held in the name of the demerged companies and are in the process of being transferred to the Company.

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	**3,043.15**	2,278.90
Total	**3,043.15**	2,278.90

(b) Lease liabilities

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening balance	**2,615.88**	2,385.57
Additions *	**1,915.21**	1,002.38
Retirements	**(122.77)**	(105.99)
Interest expense on lease liabilities	**264.56**	205.75
Rent concession (Refer Note - 40j)	**(0.17)**	(215.43)
Payments	**(1,024.00)**	(656.40)
Closing balance	**3,648.71**	2,615.88
* Includes liabilties for net investment in sub-lease amounting to ₹ 270.94 Crores (March 31, 2022: Nil).		
Current	**862.19**	751.05
Non-current	**2,786.52**	1,864.83

For maturity analysis of lease liabilities, refer Note - 44a.

NOTE: 5
GOODWILL AND OTHER INTANGIBLE ASSETS

₹ in Crore

	Goodwill	Brands/ Trademarks	Computer software	Technical know - how	Franchisee/ License rights	Total
Cost						
As at April 01, 2021	1,859.60	27.89	84.89	1.84	33.81	2,008.03
Additions	-	-	13.34	-	-	13.34
Disposals	-	-	1.47	-	-	1.47
As at March 31, 2022	1,859.60	27.89	96.76	1.84	33.81	2,019.90
Additions (Refer Note - 49)	-	-	10.13	-	515.34	525.47
Disposals	-	-	0.55	-	-	0.55
As at March 31, 2023	1,859.60	27.89	106.34	1.84	549.15	2,544.82
Amortisation						
As at April 01, 2021	-	15.65	74.24	1.48	11.73	103.10
Amortisation for the year (Refer Note - 36)	-	2.91	9.59	0.20	1.18	13.88
Disposals	-	-	0.46	-	-	0.46
As at March 31, 2022	-	18.56	83.37	1.68	12.91	116.52
Amortisation for the year (Refer Note - 36)	-	2.91	8.45	-	15.20	26.56
Disposals	-	-	0.45	-	-	0.45
As at March 31, 2023	-	21.47	91.37	1.68	28.11	142.63
Net carrying value as at:						
March 31, 2023	1,859.60	6.42	14.97	0.16	521.04	2,402.19
March 31, 2022	1,859.60	9.33	13.39	0.16	20.90	1,903.38

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Goodwill	**1,859.60**	1,859.60
Other intangible assets	**542.59**	43.78
Total	**2,402.19**	1,903.38

NOTE: 5a
INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Intangible Assets under development	**57.03**	-
Total	**57.03**	-

Ageing of Intangible assets under development as on March 31, 2023

₹ in Crore

Intangible assets under development	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	**57.03**	-	-	-	**57.03**
(ii) Projects temporarily suspended	-	-	-	-	-

Ageing of Intangible assets under development as on March 31, 2022

₹ in Crore

Intangible assets under development	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-

NOTE: 5b
IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through various business combinations have 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 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 in 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, considering the same is operated and monitored by the Company as one.

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Pantaloons CGU	**1,167.55**	1,167.55
Madura Fashion & Lifestyle CGU	**627.67**	627.67
Forever 21 CGU	**64.38**	64.38
Total	**1,859.60**	1,859.60

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, 2023, have been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three - year period ending March 31, 2026 and cash flow projections for financial years 2027 and 2028 has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. The Company has considered a terminal growth rate of 5% to arrive at the value in use to perpetuity beyond March 31, 2028. The pre-tax discount rate is applied to cash flow projections for impairment testing during the financial years. 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, 2023			As at March 31, 2022		
	Pantaloons CGU	**Madura Fashion & Lifestyle CGU**	**Forever 21CGU**	Pantaloons CGU	Madura Fashion & Lifestyle CGU	Forever 21CGU
Discount rate	**15.20%**	**16.00%**	**17.80%**	14.50%	15.00%	14.90%

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 respective CGU 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.

No reasonable possible change in key assumptions are likely to result in the recoverable amount of the CGUs being less than their carrying amount.

NOTE: 6
(a) NON-CURRENT FINANCIAL ASSETS - INVESTMENT IN EQUITY OF SUBSIDIARIES AND JOINT VENTURE

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
(a) Investments in subsidiaries and joint venture		
Investments in subsidiaries: (Carried at cost)		
Unquoted equity instruments		
1,46,98,620 (March 31, 2022: 1,46,98,620) fully paid equity shares of ₹ 10/- each of Jaypore E-Commerce Private Limited (Refer Note - 1 below)	**229.75**	229.75
10,000 (March 31, 2022: 10,000) fully paid equity shares of ₹ 10/- each of TG Apparel & Decor Private Limited (Refer Note - 1 below)	**0.25**	0.25
8,62,102 (March 31, 2022: 8,62,102) fully paid equity shares of ₹ 10/- each of Finesse International Design Private Limited (Refer Note - 2 below)	**77.78**	77.78
Sabyasachi Calcutta LLP	**440.84**	389.84
Share of Profit Ratio: Aditya Birla Fashion and Retail Limited - 51% Mr. Sabyasachi Mukherjee - 49% (Refer Note - 3 below)		
4,72,39,766(March 31, 2022: 2,80,00,000) fully paid equity shares of ₹ 10/- each of Indivinity Clothing Retail Private Limited (Refer Note - 4 below)	**154.20**	63.00
5,24,991 (March 31, 2022: Nil) fully paid equity shares of ₹ 10/- each of House of Masaba Lifestyle Private Limited (Refer Note - 5 below)	**90.00**	-
31,55,00,000 (March 31, 2022: Nil) fully paid equity shares of ₹ 10/- each of Aditya Birla Digital Fashion Ventures Limited (Refer Note - 6 below)	**315.50**	-
1,50,00,000 (March 31, 2022: Nil) fully paid equity shares of ₹ 10/- each of Aditva Birla Garments Limited (Refer Note - 7 below)	**15.00**	-

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Investments in joint venture: (Carried at cost)		
3,579 (March 31, 2022: 3,579) fully paid equity shares of ₹ 10/- each of Goodview Fashion Private Limited	**67.18**	67.18
Total	**1,390.50**	827.80
(b) Other Investments: (Carried at fair value through other comprehensive income)		
Unquoted equity instruments		
7,000 (March 31, 2022: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	**10.56**	7.31
10,000 (March 31, 2022: 10,000) fully paid up equity shares of ₹ 10/- each of Retailers Association of India	**0.01**	0.01
Total	**10.57**	7.32
* Increase is on account of fair valuation gain recorded during the year.		
(c) Current Investments (Carried at fair value through profit and loss (FVTPL))		
Quoted investments		
Aditya Birla Sun Life Overnight Fund - Growth- Regular Plan (March 31, 2023: 4,14,626.568 units, March 31, 2022: Nil units)	**50.01**	-
Axis Overnight Fund - Regular Growth(O) (March 31, 2023: 4,22,822.210 units, March 31, 2022: Nil units)	**50.01**	-
Kotak Overnight Fund Growth - Regular Plan (March 31, 2023: 4,19,792.177 units, March 31, 2022: Nil units)	**50.00**	-
Aditya Birla Sun Life Liquid Fund - Growth- Regular Plan (formerly known as Aditya Birla Sun Life Cash Plus) (March 31, 2023: Nil units, March 31, 2022: 25,70,542.054 units)	-	87.51
Aditya Birla Sun Life Money Manager Fund - Growth Regular Plan (March 31, 2023: Nil units, March 31, 2022:32,20,919.551 units)	-	95.43
Axis Money Market - Regular Growth(MM-GP) (March 31, 2023: Nil units, March 31, 2022: 3,35,483.883 units)	-	38.49
Axis Liquid Fund - Regular Growth(CF-GP) (March 31, 2023: Nil units, March 31, 2022: 1,52,008.935 units)	-	35.72
DSP Savings Fund- Regular Plan Growth (March 31, 2023: Nil units, March 31, 2022: 35,11,989.369 units)	-	15.03
DSP Liquidity Fund - Regular Plan Growth (March 31, 2023: Nil units, March 31, 2022: 39,768.674 units)	-	12.00
HDFC Money Market Fund - Regular Plan Growth (March 31, 2023: Nil units, March 31, 2022: 89,682.608 units)	-	41.17
HDFC Liquid Fund - Regular Plan Growth (March 31, 2023: Nil units, March 31, 2022: 90,592.704 units)	-	37.61
ICICI Prudential Money Market Fund - Growth (March 31, 2023: Nil units, March 31, 2022: 5,04,139.019 units)	-	15.34
Kotak Liquid Fund Regular Plan Growth (March 31, 2023: Nil units, March 31, 2022: 82,127.437 units)	-	35.14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
L & T Liquid Fund - Regular Growth (March 31, 2023: Nil units, March 31, 2022: 69,130.529 units)	-	20.05
Mirae Asset Cash Management Fund - Regular Plan (March 31, 2023: Nil units, March 31, 2022: 1,40,625.465 units)	-	31.17
SBI Liquid Fund Regular Growth (March 31, 2023: Nil units, March 31, 2022: 1,66,171.185 units)	-	55.02
UTI Overnight Fund - Regular Plan (March 31, 2023: Nil units, March 31, 2022: 7,030.267 units)	-	2.03
UTI Liquid Cash Plan - Regular Plan (March 31, 2023: Nil units, March 31, 2022: 45,350.426 units)	-	15.71
Total	**150.02**	537.42
Aggregate book value of unquoted investments	**1,401.07**	835.12
Aggregate book value of quoted investments	**150.02**	537.42
Aggregate market value of quoted investments	**150.02**	537.42
Aggregate amount of impairment in value of investments	-	-

Notes:

1. During the year ended March 31, 2020, the Board of Directors of the Company approved acquisition of 100% stake in Jaypore E-Commerce Private Limited ("Jaypore") and TG Apparel & Decor Private Limited ("TG Apparel"). Post completion of the conditions precedent under the aforesaid Share Purchase Agreement(s), Jaypore and TG Apparel became the wholly-owned subsidiaries of the Company w.e.f. July 02, 2019. As at March 31, 2023, TG Apparel has negative net worth of ₹ 0.67 Crore (March 31, 2022: ₹ 0.46 Crore) due to losses incurred. During the previous financial year, the Company has infused ₹ 125.00 Crore under Rights Issue in Jaypore E-Commerce Private Limited to support the existing operations and growth of the business.

   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 TG Apparel.

2. The Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"). The said acquisition was done through a combination of primary equity infusion and secondary share purchase by way of signing of Share Subscription and Purchase Agreement ("SSPA") and Shareholders' Agreement with Finesse and its shareholders. Consequent to aforesaid, Finesse became the subsidiary of the Company w.e.f. July 26, 2019.

   During the previous financial year, the Company has infused ₹ 19.93 Crore under Rights Issue to support the existing operations and growth of the business.

3. On January 27, 2021, the Board of Directors approved the acquisition of 51% stake in Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm ("Sabyasachi")] by entering into a Framework Agreement. On February 24, 2021, post completion of the customary closing conditions under the Agreement, the Company concluded the acquisition. Considering the terms of the Agreement, investment in Sabyasachi is considered as a subsidiary of the Company. Also refer Note - 9 and Note - 23.

   During the year, the Company has infused ₹ 51.00 Crore under capital contribution to support the existing operations and growth of the business.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

4. On February 24, 2021, the Board of Directors approved the acquisition of 80% stake in Indivinity Clothing Retail Private Limited ["ICRPL"] by way of entering into 'Share Subscription and Shareholders Agreement' ["SSSA"]. On March 26, 2021, post completion of the customary closing conditions under the said SSSA, ICRPL became a subsidiary of the Company.

   During the year, the Company has infused ₹ 91.20 Crore under Rights Issue to support the existing operations and growth of the business.

5. On January 14, 2022, the Board of Directors approved the acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited ("HMLPL") by way of entering into a Binding Term Sheet subject to signing of definitive agreements, completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, if any. On June 01, 2022, post completion of closing conditions precedent set out in the definitive agreements and statutory approvals, HMLPL became a subsidiary of the Company.

6. On February 4, 2022, the Board approved to set up a new subsidiary, for foraying into the Direct to Consumer ("D2C") business towards building a portfolio of distinct, new-age, digital brands across categories in fashion, beauty and other allied lifestyle segments. The D2C portfolio will be built through organic and inorganic means. Thus, w.e.f. April 11, 2022 Aditya Birla Digital Fashion Ventures Limited a wholly owned subsidiary of the Company was set up to carry on the "D2C" business.

7. Aditya Birla Garments Limited a manufacturing plant set up under the Production Linked Incentive (PLI) scheme was incorporated as a wholly owned subsidiary of the Company w.e.f. June 15, 2022.

NOTE: 7
NON-CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	**1.15**	1.55
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
Loan to related party (Refer Notes - 46 and 13)		
Unsecured, considered good	-	2.08
Total	**1.15**	3.63

NOTE: 8
NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 46)	**5.64**	5.64
Unsecured, considered good	**394.46**	301.93
Unsecured, considered doubtful	**1.60**	0.31
Provision for doubtful deposits	**(1.60)**	(0.31)
Total	**400.10**	307.57

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 9
NON-CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Net investment in sublease	232.86	-
Other bank balance		
Bank deposits with more than 12 months maturity from the Balance Sheet date	0.06	0.48
Derivative instruments at FVTPL - Not designated as hedges		
Derivative Instruments*	191.34	164.60
Total	**424.26**	165.08

* During the year ended March 31, 2021, the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the agreement, the Company has a Call option to purchase the entire holding of Mr. Sabyasachi Mukherjee in case the Put Option (as specified in Note - 23) is not exercised by Mr. Sabyasachi Mukherjee at the end of fourteen years. Accordingly, the Company has accounted the fair value of call option of ₹ 190.62 Crore (March 31, 2022: ₹ 164.60 Crore) as non-current financial asset based on independent valuation performed by the Company's appointed independent valuer.

NOTE: 10
DEFERRED TAX ASSETS (NET)

Reflected in the Standalone Balance Sheet as follows:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	316.61	353.10
Deferred tax assets/ (liabilities) (net)	**316.61**	353.10

Deferred tax assets / (liabilities) relates to the following:

₹ in Crore

	Standalone Balance Sheet		Standalone Statement of Profit and Loss	
	As at March 31, 2023	As at March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Difference between carrying amount of Property Plant and Equipment and Intangible Assets and their tax base	(252.47)	(259.11)	(6.64)	(3.09)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	50.58	23.29	(27.29)	(2.57)
Share-based payment	10.94	7.28	(3.66)	(6.55)
Loss as per income tax computations available for off-set against future taxable income	371.86	466.37	94.51	(4.96)
Impact of Ind AS 116				
ROU assets and lease liabilities	128.45	112.59	(15.86)	(8.32)
Others	7.25	2.68	(4.57)	(6.38)
Net deferred tax assets/ (liabilities)	**316.61**	353.10	**36.49**	(31.87)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Reconciliation of deferred tax assets/ (liabilities) (net):

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**353.10**	321.23
Deferred tax income/ (expense) recognised in profit and loss during the year (Refer Note - 38)	(35.95)	32.77
Deferred tax income/ (expense) recognised in OCI during the year (Refer Note - 38)	(0.54)	(0.90)
As at the end of the year	**316.61**	353.10

NOTE: 11
OTHER NON-CURRENT ASSETS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Capital advances	14.29	8.94
Prepayments	44.84	37.36
Balances with government authorities (other than income tax)	39.29	40.08
Other receivables	1.14	0.67
Total	**99.56**	87.05

NOTE: 12
INVENTORIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
At lower of cost and net realisable value		
Raw materials	222.25	286.41
Includes Goods-in-transit ₹ 96.56 Crore (March 31, 2022: ₹ 125.03 Crore)		
Work-in-progress	29.63	33.18
Finished goods	374.22	270.08
Stock-in-trade	3,106.94	2,116.23
Includes Goods-in-transit ₹ 26.77 Crore (March 31, 2022: ₹ 28.46 Crore)		
Stores and spares	2.62	2.37
Packing materials	28.37	20.96
Total	**3,764.03**	2,729.23

During the year ended March 31, 2023 ₹ 51.27 Crore (March 31, 2022: ₹ 34.46 Crore) is recognised as an expense for inventories carried at net realisable value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 13
CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	9.00	6.84
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
Loans and advances to related party (Refer Note -46)		
- Unsecured, considered good	17.33	-
Total	26.33	6.84

* The Company has outstanding loans to TG Apparel & Decor Private Limited and Jaypore E-Commerce Private Limited at an interest rate of 8.65% p.a.

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:

Details of loans given/ received:

₹ in Crore

Name of Companies	Interest rates	Repayment terms	Outstanding		Maximum amountoutstanding during the year ended	
			As at March 31, 2023	As at March 31, 2022	March 31, 2023	March 31, 2022
Jaypore E-Commerce Private Limited	7.45% to 8.65% p.a.	On demand	15.00	-	15.00	-
TG Apparel & Decor Private Limited	7.45% to 8.65% p.a.	On demand	2.33	2.08	2.33	2.08

NOTE: 14
CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Security deposits		
Unsecured, considered good	92.56	117.27
Unsecured, considered doubtful	8.60	9.13
Provision for doubtful deposits	(8.60)	(9.13)
Total	92.56	117.27

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 15
TRADE RECEIVABLES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Trade receivables from others	859.43	770.10
Trade receivables from related parties (Refer Note - 46)	2.20	9.00
	861.63	779.10
Less: Loss Allowances	(26.53)	(24.70)
Total	835.10	754.40

Break-up for security details:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Secured, considered good	46.55	103.50
Unsecured, considered good	815.08	675.60
	861.63	779.10

Ageing of Trade Receivables:

₹ in Crore

Particulars	Outstanding as on March 31, 2023 (for following periods from due date of payment)						
	Not due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	614.38	195.94	25.66	2.18	0.08	-	838.24
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:							
Disputed	0.27	7.02	0.21	0.25	0.58	7.39	15.72
Undisputed	-	-	-	0.14	0.16	7.38	7.68

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

Particulars	Outstanding as on March 31, 2023 (for following periods from due date of payment)						
	Not due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(ix) Provision on Trade Receivables assessed on individual basis	-	-	-	-	-	-	(23.40)
(x) Expected credit loss	-	-	-	-	-	-	(3.14)
Total	**614.65**	**202.96**	**25.87**	**2.57**	**0.82**	**14.77**	**835.10**

₹ in Crore

Particulars	Outstanding as on March 31, 2022 (for following periods from due date of payment)						
	Not due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	553.40	194.49	6.03	1.89	0.83	0.46	757.10
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed - Credit Impaired	-						
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:							
Disputed	-	0.09	-	0.11	0.89	6.62	7.71
Undisputed	-	0.32	5.59	0.07	2.14	6.17	14.29
(ix) Provision on Trade Receivables assessed on individual basis							(22.00)
(x) Expected credit loss							(2.70)
Total	553.40	194.90	11.62	2.07	3.86	13.25	754.40

No trade or other receivables is due from directors or other officers of the Company either severally or jointly with any other person.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 b2b, e-commerce b2c, export and trade customers. The Company follows the simplified approach method for computing the expected credit loss. The risk are categorised into high, low and moderate category basis internal and external parameters. Any customer related specific information has been factored over and above the probability of default (PD). Provision matrix takes into account historical credit loss experience adjusted for forward-looking estimates and macro-economic factors. 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:

	Expected credit loss (%)					
	As at March 31, 2023			As at March 31, 2022		
	Departmental stores #	Depletion key accounts #	Trade Channel	Departmental stores #	Depletion key accounts #	Trade Channel
Not due	0.00%	0.00%	1.03%	0.00%	0.00%	0.64%
0-90 days	0.00%	0.00%	3.12%	0.00%	0.00%	3.12%
91-180 days	0.00%	0.00%	3.44%	0.00%	0.00%	3.44%
181-365 days	0.00%	0.00%	4.10%	0.00%	0.00%	4.10%
1-2 years	0.00%	0.00%	4.32%	0.00%	0.00%	4.32%
2-3 years	0.00%	0.00%	4.41%	0.00%	0.00%	4.41%

Ageing of receivables on which impairment allowance of doubtful debts is applied*

₹ in Crore

Not due	As at March 31, 2023			As at March 31, 2022		
	Departmental stores #	Depletion key accounts #	Trade Channel	Departmental stores #	Depletion key accounts #	Trade Channel
0-90 days	-	-	223.67	-	-	242.25
91-180 days	-	-	18.39	-	-	18.91
181-365 days	-	-	6.81	-	-	2.52
271 - 365 days	-	-	0.41	-	-	2.34
1 to 2 year	-	-	0.19	-	-	3.57
2 to 3 year	-	-	0.09	-	-	3.84
Total	-	-	**249.56**	-	-	273.43

* The amount is net of provision for discount and refund liabilities

Impact is considered to be immaterial.

Movement in the expected credit loss allowance

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**24.70**	25.65
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	**0.44**	1.61
Specific provision made/ (reversed)	**1.39**	(2.56)
As at the end of the year	**26.53**	24.70

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 16
CASH AND CASH EQUIVALENTS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
Current accounts	**105.70**	27.72
Deposit accounts (original maturity less than 3 months)	**500.00**	50.00
Balances with credit card companies	**16.93**	11.17
Balances with e-wallet companies	**4.18**	1.68
Cash on hand	**12.45**	12.98
Cheques/ drafts on hand	**3.22**	4.26
Total	**642.48**	107.81

The Company has undrawn committed borrowing facilities available to the extent of ₹ 3,266.00 Crore as at March 31, 2023 (March 31, 2022: ₹ 3,476.00 Crore).

Net debt reconciliation:

As at March 31, 2023

₹ in Crore

	As at March 31, 2022	Cash flows (net)	Non-cash changes		As at March 31, 2023
			Fair value adjustments	Others	
Investing activities					
Non-current investments	835.12	562.70	3.25	0.00	1,401.07
Current investments	537.42	(409.18)	(2.43)	24.20	150.02
Total	1,372.54	153.52	0.82	24.20	1,551.09
Financing activities					
Non-current borrowings	757.40	658.48	-	-	1,415.41
Current borrowings (including current maturities of non-current borrowings)	449.97	164.06	-	0.47	614.50
Lease liabilities	2,615.88	(841.18)	-	1,874.01	3,648.71
Total	3,823.25	(18.64)	-	1,874.48	5,678.62

As at March 31, 2022

₹ in Crore

	As at March 31, 2021	Cash flows (net)	Non-cash changes		As at March 31, 2022
			Fair value adjustments	Others	
Investing activities					
Non-current investments	689.53	144.94	0.65	-	835.12
Current investments	299.53	218.51	2.12	17.26	537.42
Total	989.06	363.45	2.77	17.26	1,372.54
Financing activities					
Non-current borrowings	802.09	(44.69)	-	-	757.40
Current borrowings (including current maturities of non-current borrowings)	315.83	134.14	-	-	449.97
Lease liabilities	2,385.57	(531.69)	-	762.00	2,615.88
Total	3,503.49	(442.24)	-	762.00	3,823.25

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 17
BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Earmarked deposits		
Current accounts	**0.11**	0.11
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	**0.43**	-
Total	**0.54**	0.11

NOTE: 18
CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Derivative contracts	**0.65**	-
Interest accrued on deposits	**0.22**	0.16
Other receivables	**31.10**	51.67
Net investment in sublease	**38.08**	-
Total	**70.05**	51.83

NOTE: 19
OTHER CURRENT ASSETS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Prepayments	**40.68**	55.70
Advance to suppliers	**155.51**	126.89
Export incentives	**0.46**	1.07
Balances with government authorities (other than income tax)	**370.76**	312.45
Government grant receivables	**1.24**	1.24
Insurance claim receivables	**0.91**	0.84
Right to return assets	**286.44**	206.26
Other receivables	**0.55**	7.59
Total	**856.55**	712.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 20
EQUITY SHARE CAPITAL

Authorised share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Increase during the year	1,00,00,00,000	1,000.00	-	-
As at the end of the year	2,00,00,00,000	2,000.00	1,00,00,00,000	1,000.00

Issued equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	93,85,09,538	938.50	93,77,36,163	937.73
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 20(iii)]	138	0.01	2,80,504	0.28
Equity shares under Preferential Issue [Refer Note - 20(iv)]	1,02,16,450	10.22	-	-
Exercise of Options (Refer Note - 43)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,89,96,351	949.00	93,85,09,538	938.50

Subscribed and paid-up equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	93,83,04,034	938.29	93,75,30,659	915.05
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 20(iii)]	138	0.01	2,80,504	22.75
Equity shares under Preferential Issue [Refer Note - 20(iv)]	1,02,16,450	10.22	-	-
Exercise of Options (Refer Note - 43)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,87,90,847	948.79	93,83,04,034	938.29

(i) Shares held by Promoters :

Shares held by Promoters as at March 31, 2023			% Change during the year
Promoter name	No. of Shares	% of total shares	
Birla Group Holdings Private Limited	17,15,52,967	18.08	-0.20%
IGH Holdings Private Limited	13,64,72,680	14.38	-0.16%
Grasim Industries Limited	9,75,93,931	10.29	-0.11%
Umang Commercial Company Private Limited	6,50,66,998	6.86	-0.07%
Hindalco Industries Limited	5,02,39,794	5.30	-0.05%
Pilani Investment and Industries Corporation Limited	39,88,866	0.42	0.00%
Mrs. Rajashree Birla	8,63,696	0.09	0.00%
Birla Industrial Finance (India) Limited	1,66,508	0.02	0.00%
Birla Consultants Limited	1,66,422	0.02	0.00%
ABNL Investment Limited	77,430	0.01	0.00%
Birla Industrial Investments (India) Limited	34,666	0.00	0.00%
Mr. Kumar Mangalam Birla	33,966	0.00	0.00%
Mrs. Neerja Birla	20,270	0.00	0.00%
Mrs. Vasavadatta Bajaj	19,542	0.00	0.00%
Aditya Vikram Kumar Mangalam Birla HUF	1,780	0.00	0.00%
Total	52,62,99,516	55.47	

Shares held by Promoters as at March 31, 2022			% Change during the year
Promoter name	No. of Shares	% of total shares	
Birla Group Holdings Private Limited	17,15,52,967	18.28	-0.01%
IGH Holdings Private Limited	13,64,72,680	14.54	0.01%
Grasim Industries Limited	9,75,93,931	10.40	0.00%
Umang Commercial Company Private Limited	6,50,66,998	6.93	0.00%
Hindalco Industries Limited	5,02,39,794	5.35	0.00%
Pilani Investment and Industries Corporation Limited	39,88,866	0.43	0.00%
Mrs. Rajashree Birla	8,63,696	0.09	0.00%
Birla Industrial Finance (India) Limited	1,66,508	0.02	0.00%
Birla Consultants Limited	1,66,422	0.02	0.00%
ABNL Investment Limited	77,430	0.01	0.00%
Birla Industrial Investments (India) Limited	34,666	0.00	0.00%
Mr. Kumar Mangalam Birla	33,966	0.00	0.00%
Mrs. Neerja Birla	20,270	0.00	0.00%
Mrs. Vasavadatta Bajaj	19,542	0.00	0.00%
Aditya Vikram Kumar Mangalam Birla HUF	1,780	0.00	0.00%
Total	52,62,99,516	56.09	

(ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(iii) Issue of Right Shares

Rights Issue - 2020:

a) Approval: On May 27, 2020, the Board approved fund raising by way of a Rights Issue. On June 25, 2020, it further approved the terms of the issue i.e. 9,04,65,693 equity shares of face value of ₹ 10 each ("RES") at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per RES), aggregating to ₹ 995.12 Crore, in the ratio of 9 RES for every 77 existing fully-paid shares held by the eligible equity shareholders as on the Record Date i.e. July 1, 2020.

b) Application: On July 28, 2020, 9,02,77,042 RES of face-value ₹ 10 each were allotted as Partly paid shares ("PPS") to the eligible applicants who paid the application amount of ₹ 55 per RES (including premium of ₹ 50). Allotment of 1,88,651 RES were kept in abeyance, pending regulatory/ other clearances.

c) First Call: On January 11, 2021, the 'First call' money of ₹ 27.50 per PPS (including premium of ₹ 25) was called for. On 8,99,09,500 PPS, the amount due, was successfully received. 3,67,542 PPS were forfeited due to non-payment, in accordance with the Articles of Association and Letter of Offer [dated June 28, 2020] ("LoF").

d) Final Call: On July 5, 2021, the final call money of ₹ 27.50 per PPS (including premium of ₹ 25) was called for and the payment period ended on July 19, 2021. The Company issued a 'Final Demand Cum Forfeiture Notice for Payment of Final Call Money on Partly Paid-Up Equity Shares' on September 28, 2022 to those shareholders who were yet to pay the amount due, thereby allowing further time until October 31, 2022.

e) Annulment of Forfeiture: On September 1, 2021, the Board of Directors approved annulment of 3,67,542 partly paid-up shares ("PPS") which were earlier forfeited. The Company issued a 'Final Demand Cum Forfeiture Notice - Partly Paid-Up Equity Shares' on September 28, 2022 to those shareholders who were yet to pay the amount due, thereby allowing further time until October 31, 2022. The Company has received payment towards 3,08,645 PPS.

f) Forfeiture: On November 4, 2022, the Board of Directors approved the forfeiture of 86,900 Equity shares on which first and/or final the call amount remains unpaid.

g) There has been no deviation in the use of proceeds of the Rights Issue, from the objects stated in the LoF.

(iv) Preferential Issue to foreign portfolio investors

a) On May 24, 2022, the Board of Directors of the Company approved a Preferential Issue ("said issue") of 1,02,16,450 fully paid up Equity Shares of face value of ₹ 10 each, for cash, at a price of ₹ 288.75 per Equity Share (including a premium of ₹ 278.75 per Equity Share) and 6,58,00,866 warrants at a price of ₹ 288.75 per warrant ("Warrant Issue Price"), each warrant being convertible into or exchangeable for 1 Equity Share of the Company of face value of ₹ 10 each aggregating to ₹ 2,195 Crore to Caladium Investment Pte. Ltd, a Foreign Portfolio Investor ("Investor") by way of preferential allotment on private placement basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 by way of entering into a Share Subscription Agreement, ["SSA"].

b) The Company received the approval of the Shareholders by way of Postal Ballot on June 23, 2022 and of Competition Commission of India on August 30, 2022 and Securities Exchange Board of India on September 7, 2022.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

c) On September 20, 2022, post completion of the customary closing conditions of SSA, the Board of Directors approved the allotment to the Investor on receipt of consideration aggregating to ~ ₹ 770 Crore towards:

i) 1,02,16,450 fully paid up Equity Shares, of which ₹ 10 is towards face value and ₹ 278.75 towards premium and

ii) 6,58,00,866 warrants, upon receipt of 25% of the Warrant Issue Price (i.e. ₹ 72.1875 per warrant) as warrant subscription money. Balance 75% of the Warrant Issue Price (i.e. ₹ 216.5625 per warrant) shall be payable within 18 months from the allotment date.

(v) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	**% of paid-up share capital**	No. of shares held	% of paid-up share capital
Birla Group Holdings Private Limited	**17,15,52,967**	**18.08%**	17,15,52,967	18.28%
IGH Holdings Private Limited	**13,64,72,680**	**14.38%**	13,64,72,680	14.54%
Grasim Industries Limited	**9,75,93,931**	**10.29%**	9,75,93,931	10.40%
Flipkart Investments Private Limited	**7,31,70,731**	**7.71%**	7,31,70,731	7.80%
Umang Commercial Company Private Limited	**6,50,66,998**	**6.86%**	6,50,66,998	6.93%
Hindalco Industries Limited	**5,02,39,794**	**5.30%**	5,02,39,794	5.35%

(vi) There were no shares issued for consideration other than cash during the period of five years immediately preceding the reporting year.

(vii) 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, 2023	As at March 31, 2022
Share application money pending allotment		
As at the beginning of the year	**-**	-
Share application money received/ (allotted) towards exercise of Options	**0.01**	-
As at the end of the year	**0.01**	-
Share suspense account (Refer Note - 20 (vi))		
As at the beginning of the year	**0.02**	0.02
As at the end of the year	**0.02**	0.02
Reserves and surplus		
Securities premium		
As at the beginning of the year	**3,118.18**	2,879.58
Equity shares under Rights Issue [Refer Note - 20(iii)]	**0.20**	226.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Equity shares under Preferential Issue (net off share issue expenses of ₹ 0.95 Crore (March 31,2022: ₹ Nil) [Refer Note - 20(iv)]	283.83	-
Premium on exercise of Options	5.86	12.55
As at the end of the year	3,408.07	3,118.18
Retained earnings		
As at the beginning of the year	(1,157.44)	(1,076.74)
Profit/(Loss) for the year	132.51	(80.70)
As at the end of the year	(1,024.93)	(1,157.44)
Share options outstanding account		
As at the beginning of the year	60.14	47.64
Recognition of Share based payment	18.91	28.58
Transfer to Securities Premium on exercise of Options	(5.86)	(12.55)
Set off of ESOP reserves with loan given to trust on exercise of Options	(5.89)	-
Transfer to Capital reserve on exercise of Options	(0.96)	-
Others	-	(3.53)
As at the end of the year	66.34	60.14
Treasury shares (Refer Note - 43)		
As at the beginning of the year	(103.09)	(104.46)
Shares issued /(purchased) by the ESOP Trust during the year	(11.91)	1.37
As at the end of the year	(115.00)	(103.09)
Share Warrants [Refer Note 20 (iv)]		
As at the beginning of the year	-	-
Warrants issued during the year	475.00	-
As at the end of the year	475.00	-
Capital reserve		
As at the beginning of the year	21.74	21.88
Changes during the year [due to forfeiture of Rights equity shares (Refer Note - 20(iii))]	-	(0.14)
Transfer to Capital reserve on exercise of Options	0.96	-
As at the end of the year	22.70	21.74
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans		
As at the beginning of the year	1.97	(0.23)
Gains/ (losses) during the year	(0.85)	2.20
As at the end of the year	1.12	1.97

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Fair value gains/ (losses) on equity instruments		
As at the beginning of the year	2.33	1.84
Gains/ (losses) during the year	2.44	0.49
As at the end of the year	4.77	2.33
Total	2,838.10	1,943.85

Other equity

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Share application money pending allotment	0.01	-
Share suspense account (Refer Note - 20 (vi))	0.02	0.02
Reserves and surplus		
Securities premium	3,408.07	3,118.18
Retained earnings	(1,024.93)	(1,157.44)
Share options outstanding account	66.34	60.14
Treasury shares (Refer Note - 43)	(115.00)	(103.09)
Capital reserve	22.70	21.74
Share Warrants [Refer Note 20 (iv)]	475.00	-
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	1.12	1.97
Fair value gains/ (losses) on equity instruments	4.77	2.33
Total	2,838.10	1,943.85

The description of the nature and purpose of each reserve within other equity is as follows:

1. **Share suspense account (Refer Note - 20 (vi))**

   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.

2. **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.

3. **Retained earnings**

   Retained earnings comprise of the Company's accumulated undistributed profits/ (losses) after taxes.

4. **Share options outstanding account**

   The fair value of the equity-settled share based payment transactions with employees is

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

recognised in Standalone Statement of Profit and Loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

5. **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 allots shares to employees at the time of exercise of ESOP by employees.

6. **Capital reserve**

Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of Scheme of Arrangement and forfeiture of Rights shares.

7. **Share Warrants [Refer Note 20 (iv)]**

On May 24, 2022, the Board of Directors of the Company approved a Preferential Issue ("said issue") of 1,02,16,450 fully paid up Equity Shares of face value of ₹ 10 each, for cash, at a price of ₹ 288.75 per Equity Share (including a premium of ₹ 278.75 per Equity Share) and 6,58,00,866 warrants at a price of ₹ 288.75 per warrant ("Warrant Issue Price"), each warrant being convertible into or exchangeable for 1 Equity Share of the Company of face value of ₹ 10 each aggregating to ₹ 2,195 Crore to Caladium Investment Pte. Ltd, a Foreign Portfolio Investor ("Investor") by way of preferential allotment on private placement basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 by way of entering into a Share Subscription Agreement, ["SSA"].

The Company received the approval of the Shareholders by way of Postal Ballot on June 23, 2022 and of Competition Commission of India on August 30, 2022 and Securities Exchange Board of India on September 7, 2022.

On September 20, 2022, post completion of the customary closing conditions of SSA, the Board of Directors approved the allotment upon receipt of consideration aggregating to ~ ₹ 770 Crore towards:

i) 1,02,16,450 fully paid up Equity Shares, of which ₹ 10 is towards face value and ₹ 278.75 towards premium and

ii) 6,58,00,866 warrants, upon receipt of 25% of the Warrant Issue Price (i.e. ₹ 72.1875 per warrant) as warrant subscription money. Balance 75% of the Warrant Issue Price (i.e. ₹ 216.5625 per warrant) shall be payable within 18 months from the allotment date.

8. **Remeasurement gains/ (losses) on defined benefit plans**

The cumulative balances of gains/ (losses) arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in remeasurement gains/ (losses) reserve will not be reclassified subsequently to Standalone Statement of Profit and Loss.

9. **Fair value gains/ (losses) on equity instruments**

It represents the cumulative gains/(losses) arising on the fair valuation of equity shares (other than investments in subsidiaries and a Joint venture, which are carried at cost) measured at fair value through other comprehensive income. This fair value gain/ (loss) will not be reclassified subsequently to Standalone Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 22
NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

	Effective interest rate % p.a.	Maturity	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Redeemable non-convertible debentures				
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	-	324.61
Redeemable non-convertible debentures - Series 8 Zero coupon (Unsecured)*	5.89%	September 09, 2024	**399.83**	399.46
Redeemable non-convertible debentures - Series 9 Zero coupon (Unsecured)*	7.97%	January 29, 2026	**498.42**	-
Term loans from banks				
Term Loan from Federal Bank (Secured) [1]	7.95%	March 28, 2028	**499.00**	-
Term loan from HDFC Bank (TUF) (Secured) [2]	1 year MCLR + 0.25%	March 15, 2025	**3.33**	6.67
Term loan from others				
Other borrowings (Unsecured) [3]	8.00% - 14.37%	March 14, 2025 - February 15, 2027	**14.82**	26.15
Preference shares				
Cumulative redeemable preference shares [4]	8.00%	March 29, 2024	-	0.50
Cumulative redeemable preference shares [5]	6.00%	October 12, 2024	**0.01**	0.01
Total			**1,415.41**	757.40

* Net off unamortised charges

Current maturities of long-term borrowings

	Effective interest rate % p.a.	Maturity	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Current maturities of long-term borrowings (included in current borrowings)				
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 11, 2022	-	434.69
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	**323.51**	-
Term loan from HDFC Bank (TUF) (Secured) [2]	1 year MCLR + 0.25%	March 15, 2025	**3.33**	3.33

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	Effective interest rate % p.a.	Maturity	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
Cumulative redeemable preference shares [4]	8.00%	March 29, 2024	**0.50**	-
Other borrowings (Unsecured) [3]	8.00% - 14.37%	March 14, 2025 - February 15, 2027	**11.57**	10.07
Total (included in Current Borrowings)			**338.91**	448.09
*Net off unamortised charges				
Aggregate secured borrowings			**505.66**	10.00
Aggregate unsecured borrowings			**1,248.66**	1,195.49

The Company has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings.

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

The Company has registered all the charges with Registrar of Companies within the statutory period.

Details of security and terms of repayment

1 Term loan of Rs 500 Crores from Federal Bank is secured by way of First pari passu charge on the present and future fixed assets. The loan is repayable at the time of maturity i.e 29th March, 2028.

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. Loans amounting to ₹ 21.08 Crore is repayable in 20 equal quarterly instalments commencing from March 2020 and loans amounting to ₹ 5.28 Crore is repayable in 48-60 equal monthly instalment commencing on various dates through March 14, 2025 to October 14, 2027.

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, shall be subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of Section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto March 29, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

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 financial year 2018-19, it did not have distributable profits in terms of Section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto October 12, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

TUF - Technology Upgradation Fund.

NOTE: 23
NON-CURRENT FINANCIAL LIABILITIES- OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Derivative Instruments*	**185.01**	167.93
Liability towards license rights	**391.06**	-
Total	**576.07**	167.93

*During the year ended March 31,2021 , the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the Agreement, the Company has provided a Put Option to Mr. Sabyasachi Mukherjee to sell his entire holding of 49% to the Company over a period of fourteen years starting from the end of five years from the aforesaid date and thereafter in three tranches, should an initial public offer of the organisation (after conversion to a company) does not take place. Accordingly, the Company has accounted the put option liability of ₹ 185.01 Crore (March 31, 2022: ₹ 167.93 Crore) at its fair value as non-current financial liability based on independent valuation performed by the Company's appointed independent valuer.

NOTE: 24
NON-CURRENT PROVISIONS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Employee benefit obligation		
Provision for gratuity (Refer Note - 42)	**28.18**	23.27
Provision for pending litigations (Refer Note - 45)	**65.60**	66.75
Total	**93.78**	90.02

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Movement of provision for pending litigations during the year:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening balance	**66.75**	68.72
Add: provision made during the year	**0.11**	0.65
Less: provision utilised during the year	**(0.59)**	(0.70)
Less: provision reversed during the year	**(0.67)**	(1.92)
Closing balance	**65.60**	66.75

NOTE: 25
OTHER NON-CURRENT LIABILITIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Deferred income	**20.20**	11.73
Total	**20.20**	11.73

NOTE: 26
CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans repayable on demand from banks		
Cash credit/ Working capital demand loan (Secured)	**100.00**	1.88
Cash credit/ Working capital demand loan (Unsecured)	**175.59**	-
Current maturities of long term borrowings (Refer Note - 22)	**338.91**	448.09
Total current borrowings	**614.50**	449.97
Aggregate secured borrowings	**103.33**	5.21
Aggregate unsecured borrowings	**511.17**	444.76

Details of security

Current borrowings of Rs 100 Crs from HDFC Bank 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.

NOTE: 27
TRADE PAYABLES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	**97.35**	74.56
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**3,565.34**	3,261.06
Total	**3,662.69**	3,335.62

*Includes payables to related parties (Refer Note - 46).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

₹ in Crore

		As at March 31, 2023	As at March 31, 2022
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*	**124.60**	84.08
	Interest due on the above	**0.16**	0.22
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	**1.43**	1.34
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year	**4.26**	6.64
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.	**2.68**	-

* Includes amount due to Creditors for capital supplies/ services amounting to ₹ 27.25 Crore as at March 31, 2023 (March 31, 2022: ₹ 9.52 Crore).

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.

Ageing of Trade Payables:

₹ in Crore

	Particulars	Outstanding as on March 31, 2023 (for following periods from due date of payment)					
		Not due (including unbilled)	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i)	MSME	**81.74**	**15.38**	**0.09**	**0.06**	**0.04**	**97.31**
(ii)	Others	**2,482.34**	**984.96**	**23.80**	**12.18**	**60.56**	**3,563.84**
(iii)	Disputed dues – MSME	**0.00**	**0.01**	**-**	**0.03**	**-**	**0.04**
(iv)	Disputed dues – Others	**0.05**	**0.35**	**-**	**-**	**1.10**	**1.50**

	Particulars	Outstanding as on March 31, 2022 (for following periods from due date of payment)					
		Not due (including unbilled)	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	70.22	3.59	0.13	0.07	0.24	74.25
(ii)	Others	2,921.71	254.29	10.23	7.27	65.97	3,259.47
(iii)	Disputed dues – MSME	-	0.28	0.03	-	-	0.31
(iv)	Disputed dues – Others	0.56	0.01	0.00	-	1.02	1.59

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 28
CURRENT FINANCIAL LIABILITIES - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	**45.26**	133.40
Creditors for capital supplies/ services	**121.07**	46.07
Derivative contracts	**4.65**	3.20
Employee Payable	**164.70**	133.02
Liability towards license rights	**94.85**	-
Others	**16.14**	1.48
Total	**446.67**	317.17

NOTE: 29
CURRENT PROVISIONS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Employee benefit obligation		
Provision for compensated absences	**100.40**	89.18
Provision for gratuity (Refer Note - 42)	**4.23**	0.23
Stock Appreciation Rights (SAR)	**21.99**	6.99
Total	**126.62**	96.40

NOTE: 30
OTHER CURRENT LIABILITIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Advances received from customers	**24.49**	45.26
Deferred revenue*	**18.61**	16.43
Other advances received	**0.30**	1.67
Statutory dues (other than income tax)	**67.29**	61.96
Refund liabilities	**530.00**	370.86
Total	**640.69**	496.18

*** Deferred revenue**

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**16.43**	10.22
Deferred during the year	**70.32**	25.40
Released to the Standalone Statement of Profit and Loss	**(68.14)**	(19.19)
As at the end of the year	**18.61**	16.43

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, 2023, the estimated liability towards unredeemed points amounts to ₹ 18.61 Crore (March 31, 2022: ₹ 16.43 Crore).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 31
REVENUE FROM OPERATIONS

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from sale of products		
Sale of products	**11,612.81**	7,758.89
Revenue from redemption of loyalty points (Refer Note - 30)	**68.14**	19.19
Total revenue from sale of products	**11,680.95**	7,778.08
Revenue from rendering of services	**1.97**	3.23
Other operating income		
Scrap sales	**14.61**	9.87
Export incentives	**9.44**	9.16
Licence fees and royalties	**7.20**	4.65
Space on hire	**0.54**	1.43
Commission income	**22.15**	17.78
Total	**11,736.86**	7,824.20

(a) Right to return assets and refund liabilities:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Right to return assets	**286.44**	206.26
Refund liabilities	**530.00**	370.86

(b) Contract balances:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Contract assets		
Trade receivables	**835.10**	754.40
Contract Liabilities		
Advances received from customers	**24.49**	45.26
Deferred revenue	**18.61**	16.43

(c) Reconciliation of revenue as recognised in the Standalone Statement of Profit and Loss with the contracted price:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	**13,464.35**	9,085.87
Less:		
Sales return	**1,047.98**	670.45
Discounts	**660.90**	574.79
Loyalty points	**18.61**	16.43
Revenue as per the Standalone Statement of Profit and Loss	**11,736.86**	7,824.20

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(d) **Disclosure of disaggregated revenue recognised in the Standalone Statement of Profit and Loss:**

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Madura Fashion & Lifestyle		
Revenue from retail operations	4,541.77	3,002.92
Revenue from non-retail operations	3,084.16	2,195.21
	7,625.93	5,198.13
Pantaloons		
Revenue from retail operations	3,972.46	2,486.63
Revenue from non-retail operations	138.47	139.44
	4,110.93	2,626.07
Revenue as per the Standalone Statement of Profit and Loss	11,736.86	7,824.20

(e) **Disclosure of disaggregated revenue recognised in the Standalone Statement of Profit and Loss based on geographical segment:**

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from customers outside India	170.84	162.65
Revenue from customers within India	11,566.02	7,661.55
Revenue as per the Standalone Statement of Profit and Loss	11,736.86	7,824.20

NOTE: 32
OTHER INCOME

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Profit on sale of property, plant and equipment	0.53	2.67
Interest income	10.57	9.32
Net gain on sale of current investments	21.78	19.33
Fair value gain on financial instruments at FVTPL	44.62	32.80
Gain on retirement of right-of-use assets (Refer Note - 44a)	18.78	14.85
Miscellaneous income	13.88	15.12
Total	110.16	94.09

NOTE: 33
COST OF MATERIALS CONSUMED

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Materials consumed		
Inventories at the beginning of the year	286.41	188.82
Add: Purchases	1,035.44	907.35
	1,321.85	1,096.17
Less: Inventories at the end of the year	222.26	286.41
Total	1,099.59	809.76
(b) Purchase of stock-in-trade		
Purchase of stock-in-trade	5,401.11	3,730.08
Total	5,401.11	3,730.08
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening inventories		
Finished goods	270.08	136.66
Stock-in-trade	2,116.23	1,378.22
Work-in-progress	33.18	20.61
	2,419.49	1,535.49
Less:		
Closing inventories		
Finished goods	374.22	270.08
Stock-in-trade	3,106.94	2,116.24
Work-in-progress	29.63	33.18
	3,510.79	2,419.50
(Increase)/Decrease in inventories	(1,091.30)	(884.01)

NOTE: 34
EMPLOYEE BENEFITS EXPENSE

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	1,144.53	904.92
Contribution to provident and other funds (Refer Note - 42)	70.78	55.55
Share-based payment to employees (Refer Note - 43)	29.69	28.58
Gratuity expense (Refer Note - 42)	18.42	15.47
Staff welfare expenses	74.64	38.91
Total	1,338.06	1,043.43

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 35
FINANCE COSTS

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on borrowings	132.52	131.61
Interest expense on lease liabilities (Refer Note - 4b & 44a)	264.56	205.75
Other borrowing costs	0.84	0.52
Fair value impact on financial instruments at FVTPL	26.31	2.31
Total	424.23	340.19

NOTE: 36
DEPRECIATION AND AMORTISATION EXPENSE

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (Refer Note - 3a)	230.12	200.76
Depreciation on right-of-use assets (Refer Note - 4a & 44a)	857.78	732.21
Amortisation on intangible assets (Refer Note - 5)	26.56	13.88
Total	1,114.46	946.85

NOTE: 37
OTHER EXPENSES

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	7.14	5.03
Power and fuel	15.63	11.48
Electricity charges	159.53	96.79
Repairs and maintenance		
Buildings	-	0.11
Plant and machinery	12.94	11.12
Others	244.42	176.50
Insurance	13.50	10.43
Rates and taxes	18.15	14.32
Processing charges	82.60	72.64
Commission to selling agents	178.44	132.08
Brokerage and discounts	1.03	1.22
Advertisement and sales promotion	537.41	257.04
Transportation and handling charges	211.60	143.37
Royalty expenses	25.05	18.58
Legal and professional expenses	139.69	103.84
Bad debts written off	0.08	1.16
Allowances for bad and doubtful debts	1.36	2.03
Provision for bad and doubtful deposits and advances	1.29	5.16
Printing and stationery	18.79	14.12
Travelling and conveyance	114.46	53.82
Communication expenses	5.11	4.18
Bank and credit card charges	55.45	36.05
Payment to auditors (Refer details below)	2.15	1.78
Foreign exchange loss (net)	11.50	10.80
Information technology expenses	189.07	135.31
Outsourcing, housekeeping and security expenses	390.55	290.16
Corporate Social Responsibility (CSR) expenses (Refer Note - 41)	3.50	2.94
Directors' fees	0.75	0.63
Miscellaneous expenses	68.15	42.12
Total	2,509.34	1,654.81

Payment to auditors:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
For audit fees (including Limited Review fees)	1.51	1.47
For tax audit fees	0.20	0.20
For other services	0.34	0.02
For reimbursement of expenses	0.10	0.09
Total	2.15	1.78

NOTE: 38
INCOME TAX EXPENSE

The major components of income tax (income)/ expense are:

Standalone Statement of Profit and Loss:

Profit or loss section

₹ in Crore

		Year ended March 31, 2023	Year ended March 31, 2022
Current income tax			
Current income tax charge		-	-
Current tax relating to earlier years		(2.22)	-
	(A)	(2.22)	-
Deferred tax			
Relating to origination and reversal of temporary differences		35.95	(32.77)
	(B)	35.95	(32.77)
Total	(A+B)	33.73	(32.77)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

OCI section
Deferred tax related to items recognised in OCI during the year

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax charge/ (credit) on:		
Net (gains)/ losses on re-measurement of defined benefit plans	**(0.28)**	0.74
Net (gains)/ losses on fair value of equity instruments	**0.82**	0.16
Total	**0.54**	0.90

Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting Profit/(Loss) before income tax	**166.25**	(113.47)
Tax expense/ (income) at India's statutory income tax rate of 25.17% (March 31, 2022: 25.17%)	**41.85**	(28.56)
Expenses not allowed under the Income tax Act:		
Corporate Social Responsibility Expenses	**0.88**	0.74
Expenses disallowed for tax purposes	**0.28**	0.87
Others	**(7.06)**	(5.82)
Income tax expenses/ (income) as per Statement of Profit and Loss Account	**35.95**	(32.77)

NOTE: 39
EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

₹ in Crore

		Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) for calculation of EPS	(A)	**132.52**	(80.70)
Weighted average number of equity shares for calculation of Basic EPS	(B)	**94,77,34,352**	92,49,31,614
Basic EPS (₹)	(A/B)	**1.40**	(0.87)
Weighted average number of equity shares outstanding		**94,77,34,352**	92,49,31,614
Weighted average number of potential equity shares*		**25,44,903**	80,24,183
Weighted average number of equity shares for calculation of Diluted EPS		**95,02,79,256**	92,49,31,614
Diluted EPS (₹)	(C)	**1.39**	(0.87)
Nominal value of shares (₹)		**10.00**	10.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 including Goodwill

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 next 2 years have been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. These cashflows are considered 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 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 - 5B.

(b) Share-based payment

The Company uses the most appropriate valuation model depending on the terms and conditions of the grant, including the expected life of the share option, volatility and dividend yield. For cash-settled transactions, the liability needs to be remeasured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Standalone Statement of Profit and Loss. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note - 43.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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.

As at March 31, 2023, the Company has ₹ 1,477.38 Crore (March 31, 2022: ₹ 1,852.88 Crore) of tax losses carried forward as per income tax records of the Company. These losses pertain to unabsorbed business loss as at March 31, 2023 of ₹ 194.20 Crore (March 31, 2022: ₹ 554.51 Crore) which has an expiry of eight years and unabsorbed depreciation loss as at March 31, 2022 of ₹ 1,283.18 Crore (March 31, 2022: ₹ 1,298.37 Crore) which do not have any expiry period. Further details on taxes are disclosed in Notes - 10 and 38.

(d) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

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, 2023, the estimated liability towards unredeemed points amounts to ₹ 18.61 Crore (March 31, 2022: ₹ 16.43 Crore).

Further details are given in Note - 30.

(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, and based on the management's assessment of market conditions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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 is ₹ 26.53 Crore (March 31, 2022: ₹ 24.70 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) Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

(ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022 .

(iii) There is no substantive change to other terms and conditions of the lease.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

The Company has accounted the unconditional rent concessions of ₹ 0.17 Crore (March 31, 2022: ₹ 215.43 Crore) during the year ended March 31, 2023. The same has been accounted as a reduction of rent expenses in the Standalone Statement of Profit and Loss.

(k) Valuation of Put Option and Call Option

The fair value of financial liability (put option) arising from acquisition agreements, has been determined by discounting consideration payable at the time of exercise of the put option as per the terms of the agreement, using appropriate valuation model. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of the put option. The fair value of financial asset (call option) arising from terms of acquisition agreements, has been determined by discounting the call option payoff, using an appropriate discount rate, considering the terms of the agreement. Such valuation includes assumptions such as discount rate, future cashflow and EBITDA estimates. Such assumptions are reviewed at each reporting date.

(l) 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

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	-	-
b) Amount approved by the Board to be spent during the year	**3.50**	3.00

₹ in Crore

	In Cash	Yet to be paid in Cash	Total
March 31, 2023:			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	**3.50**	-	**3.50**
March 31, 2022:			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.94	-	2.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

In case of Section 135(5) unspent amount				
Opening Balance as on April 01, 2022	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2023*
-	-	-	-	-

* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of Section 135(5) Excess amount spent			
Opening Balance as on April 01, 2022	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2023*
-	-	3.50	-

*The Company has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off against the amounts required to spent in the future year.

Details of ongoing projects

In case of Section 135(6) (Ongoing Project)						
Opening Balance as on April 01, 2022		Amount required to be spent during the year	Amount spent during the year		Closing Balance as on March 31, 2023	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

In case of Section 135(5) unspent amount				
Opening Balance as on April 01, 2021	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2022*
-	-	-	2.94	-

* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of Section 135(5) Excess amount spent			
Opening Balance as on April 01, 2021	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2022*
-	-	2.94	-

*The Company has spent in excess of the mandatory requirement under the Companies Act,2013 but the same is not proposed to be set off against the amounts required to spent in the future year.

Details of ongoing projects

In case of Section 135(6) (Ongoing Project)						
Opening Balance as on April 01, 2021		Amount required to be spent during the year	Amount spent during the year		Closing Balance as on March 31, 2022	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 42
GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company operates gratuity plan through a Trust wherein certain employees are entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service as per the Payment of Gratuity Act, 1972. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. A part of the gratuity plan is funded and another part is unfunded and 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.

The following tables summarise the components of net benefit expense recognised in the Standalone Statement of Profit and Loss and Standalone Balance Sheet for the respective plans:

Unfunded defined benefit plan

Net benefit expense recognised through the Standalone Statement of Profit and Loss

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	5.41	3.98
Interest cost on defined benefit obligation	1.83	1.52
Total	**7.24**	5.50

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	**26.36**	23.73
Current service cost	5.41	3.98
Interest cost on defined benefit obligation	1.83	1.52
Actuarial (gain)/ loss on account of:		
Changes in financial assumptions	(1.29)	(1.00)
Experience adjustments	3.96	0.53
Actuarial (gain)/ loss recognised in OCI	**2.67**	(0.47)
Benefits paid	(3.39)	(2.40)
Liabilities assumed/ (settled)	(0.74)	-
Closing defined benefit obligation	**32.14**	26.36

Funded defined benefit plan

Net benefit expense recognised through the Standalone Statement of Profit and Loss

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	11.38	10.16
Interest cost on defined benefit obligation	5.29	4.57
Interest on plan assets	(5.49)	(4.76)
	11.18	9.97

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Changes in the defined benefit obligation and fair value of plan assets are as follows:

(i) Changes in the present value of the Defined Benefit Obligations (DBO)

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	**76.70**	71.38
Current service cost	11.38	10.16
Interest cost on defined benefit obligation	5.29	4.57
Actuarial (gain)/ loss on account of:		
Changes in financial assumptions	(3.70)	(3.22)
Experience adjustments	2.11	1.16
Actuarial (gain)/ loss recognised in OCI	**(1.59)**	(2.06)
Benefits paid	(6.57)	(7.14)
Liabilities assumed/ (settled)*	0.06	(0.21)
Closing defined benefit obligation	**85.28**	76.70

*On account of inter-company transfer.

(ii) Change in fair value of plan assets

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening fair value of the plan assets	**79.56**	74.39
Contributions by the employer	-	-
Interest income on plan assets	5.49	4.76
Actuarial gain/ (loss) recognised in OCI		
Actual returns on plan assets less interest cost on plan assets	(0.04)	0.41
Closing fair value of the plan assets	**85.01**	79.56

Amounts recognised in the Standalone Balance Sheet

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Present value of the defined benefit obligation at the end of the year:		
Funded	85.28	76.70
Unfunded	32.14	26.36
	117.42	103.06
Fair value of plan assets	85.01	79.56
Net liability/ (asset)	**32.41**	23.50
Net liability is classified as follows:		
Current	4.23	0.23
Non-current	28.18	23.27
Net liability	**32.41**	23.50

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Company are shown below:

	As at March 31, 2023	As at March 31, 2022
Discount rate		
Funded plan	**7.45%**	6.90%
Unfunded plan	**7.45%**	6.90%
Salary escalation rate		
Funded plan		
Management	**8.00%**	8.00%
Staff	**7.00%**	7.00%
Workers	**5.00%**	5.00%
Unfunded plan		
Stores	**7.00%**	7.00%
HO and Zones	**8.00%**	8.00%

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

A quantitative sensitivity analysis for significant assumptions is as follows:

	As at March 31, 2023		As at March 31, 2022	
Sensitivity level				
Discount rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	**(3.14)**	**3.35**	(3.01)	3.22
Unfunded plan	**(1.09)**	**1.16**	(0.94)	1.00
Salary escalation rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	**3.35**	**(3.17)**	3.21	(3.02)
Unfunded plan	**1.10**	**(1.06)**	0.95	(0.91)

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, 2023	March 31, 2022
Within the next 12 months (next annual reporting period)	**13.65**	10.63
Between 2 and 5 years	**49.43**	41.90
Between 6 and 10 years	**55.78**	46.55
Beyond 10 years	**106.58**	104.00
Total	**225.44**	203.08

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Company is expected to contribute ₹ 12.46 Crore to the gratuity fund during the year ended March 31, 2024.

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 to 8 years (March 31, 2022: 7 to 8 years).

Defined contribution plans

Amount recognised as an expense and included in Note - 34 as "Contribution to provident and other funds"

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Contribution to Government Provident Fund	**51.96**	41.19
Contribution to Superannuation Fund	**1.17**	1.10
Contribution to Employee Pension Scheme (EPS)	**7.37**	5.46
Contribution to Employee State Insurance (ESI)	**9.06**	7.16
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	**0.67**	0.15
Contribution to Labour Welfare Fund (LWF)	**0.15**	0.12
Contribution to National Pension Scheme (NPS)	**0.40**	0.37
Total	**70.78**	55.55

In respect of the Honorable Supreme Court ruling of February 2019 on Provident Fund applicability on allowances, the Company evaluated the impact and basis the clarity emerged , Provident Fund contribution has been impeccably aligned in computation of salary as per the Judgement.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact after the Code becomes effective.

NOTE- 43
SHARE-BASED PAYMENT

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Expense arising from equity-settled share-based payment transactions (net of cross charge)	**18.91**	27.21
Expense arising from cash-settled share-based payment transactions	**10.78**	1.37
Total	**29.69**	28.58

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, under the said Scheme 2013, vide its resolution dated October 25, 2013, the Committee commenced granting of options.

i) Details of the grants under the Scheme 2013

	Tranche 1
	Options
No. of Options/ RSUs	830,382
Method of accounting	Fair value
Vesting plan	Graded vesting - 25% every year
Exercise period	5 years from the date of vesting
Grant date	October 25, 2013
Grant/ exercise price (₹ per share)	102.10
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 104.10 NSE - 103.55
Method of settlement	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, 2023		As at March 31, 2022	
	No. of Options	Weighted average exercise price (₹ per share)	No. of Options	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**7,526**	**102.10**	12,129	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year*	**(7,526)**	**102.10**	(4,603)	102.10
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	7,526	102.10
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	7,526	102.10

* The weighted average share price at the date of exercise of these Options was ₹ 300.34.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2023, is Nil (March 31, 2022: 1 years) and for RSUs outstanding as at March 31, 2023, is Nil (March 31, 2022: Nil).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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	Tranche 3
Expected dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	45.93	45.93	37.41
Risk-free interest rate (%)	8.58	8.58	7.37
Weighted average fair value per Option/ RSU (₹)	52.96	95.90	142.63
Model used	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 subsidiary companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, under the said Scheme 2017, vide its resolution dated September 8, 2017, the Committee commenced granting of options.

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 3rd year	Bullet vesting at the end of 3rd year	Bullet vesting at the end of 3rd 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	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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(1,30,828)	178.30	(71,625)	10.00
Lapsed during the financial year	(18,908)	178.30	(7,284)	10.00
Outstanding at the end of the financial year	**12,48,314**	**178.30**	**2,61,001**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**12,48,314**	**178.30**	**2,61,001**	**10.00**
Tranche 2				
Outstanding at the beginning of the financial year	**-**	**-**	**-**	**-**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**-**	**-**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 3				
Outstanding at the beginning of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(45,020)	163.60	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**27,011**	**163.60**	**12,140**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**27,011**	**163.60**	**12,140**	**10.00**
Tranche 4				
Outstanding at the beginning of the financial year	**67,529**	**150.80**	**30,349**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(22,510)	150.80	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**45,019**	**150.80**	**30,349**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**45,019**	**150.80**	**30,349**	**10.00**

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 279.66.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2022			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**16,41,845**	**178.30**	**5,12,881**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	(1,64,561)	178.30	(1,72,971)	10.00
Lapsed during the financial year	(79,234)	178.30	-	-
Outstanding at the end of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Tranche 2				
Outstanding at the beginning of the financial year	**5,402**	**148.10**	**-**	**-**
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	-	-	-	-
Lapsed during the financial year	(5,402)	148.10	-	-
Outstanding at the end of the financial year	**-**	**-**	**-**	**-**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 3				
Outstanding at the beginning of the financial year	**1,62,069**	**163.60**	**72,838**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year	(90,038)	163.60	(60,698)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Tranche 4				
Outstanding at the beginning of the financial year	**67,529**	**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	**67,529**	**150.80**	**30,349**	**10.00**
Unvested at the end of the financial year	**22,509**	**150.80**	**-**	**-**
Exercisable at the end of the financial year	**45,020**	**150.80**	**30,349**	**10.00**

^^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 255.86.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2023, is 2 years (March 31, 2022: 3 years) and for RSUs outstanding as at March 31, 2023, is 3 years (March 31, 2022: 4 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, on July 26, 2019, the Nomination and Remuneration Committee and the Board of Directors ("Board"), approved introduction of Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 ("Scheme 2019") through trust route, for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its subsidiary companies. Based on the loan granted by the Company, the Trust held 46,54,072 equity shares as at March 31, 2022. During the year ended March 31, 2023, the Trust purchased additional 6,42,006 equity shares to back the grants made under the Scheme 2019. As on March 31, 2023, the Trust holds 48,84,139 equity shares. 4,11,939 equity shares were exercised during the year.

Accordingly, under the said Scheme 2019, vide its resolution dated December 2, 2019, the Committee commenced granting of options.

i) **Details of the grants under Scheme 2019**

	Options			RSUs	
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
No. of Options/ RSUs	33,42,876	1,16,360	14,17,684	11,18,385	32,161
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 1st year	Bullet vesting at the end of 3rd 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	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	December 02, 2019	December 28, 2020	January 21, 2021	December 02, 2019	December 28, 2020
Grant/ exercise price (₹ per share)	225.25	164.10	173.55	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80	BSE - 173.05 NSE - 173.85	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80
Method of settlement	Equity	Equity	Equity	Equity	Equity

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	Options		RSUs	
	Tranche 4	Tranche 5	Tranche 4	Tranche 5
No. of Options/ RSUs	5,99,997	2,05,224	1,78,574	54,563
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Bullet vesting at the end of 3rd 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	5 years from the date of vesting	5 years from the date of vesting
Grant date	August 05, 2022	September 20,2022	August 05, 2022	September 20,2022
Grant/ exercise price (₹ per share)	275.10	330.75	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55
Method of settlement	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, 2023			
	No. of Options	**Weighted average exercise price (₹ per share)**	**No. of RSUs**	**Weighted average exercise price (₹ per share)**
Tranche 1				
Outstanding at the beginning of the financial year	**21,30,030**	**225.25**	**9,66,830**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(47,374)	225.25	(2,60,371)	10.00
Lapsed during the financial year	(52,727)	225.25	(40,703)	10.00
Outstanding at the end of the financial year	**20,29,929**	**225.25**	**6,65,756**	**10.00**
Unvested at the end of the financial year	**7,18,177**	**225.25**	**-**	**-**
Exercisable at the end of the financial year	**13,11,752**	**225.25**	**6,65,756**	**10.00**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 2				
Outstanding at the beginning of the financial year	1,12,724	164.10	32,161	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(21,818)	164.10	-	-
Lapsed during the financial year	(10,908)	164.10	(4,020)	10.00
Outstanding at the end of the financial year	79,998	164.10	28,141	10.00
Unvested at the end of the financial year	50,908	164.10	28,141	10.00
Exercisable at the end of the financial year	29,090	164.10	-	-
Tranche 3				
Outstanding at the beginning of the financial year	11,23,098	173.55	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(89,411)	173.55	-	-
Lapsed during the financial year	(2,576)	173.55	-	-
Outstanding at the end of the financial year	10,31,111	173.55	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	10,31,111	173.55	-	-
Tranche 4				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	5,99,997	275.10	1,78,574	10.00
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	5,99,997	275.10	1,78,574	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	5,99,997	275.10	1,78,574	10.00
Tranche 5				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	2,05,224	330.75	54,563	10.00
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	205,224	330.75	54,563	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	2,05,224	330.75	54,563	10.00

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 282.06.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2022			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	24,52,614	225.25	10,71,150	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	(92,682)	225.25	-	-
Lapsed during the financial year	(2,29,902)	225.25	(1,04,320)	10.00
Outstanding at the end of the financial year	21,30,030	225.25	9,66,830	10.00
Unvested at the end of the financial year	14,67,262	225.25	9,58,790	10.00
Exercisable at the end of the financial year	6,62,768	225.25	8,040	10.00
Tranche 2				
Outstanding at the beginning of the financial year	1,16,360	164.10	32,161	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year	(3,636)	164.10	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,12,724	164.10	32,161	10.00
Unvested at the end of the financial year	87,270	164.10	32,161	10.00
Exercisable at the end of the financial year	25,454	164.10	-	-
Tranche 3				
Outstanding at the beginning of the financial year	14,08,593	173.55	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	(1,83,195)	173.55	-	-
Lapsed during the financial year	(1,02,300)	173.55	-	-
Outstanding at the end of the financial year	11,23,098	173.55	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	11,23,098	173.55	-	-

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2023 is 5 years (March 31, 2022: 5 years) and for RSUs outstanding as at March 31, 2023 is 5 years (March 31, 2022: 6 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options			RSUs	
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	32.88	36.16	36.02	32.88	36.16
Risk-free interest rate (%)	6.66	5.62	5.62	6.76	6.19
Weighted average fair value per Option/ RSU (₹)	112.00	84.39	76.78	216.18	158.10
Model used	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model

	Options		RSUs	
	Tranche 4	Tranche 5	Tranche 4	Tranche 5
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	38.63	38.73	39.38	39.62
Risk-free interest rate (%)	7.17	7.26	7.23	7.27
Weighted average fair value per Option/ RSU (₹)	147.78	178.42	269.49	325.16
Model used	Binomial model	Binomial model	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, ₹ 10.78 Crore (March 31, 2022: ₹ 1.37 Crore) has been taken to the Standalone Statement of Profit and Loss.

I. 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			
	Option SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of SARs	61,226	17,92,686	Nil	2,04,546
Method of accounting	Fair value	Fair value	NA	Fair value
Vesting plan	May 16, 2019 and September 08, 2019	Graded vesting - 33.33% every year	NA	Graded vesting - 33.33% every year
Exercise period	3 years from the date of vesting	3 years from the date of vesting	NA	3 years from the date of vesting
Grant date	May 15, 2019	August 18, 2021	NA	November 03, 2021
Grant price (₹ per share)	178.30	206.35	NA	288.10
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 205.80 NSE - 205.90	NA	BSE - 285.10 NSE - 285.15
Method of settlement	Cash	Cash	NA	Cash

	SARs			
	Option SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
No. of SARs	10,81,344	13,434	5,970	14,546
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Graded vesting - 50% every year
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	August 05,2022	September 20, 2022	November 15, 2022	December 01, 2022
Grant price (₹ per share)	275.10	330.75	314.60	225.25
Market price on the date of granting of SARs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 312.55 NSE - 312.60	BSE - 316.10 NSE - 316.00
Method of settlement	Cash	Cash	Cash	Cash

	SARs			
	RSU SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of SARs	6,880	6,38,700	1,005	56,533
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	September 08, 2020	August 18, 2024	December 02, 2022	November 03, 2024
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	May 15, 2019	August 18, 2021	August 18, 2021	November 03, 2021
Grant price (₹ per share)	10.00	10.00	10.00	10.00
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 205.80 NSE - 205.90	BSE - 205.80 NSE - 205.90	BSE - 285.10 NSE - 285.15
Method of settlement	Cash	Cash	Cash	Cash

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	SARs			
	RSU SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
No. of SARs	6,42,634	6,746	1,587	10,553
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	August 01,2025	September 19, 2025	November 15, 2025	December 02, 2022
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	August 05,2022	September 20, 2022	November 15, 2022	December 01, 2022
Grant price (₹ per share)	10.00	10.00	10.00	10.00
Market price on the date of granting of SARs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 312.55 NSE - 312.60	BSE - 316.10 NSE - 316.00
Method of settlement	Cash	Cash	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, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Option SARs				
Outstanding at the beginning of the financial year	43,218	178.30	61,226	178.30
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(43,218)	178.30	(18,008)	178.30
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	43,218	178.30
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	43,218	178.30
RSU SARs				
Outstanding at the beginning of the financial year	4,856	10.00	6,880	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(4,856)	10.00	(2,024)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	4,856	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	4,856	10.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 2				
Option SARs				
Outstanding at the beginning of the financial year	17,17,239	206.35	-	-
Granted during the financial year	-	-	17,92,686	206.35
Exercised during the financial year	(89,582)	206.35	-	-
Lapsed during the financial year	(53,940)	206.35	(75,447)	206.35
Outstanding at the end of the financial year	15,73,717	206.35	17,17,239	206.35
Unvested at the end of the financial year	11,03,007	206.35	17,17,239	206.35
Exercisable at the end of the financial year	4,70,710	206.35	-	-
RSU SARs				
Outstanding at the beginning of the financial year	6,10,307	10.00	-	-
Granted during the financial year	-	-	6,38,700	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(24,176)	10.00	(28,393)	10.00
Outstanding at the end of the financial year	5,86,131	10.00	6,10,307	10.00
Unvested at the end of the financial year	5,86,131	10.00	6,10,307	10.00
Exercisable at the end of the financial year	-	-	-	-
Tranche 3				
RSU SARs				
Outstanding at the beginning of the financial year	1,005	10.00	-	-
Granted during the financial year	-	-	1,005	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,005	10.00	1,005	10.00
Unvested at the end of the financial year	1,005	10.00	1,005	10.00
Exercisable at the end of the financial year	-	-	-	-
Tranche 4				
Option SARs				
Outstanding at the beginning of the financial year	2,04,546	288.10	-	-
Granted during the financial year	-	-	2,04,546	288.10
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	2,04,546	288.10	2,04,546	288.10
Unvested at the end of the financial year	2,04,546	288.10	2,04,546	288.10
Exercisable at the end of the financial year	-	-	-	-
RSU SARs				
Outstanding at the beginning of the financial year	56,533	10.00	-	-
Granted during the financial year	-	-	56,533	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Outstanding at the end of the financial year	56,533	10.00	56,533	10.00
Unvested at the end of the financial year	56,533	10.00	56,533	10.00
Exercisable at the end of the financial year	-	-	-	-
Tranche 5				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	10,81,344	275.10	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(5,970)	275.10	-	-
Outstanding at the end of the financial year	10,75,374	275.10	-	-
Unvested at the end of the financial year	10,75,374	275.10	-	-
Exercisable at the end of the financial year	-	-	-	-
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	6,42,634	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(7,539)	10.00	-	-
Outstanding at the end of the financial year	6,35,095	10.00	-	-
Unvested at the end of the financial year	6,35,095	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-
Tranche 6				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	13,434	330.75	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	13,434	330.75	-	-
Unvested at the end of the financial year	13,434	330.75	-	-
Exercisable at the end of the financial year	-	-	-	-
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	6,746	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	6,746	10.00	-	-
Unvested at the end of the financial year	6,746	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 7				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	5,970	314.60	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	5,970	314.60	-	-
Unvested at the end of the financial year	5,970	314.60	-	-
Exercisable at the end of the financial year	-	-	-	-
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	1,587	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,587	10.00	-	-
Unvested at the end of the financial year	1,587	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-
Tranche 8				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	14,546	225.25	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	14,546	225.25	-	-
Unvested at the end of the financial year	7,273	225.25	-	-
Exercisable at the end of the financial year	7,273	225.25	-	-
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	10,553	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	10,553	10.00	-	-
Unvested at the end of the financial year	10,553	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 302.67.

The weighted average remaining contractual life for SARs options outstanding as at March 31, 2023 is 4 years (March 31, 2022 : 4 years) and for RSUs outstanding as at March 31, 2023, is 5 years (March 31, 2022: 6 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

iii) The following table lists the inputs to the model used for SARs as on grant date:

	Option SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	32.53	36.00	NA	36.71
Risk-free interest rate (%)	5.88	5.74	NA	5.78
Weighted average fair value per SAR (₹)	27.52	72.15	NA	94.85
Model used	Binomial model	Binomial model	NA	Binomial model

	Option SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	37.26	37.15	37.22	36.78
Risk-free interest rate (%)	7.02	7.23	7.39	7.10
Weighted average fair value per SAR (₹)	112.94	135.31	112.23	138.81
Model used	Binomial model	Binomial model	Binomial model	Binomial model

	RSU SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	31.74	36.46	36.46	36.90
Risk-free interest rate (%)	6.24	6.16	6.16	6.08
Weighted average fair value per SAR (₹)	144.94	172.79	172.79	204.55
Model used	Binomial model	Binomial model	Binomial model	Binomial model

	RSU SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	37.14	36.94	37.03	36.78
Risk-free interest rate (%)	7.10	7.25	7.43	7.07
Weighted average fair value per SAR (₹)	223.88	245.14	237.95	250.80
Model used	Binomial model	Binomial model	Binomial model	Binomial model

The expected life of the Share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, factories, property, plant and equipment on lease and licence basis. The lease term is for periods ranging from 3 to 21 years, with escalation clauses in the lease agreements. Consistent with Industry practice, the Company has contracts which have fixed rentals or variable rentals based on a percentage of sales in the stores, or a combination of both.

Expenses/ Income recognised in the Standalone Statement of Profit and Loss

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Other income		
Gain on retirement of right-of-use assets	**18.78**	14.85
Rent		
Expense relating to short-term leases	**18.90**	41.88
Expense relating to leases of low value assets	**-**	0.78
Variable rent*	**866.55**	563.42
Rent concession (Refer Note - 40j)	**(0.17)**	(215.43)
Finance cost		
Interest expense on lease liabilities	**264.56**	205.75
Depreciation and amortisation expenses		
Depreciation on right-of-use assets	**857.78**	732.21
Other expenses		
Processing charges	**26.44**	20.99
Sublease payments received (not shown separately in the Standalone Statement of Profit and Loss)	**1.10**	0.80

* 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, 2023	As at March 31, 2022
Within one year	**1,134.47**	897.94
After one year but not more than five years	**2,888.35**	1,918.32
More than five years	**249.72**	228.43
Total	**4,272.54**	3,044.69

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The initial non-cancellable period of the lease agreement pertaining to stores are 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, 2023 is ₹ 1,935.89 Crore (March 31, 2022: ₹ 1,283.47 Crore).

The Company entered into a sale and leaseback transaction in respect of certain assets such as furniture and fixtures, office equipment etc., in line with its capital expenditure strategy. The assets were sold at fair values with no gains/ losses. Sale proceeds of ₹ 0.76 Crore (March 31, 2022: ₹ Nil) were realised upon sale of such assets. The lease arrangement is for a period of 4-5 years. The same has been recorded as a right-of-use assets with corresponding lease liabilities.

Lease commitments for leases not considered in measurement of lease liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Lease commitment for short-term leases	**2.94**	3.62
Lease commitment for leases of low value assets	**-**	-
Total	**2.94**	3.62

Future Cash Outflows to which the Company is potentially exposed and not reflected in measurement of lease liabilities

₹ in Crore

Particulars	March 31, 2023		March 31, 2022	
Increase/ (Decrease) in sales	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Rent	**43.33**	**(43.33)**	28.17	(28.17)

b) **Capital commitments**

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**153.70**	87.67
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	**-**	0.03
Total	**153.70**	87.70

c) **Other commitments**

As at March 31, 2023, the Company has committed to provide financial support to TG Apparel & Décor Private Limited, Jaypore E-Commerce Private Limited, Indivinity Clothing Retail Private Limited and Aditya Birla Garments Limited with regard to its operations.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 45
CONTINGENT LIABILITIES NOT PROVIDED FOR

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Claims against the Company not acknowledged as debts		
Commercial taxes	**12.22**	45.17
Excise duty	**0.50**	0.50
Customs duty	**2.21**	-
Textile committee cess	**0.75**	0.75
Others*	**15.76**	15.85
Total	**31.44**	62.27

* 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 standalone 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 standalone financial statements. In respect of litigations, where the management's assessment of a financial outflow is probable, the Company has a provision of ₹ 65.60 Crore as at March 31, 2023 (March 31, 2022: ₹ 66.75 Crore) (Refer Note - 24).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE - 46
RELATED PARTY TRANSACTIONS

<u>Names of related parties and related party relationship with whom transactions have taken place</u>:

Name of related parties

Subsidiaries

Jaypore E-Commerce Private Limited (Wholly-owned subsidiary)

TG Apparel & Decor Private Limited (Wholly-owned subsidiary)

Finesse International Design Private Limited

Sabyasachi Calcutta LLP

Sabyasachi Inc.(A wholly-owned subsidiary of Sabyasachi Calcutta LLP)

Indivinity Clothing Retail Private Limited

Aditya Birla Digital Fashion Ventures Limited with effect from April 11, 2022

House of Masaba Lifestyle Private Limited - with effect from June 01, 2022

Aditya Birla Garments Limited- with effect from June 15, 2022

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Pratyaya E-Commerce Private Limited - with effect from July 22, 2022

Imperial Online Services Private Limited- with effect from August 12, 2022

Awesomefab Shopping Private Limited- with effect from August 24, 2022

Bewakoof Brands Private Limited- with effect from February 15, 2023

Joint Venture

Goodview Fashion Private Limited

Other related parties in which directors are interested

Aditya Birla Fashion and Retail Jan Kalyan Trust

Grasim Premium Fabric Private Limited (formerly known as Soktas India Private Limited) upto June 20, 2021

Aditya Birla Management Corporation Private Limited

Indiginus Learning Private Limited

Post-employment benefit plans

Aditya Birla Fashion and Retail Limited - Employees Group Superannuation Scheme Trust

Aditya Birla Fashion and Retail Limited - Employees Group Gratuity Fund Trust

Key Management Personnel ("KMP")

Mr. Kumar Mangalam Birla - Chairman and Non-Executive Director

Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director upto January 27, 2023

Mr. Ashish Dikshit - Managing Director

Mr. Vishak Kumar - Whole-time Director

Ms. Sangeeta Pendurkar - Whole-time Director

Mr. Nish Bhutani - Independent Director

Ms. Preeti Vyas - Independent Director

Mr. Sunirmal Talukdar - Independent Director

Ms. Sukanya Kripalu - Independent Director

Mr. Yogesh Chaudhary - Independent Director

Mr. Arun Kumar Adhikari - Independent Director with effect from May 19, 2021

Mr. Vikram Dondu Rao - Independent Director with effect from May 18, 2022

Mr. Pankaj Sood - Non-Executive Nominee Director with effect from September 20, 2022

Ms. Ananyashree Birla - Non-Executive Director with effect from January 30, 2023

Mr. Aryaman Birla - Non-Executive Director with effect from January 30, 2023

Mr. Jagdish Bajaj - Chief Financial Officer

Ms. Geetika Anand - Company Secretary till November 30, 2022

Mr. Anil Malik - Company Secretary with effect from December 01, 2022

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023			Year ended March 31, 2022		
	Subsidiaries and Joint Venture	**KMP and Relative of KMP**	**Other related parties**	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties
Sale of goods	**5.41**	**-**	**0.64**	2.82	-	-
Interest income	**2.19**	**-**	**-**	1.48	-	-
Reimbursement of expenses Recovered from	**28.25**	**-**	**-**	12.64	-	-
Purchase of goods	**1.03**	**-**	**-**	0.56	-	2.84
Reimbursement of expenses paid to	**-**	**-**	**36.72**	-	-	19.24
Consultancy services	**-**	**-**	**0.07**	-	-	-
Production services	**2.85**	**-**	**-**	1.63	-	-
Contribution to trusts	**-**	**-**	**5.08**	-	-	4.37
Loans given	**106.79**	**-**	**-**	13.70	-	-
Repayment of Loans	**91.54**	**-**	**-**	50.04	-	-
Receipt of Security deposits	**-**	**-**	**-**	0.39	-	-
Security deposits given	**0.87**	**-**	**-**	-	-	-
Sale of Fixed assets/CWIP	**1.27**	**-**	**-**	-	-	-
Investment in share capital	**511.70**	**-**	**-**	144.93	-	-
Investment made in limited liability partnership firm	**51.00**	**-**	**-**	-	-	-
Investment made in Joint Venture	**-**	**-**	**-**	-	-	-
Remuneration paid to KMP*	**-**	**39.28**	**-**	-	33.77	-
Remuneration paid to relative of KMP	**-**	**-**	**-**	-	-	-

* Includes director sitting fees

Balances outstanding

₹ in Crore

	As at March 31, 2023			As at March 31, 2022		
	Subsidiaries and Joint Venture	**KMP and Relative of KMP**	**Other related parties**	Subsidiaries and Joint Venture	KMP and Relative of KMP	Other related parties
Amounts owed to related parties	**0.62**	**-**	**5.25**	-	-	4.82
Amounts owed by related parties	**2.14**	**-**	**-**	9.00	-	-
Deposits/ Loans receivable	**17.33**	**-**	**5.64**	2.08	-	5.64

The above amounts are classified as loans receivables, security deposit receivable, trade receivables, inter corporate deposit receivable and trade payables (Refer Notes - 7, 8, 15, 18 and 27 respectively).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023	Year ended March 31, 2022
Grasim Industries Limited		
Reimbursement of expenses recovered from	2.11	1.95
Purchase of goods	59.34	22.87
Rental Income	0.16	-

Balances outstanding

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Grasim Industries Limited		
Amounts owed to entity	27.91	16.59
Amounts owed by entity	0.62	0.71

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, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: ₹ 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, 2023	Year ended March 31, 2022
Short-term employee benefits	27.88	22.58
Post-employment benefits	2.13	1.41
Share-based payment	9.27	9.78
Total	**39.28**	33.77

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

KMPs interests in the Employee Stock Options, RSUs and SARs

Scheme	Grant date	Expiry date	Exercise price (₹)	As at March 31, 2023 Number outstanding	As at March 31, 2022 Number outstanding
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
Options - Tranche 1	September 08, 2017	September 07, 2026	178.30	4,12,677	4,87,709
Options - Tranche 3	February 2, 2018	February 1, 2027	163.60	-	45,020
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	45,019	67,529
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
Options - Tranche 1	December 02, 2019	December 01, 2028	225.25	7,07,728	730,456
Options - Tranche 3	January 21, 2021	January 20, 2027	173.55	4,03,274	403,274
Options - Tranche 4	August 05, 2022	August 03, 2030	275.10	3,05,970	-
Options - Tranche 5	September 20,2022	September 18,2030	330.75	2,05,224	-
Total				20,79,892	17,33,988
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	91,048	91,048
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
RSUs - Tranche 1	December 02, 2019	December 01, 2027	10.00	2,13,568	2,99,498
RSUs - Tranche 4	August 05, 2022	August 03, 2030	10.00	81,349	-
RSUs - Tranche 5	September 20,2022	September 18,2030	10.00	54,563	-
Total				4,70,877	4,20,895
Aditya Birla Fashion and Retail Limited Stock Appreciation Scheme 2019					
Options - Tranche 2	August 18, 2021	August 17, 2027	206.35	2,90,919	3,36,369
Options - Tranche 4	November 03, 2021	November 03, 2027	288.10	2,04,546	2,04,546
Options - Tranche 5	August 05,2022	August 03, 2028	275.10	21,456	-
Options - Tranche 8	December 01, 2022	December 01, 2026	225.25	14,546	-
Total				5,31,467	5,40,915
Aditya Birla Fashion and Retail Limited Stock Appreciation Scheme 2019					
RSUs - Tranche 2	August 18, 2021	August 17, 2027	10.00	92,964	92,964
RSUs - Tranche 4	November 03, 2021	November 03, 2027	10.00	56,533	56,533
RSUS - Tranche 5	August 05,2022	August 03, 2028	10.00	5,704	-
RSUS - Tranche 8	December 01, 2022	December 01, 2025	10.00	10,553	-
Total				1,65,754	1,49,497

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023 and March 31, 2022 are as follows:

As at March 31, 2023

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
Financial assets							
Investments (Refer Notes - 6b and 6c)	150.02	10.57	-	160.59	150.02	-	10.57
Loans (Refer Notes - 7 and 13)	-	-	27.48	27.48	-	-	-
Security deposits (Refer Notes - 8 and 14)	-	-	492.66	492.66	-	-	-
Trade receivables (Refer Note - 15)	-	-	835.10	835.10	-	-	-
Cash and cash equivalents (Refer Note - 16)	-	-	642.48	642.48	-	-	-
Bank balance other than the cash and cash equivalents (Refer Note - 17)	-	-	0.54	0.54	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	302.32	302.32	-	-	-
Derivative Instruments (Refer Note - 9)	191.99	-	-	191.99	-	-	191.99
Total	**342.01**	**10.57**	**2,300.58**	**2,653.16**	**150.02**	**-**	**202.56**
Financial liabilities							
Non-current borrowings (Refer Note - 22)	-	-	1,415.41	1,415.41	-	-	-
Current borrowings (Refer Note - 26)	-	-	614.50	614.50	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	3,648.71	3,648.71	-	-	-
Deposits	-	-	440.99	440.99	-	-	-
Trade payables (Refer Note - 27)	-	-	3,662.69	3,662.69	-	-	-
Other financial liabilities (Refer Notes - 23 and 28)	-	-	833.08	833.08	-	-	-
Derivative contracts (Refer Note - 28)	4.65	-	-	4.65	4.65	-	-
Derivative Instruments (Refer Note - 23)	185.01	-	-	185.01	-	-	185.01
Total	**189.66**	**-**	**10,615.38**	**10,805.04**	**4.65**	**-**	**185.01**

As at March 31, 2022

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
Financial assets							
Investments (Refer Notes - 6b and 6c)	537.42	7.32	-	544.74	537.42	-	7.32
Loans (Refer Notes - 7 and 13)	-	-	10.47	10.47	-	-	-
Security deposits (Refer Notes - 8 and 14)	-	-	424.84	424.84	-	-	-
Trade receivables (Refer Note - 15)	-	-	754.40	754.40	-	-	-
Cash and cash equivalents (Refer Note - 16)	-	-	107.81	107.81	-	-	-
Bank balance other than the cash and cash equivalents (Refer Note - 17)	-	-	0.11	0.11	-	-	-
Other financial assets (Refer Notes - 9 and 18)	-	-	52.31	52.31	-	-	-
Derivative contracts (Refer Notes - 9)	164.60	-	-	164.60	-	-	164.60
Total	**702.02**	**7.32**	**1,349.94**	**2,059.28**	**537.42**	**-**	**171.92**
Financial liabilities							
Non-current borrowings (Refer Note - 22)	-	-	757.40	757.40	-	-	-
Current borrowings (Refer Note - 26)	-	-	449.97	449.97	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	2,615.88	2,615.88	-	-	-
Deposits	-	-	380.96	380.96	-	-	-
Trade payables (Refer Note - 27)	-	-	3,335.62	3,335.62	-	-	-
Other financial liabilities (Refer Notes - 23 and 28)	-	-	313.97	313.97	-	-	-
Derivative contracts (Refer Note - 28)	3.20	-	-	3.20	3.20	-	-
Derivative Instruments (Refer Note - 23)	167.93	-	-	167.93	-	-	167.93
Total	**171.13**	**-**	**7,853.80**	**8,024.93**	**3.20**	**-**	**167.93**

* Carrying value of financial instruments measured at amortised cost equals to the fair value.

The investments made in subsidiaries and joint venture as at March 31, 2023 is ₹ 1,390.50 Crore (March 31, 2022: ₹ 827.80 Crore) and are measured at cost.

Key inputs for level 1 and 3 fair valuation techniques

a) Derivative contracts:

i) Forward contracts: Fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Company (level 1)

b) Derivative Instruments:

i) Option contracts: Fair value of option contracts is determined basis valuation performed by independent valuer appointed by the Company (level 3)

c) Investment:

i) Unquoted equity instruments: Valuation has been done by considering the net worth of the company and price to book multiple to arrive at the fair value (level 3)

ii) Quoted investments: Valuation has been done based on market value of the investment i.e. fair value (level 1)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

Financial instruments measured at fair value

₹ in Crore

Particulars	Fair Value as at March 31, 2023	Significant unobservable inputs	Fair Value as at March 31,2023		Sensitivity
			Increase by 0.50%	Decrease by 0.50%	
Call Option	191.32	Risk adjusted discount rate	194.47	186.28	Increase in discount rate by 0.50% would decrease the fair value by ₹ 3.15 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 5.04 Crore
		EBITDA margin projection	190.01	195.86	Increase in margin by 0.50% would decrease the fair value by ₹ 1.31 Crore and decrease in margin by 0.50% would increase the fair value by ₹ 4.54 Crore
		Revenue projection	188.70	193.24	Increase in revenue by 0.50% would decrease the fair value by ₹ 2.62 Crore and decrease in revenue by 0.50% would increase the fair value by ₹ 1.92 Crore
Put Option	185.01	Risk adjusted discount rate	172.50	197.00	Increase in discount rate by 0.50% would decrease the fair value by ₹ 12.51 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 11.99 Crore
		EBITDA margin projection	187.70	183.20	Increase in margin by 0.50% would increase the fair value by ₹ 2.69 Crore and decrease in margin by 0.50% would decrease the fair value by ₹ 1.81 Crore
		Revenue projection	186.50	182.00	Increase in revenue by 0.50% would increase the fair value by ₹ 1.49 Crore and decrease in revenue by 0.50% would decrease the fair value by ₹ 3.01 Crore

Particulars	Fair Value as at March 31, 2022	Significant unobservable inputs	Fair Value as at March 31,2022		Sensitivity
			Increase by 0.50%	Decrease by 0.50%	
Call Option	164.60	Risk adjusted discount rate	154.20	172.80	Increase in discount rate by 0.50% would decrease the fair value by ₹ 10.40 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 8.20 Crore
		EBITDA margin projection	160.60	166.00	Increase in margin by 0.50% would decrease the fair value by ₹ 4.00 Crore and decrease in margin by 0.50% would increase the fair value by ₹ 1.40 Crore
		Revenue projection	162.10	166.20	Increase in revenue by 0.50% would decrease the fair value by ₹ 2.50 Crore and decrease in revenue by 0.50% would increase the fair value by ₹ 1.60 Crore
Put Option	167.93	Risk adjusted discount rate	162.10	172.50	Increase in discount rate by 0.50% would decrease the fair value by ₹ 5.83 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 4.57 Crore
		EBITDA margin projection	173.50	160.70	Increase in margin by 0.50% would increase the fair value by ₹ 5.57 Crore and decrease in margin by 0.50% would decrease the fair value by ₹ 7.23 Crore
		Revenue projection	169.00	165.50	Increase in revenue by 0.50% would increase the fair value by ₹ 1.07 Crore and decrease in revenue by 0.50% would decrease the fair value by ₹ 2.43 Crore

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 review and agree 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, 2023 and March 31, 2022.

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.

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, 2023 and March 31, 2022.

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, 2023, approximately 93% of the Company's borrowings are at a fixed rate of interest (March 31, 2022: 99%).

<u>Interest rate sensitivity</u>

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:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Basis points (%)	**(+/-) 0.50%**	(+/-) 0.50%
Increase/ decrease in Profit/ loss before tax	**0.66**	0.06
Increase/ decrease in Profit/ loss after tax	**0.49**	0.04

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, 2023, the Company has hedged Nil (March 31, 2022: Nil) of its receivables in foreign currency and 97% (March 31, 2022: 91%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Standalone Balance Sheet date:

As at March 31, 2023

	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	**USD**	**4.77**	**397.09**

As at March 31, 2022

	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	4.61	349.93

The details of unhedged foreign currency exposure as at the Standalone Balance Sheet date are as follows:

As at March 31, 2023

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	**EURO**	**0.09**	**8.48**
	GBP	**0.07**	**7.36**
Trade receivables	**USD**	**0.18**	**14.93**
	EURO	**0.16**	**14.69**
	GBP	**0.09**	**9.58**
	HKD	**0.06**	**0.63**
Bank balances	**CNY**	**0.02**	**0.27**
	BDT	**0.33**	**0.25**

As at March 31, 2022

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.26	19.56
	EURO	0.07	5.76
	GBP	0.07	7.16
	HKD	0.03	0.28
Trade receivables	USD	0.27	20.55
	EURO	0.04	3.63
	GBP	0.07	7.22
	HKD	0.16	1.57
Bank balances	USD	0.00*	0.09
	CNY	0.02	0.20
	BDT	0.07	0.06

* The amount has been rounded off in Crore.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 foreign currency rate is as below. The Company's exposure to foreign currency changes for all other currencies is not material.

	As at March 31, 2023	As at March 31, 2022
Basis points (%)	**(+/-) 0.50%**	(+/-) 0.50%
Increase/ decrease in Profit/ loss before tax	**0.57**	0.10
Increase/ decrease in Profit/ loss after tax	**0.43**	0.07

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 Standalone Statement of Profit and Loss.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

Trade receivables

Customer credit risk is managed by each business unit, subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at March 31, 2023, the Company has 19 customers (March 31, 2022: 16 customers) that owed the Company more than ₹ 5.00 Crore each and account for approximately 88% (March 31, 2022: 80%) of all the receivables outstanding. There are 105 customers (March 31, 2022: 175 customers) with balances greater than ₹ 0.50 Crore each and account for approximately 11% (March 31, 2022: 18%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Company's maximum exposure to credit risk for the components of the Standalone Balance Sheet as at March 31, 2023 and March 31, 2022, is the carrying amount as provided in Note - 15.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 30% of the Company's debt will mature in less than one year (March 31, 2022: 37%) 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, 2023

₹ in Crore

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)*	751.72	1,675.33	-	2,427.05
Cumulative redeemable preference shares	0.50	0.01	-	0.51
Lease liabilities	1,134.47	2,888.35	249.72	4,272.54
Other financial liabilities	439.63	187.10	1,169.63	1,796.36
Deposits	189.89	251.10	-	440.99
Trade payables	3,662.69	-	-	3,662.69
Total	**6,178.90**	**5,001.89**	**1,419.35**	**12,600.14**

As at March 31, 2022

₹ in Crore

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)*	627.24	797.07	-	1,424.31
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	897.94	1,918.32	228.43	3,044.69
Other financial liabilities	317.17	-	167.93	485.10
Deposits	152.60	228.36	-	380.96
Trade payables	3,335.62	-	-	3,335.62
Total	5,330.57	2,944.26	396.36	8,671.19

*Includes interest

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023	As at March 31, 2022
Short-term debts (including current maturities of long-term borrowings)	614.50	449.97
Long-term debts	1,415.41	757.40
Total borrowings	**2,029.91**	1,207.37
Equity	3,786.89	2,882.14

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.

During the year, the Company has not defaulted on any loans payable, and there have been no breach of any financial covenants attached to the borrowings.

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

NOTE - 49
ACQUISTION OF REEBOK INDIA BUSINESS

On February 28, 2022, Aditya Birla Fashion and Retail Limited entered into a commercial agreement with Authentic Brands Group LLC and has obtained exclusive rights to distribute Reebok footwear and apparel in India, Bangladesh, Bhutan, Maldives, Nepal and Sri-Lanka. The agreement became effective from October 1, 2022 upon signing of the Local Asset Deal Agreement.

As part of the commercial agreement, the Company is required to pay royalty for sale of Reebok footwear and apparel in the aforesaid territories including a minimum contractual royalty payable over the 20-year life of the agreement. The Company has recognised under "Licence Rights", the distribution rights for the Reebok products at the present value of the minimum royalty payable amounting to ₹497 crores with a corresponding financial liability. Distribution right has been amortised over the term of commercial agreement.

NOTE - 50
SETTING UP OF SUBSIDIARIES

a) On February 4, 2022, the Board approved to set up a new subsidiary, for foraying into the Direct to Consumer ("D2C") business towards building a portfolio of distinct, new-age, digital brands across categories in fashion, beauty and other allied lifestyle segments. The D2C portfolio will be built through organic and inorganic means. Thus on April 11, 2022 Aditya Birla Digital Fashion Ventures Limited a wholly owned subsidiary of the Company was set up to carry on the "D2C" business.

b) Aditya Birla Garments Limited a manufacturing plant set up under the Production Linked Incentive (PLI) scheme was incorporated as a wholly owned subsidiary of the Company with effect from June 15, 2022.

NOTE - 51
ACQUISTION OF HOUSE OF MASABA LIFESTYLE PRIVATE LIMITED ("HMLPL")

On January 14, 2022, the Board of Directors approved the acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited ("HMLPL") by way of entering into a Binding Term Sheet subject to signing of definitive agreements, completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, if any. On June 01, 2022, post completion of closing conditions precedent set out in the definitive agreements and statutory approvals, HMLPL became a subsidiary of the Company.

NOTE - 52
ACQUISITION OF TCNS CLOTHING COMPANY LIMITED

On May 5, 2023, the Board of Directors approved the acquisition of TCNS Clothing Co. Ltd ("Target Company"). The Acquisition is subject to approval of the Competition Commission of India and other regulatory approvals. The acquisition of the Target Company is planned to be achieved in the following manner:

a) Acquisition of between 1,41,92,448 to 1,98,76,757 equity shares of Target Company representing ~22.0% to ~30.81% of the Expanded Share Capital of the Target Company, as defined in the Public Announcement from the promoters for a consideration of ₹ 503 per equity share (subject to closing adjustments).

b) Making an open offer for up to 1,87,08,227 equity shares, constituting 29.0% of the Expanded Share Capital, at a price of ₹ 503 per equity share to the public shareholders of the Target Company, conditional upon a minimum level of acceptance of 1,30,23,918 equity shares, constituting ~20.19% of the Expanded Share Capital ("Minimum Level of Acceptance");

c) Subsequent to completion of steps a) and b), amalgamation of the Target Company (as a going concern) with the Company under the Companies Act, 2013 read with relevant circulars and regulations of Securities and Exchange Board of India, and other applicable laws. Equity shares of the Company will be issued to the shareholders of the Target Company (other than the Company) in the ratio of 11 fully paid up equity shares of INR 10 each of the Company for every 6 fully paid-up equity shares of INR 2 of the Target Company ("Share Exchange Ratio"). The effectiveness of the Scheme will be subject to inter alia the approval of Competition Commission of India, National Company Law Tribunals and completion of the Acquisition and filing of the approved schemes with the Registrar of Companies;

d) Approval of the acquisition by the Board of Directors is a non-adjusting subsequent and therefore no adjustments have been made in the Standalone Financial Statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 53
RATIO DISCLOSURES

	As at March 31, 2023	As at March 31, 2022	% Change	Reasons for variance more than 25%
Current ratio (times)[1]	**1.13**	1.03	9.82%	Not applicable
Debt equity ratio (times)[2]	**0.28**	0.17	65.81%	Increase in debt as a proportion to the total equity, as compared to previous year.
Debt service coverage ratio (times)[3]	**0.52**	0.04	1259.86%	Increase in Earnings before interest and tax as compared to previous year.
Return On Equity (%)[4]	**3.97%**	-2.90%	-237.04%	Company has earned Profit after tax during the current year as compared to the Loss incurred during the previous year.
Inventory turnover (times)[5]	**3.62**	3.50	3.43%	Not applicable
Debtors turnover (times)[6]	**14.77**	11.55	27.88%	Increase in revenue as compared to the previous year has contributed to the increase in turnover ratio.
Trade Payables turnover (times)[7]	**1.84**	1.70	8.24%	Not applicable
Net capital turnover (times)[8]	**13.04**	11.67	11.76%	Not applicable
Net profit margin (%)[9]	**1.13%**	-1.03%	-209.71%	Increase in Revenue from Operations resulted in profit for the year
Return On Average Capital Employed (%)[10]	**7.30%**	3.52%	107.47%	Increase in Earnings before interest and tax as compared to previous year
Return On Investment (%)[11]	**4.36%**	2.13%	104.69%	Increase in Earnings before interest and tax as compared to previous year

Ratios have been computed as follows:

1. Current ratio = Current Assets / Current Liabilities (excluding Lease Liabilities accounted as per Ind AS 116)
2. Debt equity ratio = Debt / Equity

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

   Equity = Equity share capital + Other equity (excluding Ind AS 116)
3. Debt service coverage ratio = Earnings before interest* and tax / [Finance cost* + Principal repayment of non-current borrowings (netted off to the extent of non-current borrowings availed during the same period for the repayments)]
4. Return on equity ratio = Profit after tax / Average of opening and closing Net Worth
5. Inventory turnover = Revenue from Operations for the period / Average of opening and closing Inventories
6. Debtors turnover = Revenue from Operations for the period / Average of opening and closing Trade Receivables
7. Trade payables turnover = Total Purchases / Average of opening and closing Trade Payables
8. Net capital turnover = Revenue from Operations for the period / Average of opening and closing Working Capital
9. Net profit margin = Profit After Tax / Revenue from Operations
10. Return on Average Capital Employed = Earnings before interest and tax / Average of opening and closing Capital Employed
11. Return on Investment = Earnings before interest and tax / Average of opening and closing Total Assets

* Finance cost/ interest comprises of Interest expense on borrowings and excludes interest expense on lease liabilities and interest charge on fair value of financial instruments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 54
LARGE CORPORATE DISCLOSURE

The Company is a Large Corporate as per the SEBI circular number SEBI/HO/DDHS/P/CIR/2021/613 ¬dated April 13, 2022. Below is disclosure required as per the said circular:

Details of the current block ₹ in Crore

Particulars	Details
3-year block period	FY2021-22, FY2022-23, FY 2023-24
Incremental borrowing done in FY 2022-23 (a)	1,000.00
Mandatory borrowing to be done through debt securities in FY 2022-23 (b) = (25% of a)	250.00
Actual borrowing done through debt securities in FY 2022-23 (c)	500.00
Shortfall in the borrowing through debt securities, if any, for FY 2021-22 carried forward to FY 2022-23 (d)	Nil
Quantum of (d), which has been met from (c) (e)	Nil
Shortfall, if any, in the mandatory borrowing through debt securities for FY 2022-23 {after adjusting for any shortfall in borrowing for FY 2021-22 which was carried forward to FY 2022-23} (f)= (b)-[(c)-(e)]	Nil
Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	Nil

NOTE - 55
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 - 56
ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) **DETAILS OF BENAMI PROPERTY HELD**

No proceedings have been initiated on or are pending against the Company under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder.

(ii) **COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES**

The Company has complied with the number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction of number of layers) Rules, 2017.

(iii) **RELATIONSHIP WITH STRUCK OFF COMPANIES**

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iv) **BORROWINGS SECURED AGAINST CURRENT ASSETS**

The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly return with such banks and the details are as under:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

For the year ended March 31, 2023

₹ in Crore

Name of the Bank/Financial Institution	Aggregate working capital limits sanctioned basis security of current assets	Nature of Current Assets offered as Security	Amount disclosed asper quarterly return	Amount as per books of account	Difference *
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended June 2022)	808.00	Inventory and books debts	3,996.52	3,996.52	Nil
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended September 2022)	808.00	Inventory and books debts	4,994.35	4,994.35	Nil
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended December 2022)	808.00	Inventory and books debts	4,799.72	4,799.72	Nil
State Bank of India, HDFC Bank Limited, Axis Bank Limited and Federal Bank(Quarter ended March 2023)	808.00	Inventory and books debts	4,599.13	4,599.13	Nil

For the year ended March 31, 2022

₹ in Crore

Name of the Bank/Financial Institution	Aggregate working capital limits sanctioned basis security of current assets	Nature of Current Assets offered as Security	Amount disclosed asper quarterly return	Amount as per books of account	Difference *
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended June 2021)	808.00	Inventory and books debts	2,677.55	2,808.54	130.99
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended September 2021)	808.00	Inventory and books debts	3,141.96	3,315.73	173.77
State Bank of India, HDFC Bank Limited and Axis Bank Limited (Quarter ended December 2021)	808.00	Inventory and books debts	2,928.97	3,254.04	325.07
State Bank of India, HDFC Bank Limited and Axis Bank Limited(Quarter ended March 2022)	808.00	Inventory and books debts	2,986.09	3,483.63	497.54

*Certain categories of inventories and book debts were excluded in the quarterly returns filed by the Company.

(v) **WILFUL DEFAULTER**

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(vi) **COMPLIANCE WITH APPROVED SCHEME(S) OF ARRANGEMENTS**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(vii) UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(viii) UNDISCLOSED INCOME

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) VALUATION OF PROPERTY PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS) AND INTANGIBLE ASSETS

The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) and Intangible assets during the current or previous year. The Company did not have any Investment Property during the current or previous year.

(xi) REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

As per our report of even date
For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A. J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Fashion and Retail Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Aditya Birla Fashion and Retail Limited (hereinafter referred to as the "Holding Company") which includes the financial statements of ABFRL Employee Welfare Trust and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture (refer Note 49 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss for the year ended March 31, 2023 (including other comprehensive income), the Consolidated Statement of Changes in Equity for the year ended March 31, 2023 and the Consolidated Statement of Cash Flows for the year ended March 31, 2023, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its joint venture as at March 31, 2023, consolidated total comprehensive loss (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 sub-paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of goodwill (Refer Note 5 to the Consolidated Financial Statements) The Group has recognised goodwill of ₹ 2,329.70 crores as at March 31, 2023. The goodwill was acquired in business combinations recorded in the current and previous years and was allocated to cash generating units (CGU) identified by the Group. In accordance with Ind AS 36, *Impairment of Assets*, goodwill acquired in a business combination is required to be tested for impairment annually. Management has performed impairment assessment for each of the CGUs to which goodwill has been allocated by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU which is higher of value in use and fair value less costs of disposal. Impairment assessment of goodwill requires significant management judgement and estimates such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates. Given the judgement, subjectivity and sensitivity of key parameters to the changes in economic conditions, the impairment assessment of goodwill is considered to be a key audit matter.	Our audit procedures included the following: • Understood and evaluated the design and tested operating effectiveness of Holding Company's controls to assess impairment of goodwill on an annual basis. • Evaluated whether the CGUs were determined and the goodwill allocation was performed in accordance with requirements of Ind AS 36 and our knowledge of the Group's operations. • Evaluated the appropriateness of the approach selected by the management to determine the recoverable amount of the CGU. • Evaluated the objectivity, competency and independence of the management expert engaged by the Holding Company. • Assessed the reasonableness of the cashflow projections by testing the key management assumptions and estimates used in the impairment analysis and evaluated the consistency of the cashflow projections with the budgets approved by the Board of Directors of the Holding Company, Board of Directors of the subsidiary companies and Partners of a Limited Liability Partnership (LLP) (accounted as a subsidiary). • Evaluated the sensitivity analysis performed by management on the growth rates and discount rates to determine whether reasonable changes in these key assumptions would result in the carrying amounts of individual CGUs to exceed their recoverable amounts. • Involved auditor's expert to assist in evaluating the impairment assessment including certain assumptions used. • Evaluated the adequacy of the disclosures made in the Consolidated Financial Statements. Based on procedures above, management's impairment assessment of goodwill appears to be reasonable.
Provision for Inventory obsolescence (Refer Notes 12 and 41(f) to the Consolidated Financial Statements) The Group held inventories of ₹ 4,214.38 crores as at March 31, 2023. In accordance with Ind AS 2, *Inventories,* inventories are carried at lower of cost or net realizable value.	Our audit procedures included the following: • Understood and evaluated the design and tested the operating effectiveness of Group's controls to assess the adequacy of provision for inventory obsolescence. • Evaluated the methodology used by the management to determine the provision for inventory obsolescence and determined whether the method is consistent with that applied in the prior year.

Key Audit Matter	How our audit addressed the key audit matter
The Group operates in a fast changing fashion market where there is a risk of inventory falling out of fashion and proving difficult to be sold above cost. Management has a policy to recognize provisions for inventory considering assessment of future trends and the Group's past experience related to its ability to liquidate the aged inventory. The provision for inventory obsolescence has been considered as a key audit matter, as determination of provision for inventory involves significant management judgment and estimates.	• Assessed whether the changes in the methodology (if any) are reasonable and consistent with our understanding of the changes in the business. • Evaluated the ageing report including assessing its completeness and the underlying management judgements and estimates made. Further, assessed on a sample basis whether the calculation of provision for obsolescence is in accordance with Group's policy. • Verified appropriate approvals for specific obsolescence provisions and assessed their reasonableness on a sample basis. • Evaluated the adequacy of the disclosures made in the Consolidated Financial Statements. Based on the above procedures performed, we did not identify any material exceptions in recognition and measurement of provision for inventory obsolescence.
Provisions for discount and sales returns (Refer Note 41(g) to the Consolidated Financial Statements) The Group has recognised provisions for unsettled discounts and sales returns amounting to ₹ 389.15 crores and ₹ 534 crores respectively, as at March 31, 2023. Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by transferring control of promised goods to a customer. Recognition of revenue requires determination of the net selling price after considering variable consideration including forecast of sales returns and discounts. The estimate of sales returns and discounts depends on contract terms, forecasts of sales volumes and past history of quantum of returns. The expected returns and discounts that have not yet been settled with the customers are estimated and accrued. Determination of provisions for discounts and sales returns is determined as a key audit matter as it involves significant management judgement and estimation.	Our audit procedures included the following: • Understood and evaluated the design and tested the operating effectiveness of Group's controls to assess the adequacy of provision for discounts and sales returns. • Evaluated the periodic account reconciliations prepared by the management during the year. • Evaluated the management estimates and judgements in determining the provision for discounts and sales returns and assessed whether the same is consistent with the prior year. • Evaluated the contract terms for a sample of customer contracts to assess the reasonableness of the provision for discounts and returns and determine whether the same is in line with terms of the contract. • Verified credits notes issued to customers on a sample basis and assessed the validity of claims with the underlying documents and appropriate approvals. • Evaluated the adequacy of the disclosures made in the Consolidated Financial Statements. Based on the above procedures performed, we did not identify any material exceptions in recognition and measurement of provisions for discount and sales returns.

5. The following Key Audit Matter was included in the memorandum of work performed dated May 11, 2023, on the Consolidated Financial Statements of Sabyasachi Calcutta LLP, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants reproduced by us as under:

Key Audit Matter	How the work of the Component auditor addressed the key audit matter
Impairment assessment of indefinite life intangible asset Sabyasachi Calcutta LLP has an Intangible Asset being 'Brand' amounting to Rs.623.26 crores as at March 31, 2023 which was recognized in previous year on reconstitution of the Limited Liability Partnership. Sabyasachi Calcutta LLP's management has engaged independent valuation expert to perform impairment assessment of brand with indefinite useful life by determining their recoverable amount using the value in use method. Impairment assessment of brand with indefinite useful life is considered as a key audit matter since it requires estimates such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates which are subjective and sensitive to changes in economic conditions.	The audit procedures included the following: • Understood the Sabyasachi Calcutta LLP's management process of forecasting the future cash flows, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data, wherever necessary. • Assessed that the methodology used by Sabyasachi Calcutta LLP's management to estimate the value in use of the brand is consistent with accounting standards and is in line with the valuation standards applicable in India. • Involved auditor's expert to assess the methodologies used by Sabyasachi Calcutta LLP's management to determine the recoverable amount of the Intangible Asset. • Evaluated the Sabyasachi Calcutta LLP management's determination that no re-estimation of the useful life of the brand is considered necessary at the year end. • Evaluated the adequacy of the disclosures made in the Consolidated Financial Statements of Sabyasachi Calcutta LLP. Based on procedures above, management's impairment assessment of the brand appears to be reasonable.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

   Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 15 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

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

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and consolidated changes in equity of the Group and its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies, trustees of a trust and Partners of a LLP included in the Group and Board of Directors of a joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies, trustees of a trust and Partners of a LLP included in the Group and Board of Directors of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies, trustees of a trust and Partners of a LLP included in the Group and Board of Directors of its joint venture are responsible for overseeing the financial reporting process of the Group and of its joint venture.

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

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

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

    a) Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated 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.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. 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.

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

Other Matter

15. We did not audit the financial statements of 8 subsidiaries (including step down subsidiaries) whose financial statements reflect total assets of ₹ 1,574.43 crores and net assets of ₹ 1,025.58 crores as at March 31, 2023, total revenue of ₹ 493.79 crores, total net loss after tax of ₹ 6.40 crores, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 5.85 crores and net cash outflows amounting to ₹ 33.15 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar 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 including report on Other Information insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

    Our opinion on the Consolidated 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

16. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B, a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

17. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

    (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its joint venture incorporated in India, none of the directors of the Group companies and its joint venture incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture– Refer Note 25 and Note 46 to the Consolidated Financial Statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2023.

iii. During the year ended March 31, 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, and its joint venture incorporated in India.

iv. (a) The respective Managements of the Holding Company and its subsidiaries and a joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and a joint venture to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries and a joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company and its subsidiaries and a joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries and a joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries and joint venture shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The Holding Company, its subsidiary companies, and joint venture, has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group and its joint venture, is applicable to the Group and its joint venture only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

18. The Group and its joint venture have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

The following matter as included in the auditor's report dated May 16, 2023 issued on the financial statements of Aditya Birla Digital Fashion Ventures Limited, a subsidiary of the Holding Company is reproduced as under:

"Managerial remuneration of ₹ 1.87 crores paid by the Company to its whole-time director is in excess of the limits specified in Section 197 read with Schedule V to the Act. The Company proposes to obtain requisite approvals from the shareholders at the ensuing Annual General Meeting with respect to excess managerial remuneration paid/ payable."

The following matter as included in the auditor's report dated May 11, 2023 issued on the financial statements of Bewakoof Brands Private Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants is reproduced as under:

"In our opinion, according to information, explanations given to us, the Company is a deemed public company in accordance with Section 2(71) of the Act with effect from February 15, 2023. The remuneration paid by the Company to its Director has exceeded the pro-rated limits specified in Section 197 of the Act read with Schedule V of the Act and rules thereunder by ₹ 0.30 crores which is accounted for as recoverable from the Director in accordance with the provisions of Section 197 of the Act. However, the management of the Company intends to seek requisite approvals from the shareholders with respect to the excess managerial remuneration paid at the ensuing annual general meeting."

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOZB4286

Place: Mumbai
Date: May 22, 2023

ANNEXURE A TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 17(f) of the Independent Auditor’s Report of even date to the members of Aditya Birla Fashion and Retail Limited on the Consolidated Financial Statements for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Aditya Birla Fashion and Retail Limited (hereinafter referred to as “the Holding Company”) as of that date. Reporting under Clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to the subsidiaries incorporated in India namely Jaypore E-commerce Private Limited, TG Apparel & Decor Private Limited, Indivinity Clothing Retail Private Limited, Finesse International Design Private Limited, Next Tree Products Private Limited and House of Masaba Lifestyle Private Limited pursuant to MCA notification GSR 583(E) dated 13 June 2017. Reporting on adequacy of internal financial controls with reference to financial statements is also not applicable to Sabyasachi Calcutta LLP, a subsidiary of the Holding Company, since it is not required to comply with the requirements of the provisions of the Companies Act, 2013.

Management’s Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, and its joint venture, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to Consolidated Financial Statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 Holding Company’s internal financial controls system with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to 4 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOZB4286

Place: Mumbai
Date: May 22, 2023

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of Aditya Birla Fashion and Retail Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023.

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the standalone financial statements of the respective companies to whom requirements of CARO 2020 is applicable and included in the Consolidated Financial Statements of the Holding Company:

Sl. No.	Name of the Company	CIN	Relationship with the Holding Company	Date of the respective auditors' report	Paragraph number in the respective CARO reports
1.	Aditya Birla Fashion and Retail Limited	L18101MH2007PLC233901	Holding Company of the group	May 22, 2023	(i)(c)
2.	Finesse International Design Private Limited	U74900DL2007PTC164203	Subsidiary	May 12, 2023	(ii)(b)
3.	Bewakoof Brands Private Limited	U74999MH2011PTC220994	Subsidiary	May 11, 2023	(i)(a) and (vii)(a)

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

A. J. Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXOZB4286

Place: Mumbai
Date: May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

₹ in Crore

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3a	**1,009.13**	631.20
(b) Capital work-in-progress	3b	**145.68**	102.57
(c) Right-of-use assets	4a	**3,623.44**	2,522.93
(d) Investment property	4c	**3.66**	1.92
(e) Goodwill	5	**2,329.70**	2,209.20
(f) Other intangible assets	5	**1,393.46**	693.99
(g) Intangible assets under development	5a	**58.02**	0.64
(h) Financial assets			
(i) Investment in joint venture	6a	**73.58**	68.57
(ii) Other investments	6b	**10.57**	7.32
(iii) Loans	7	**1.15**	1.56
(iv) Security deposits	8	**434.31**	323.58
(v) Other financial assets	9	**244.86**	3.32
(i) Deferred tax assets	10	**408.50**	380.46
(j) Non-current tax assets (net)		**6.42**	22.81
(k) Other non-current assets	11	**128.75**	101.97
Total - Non-current assets		**9,871.23**	7,072.04
II Current assets			
(a) Inventories	12	**4,214.38**	2,929.59
(b) Financial assets			
(i) Current investments	13	**182.43**	608.14
(ii) Loans	14	**10.04**	7.14
(iii) Security deposits	15	**97.09**	118.96
(iv) Trade receivables	16	**886.44**	756.43
(v) Cash and cash equivalents	17	**692.69**	118.22
(vi) Bank balance other than Cash and cash equivalents	18	**8.37**	2.31
(vii) Other financial assets	19	**71.23**	43.56
(c) Other current assets	20	**1,007.38**	750.17
Total - Current assets		**7,170.05**	5,334.52
TOTAL - ASSETS		**17,041.28**	12,406.56

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

₹ in Crore

	Notes	As at March 31, 2023	As at March 31, 2022
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	21	**948.79**	938.29
(b) Other equity	22	**2,394.50**	1,835.03
Equity attributable to owners of the Company		**3,343.29**	2,773.32
(c) Non-controlling interest	22	**2.71**	15.20
Total - Equity		**3,346.00**	2,788.52
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	**1,507.62**	777.97
(ii) Lease liabilities	4b	**3,346.23**	2,076.46
(iii) Deposits		**253.22**	228.36
(iv) Other financial liabilities	24	**1,117.09**	421.92
(b) Deferred tax liabilities	10	**251.68**	211.94
(c) Provisions	25	**111.73**	101.68
(d) Other non-current liabilities	26	**20.20**	11.73
Total - Non-current liabilities		**6,607.77**	3,830.06
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	**797.90**	454.36
(ii) Lease liabilities	4b	**921.11**	791.63
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	28	**120.63**	87.44
Total outstanding dues of creditors other than micro enterprises and small enterprises	28	**3,725.49**	3,323.12
(iv) Deposits		**189.91**	152.62
(v) Other financial liabilities	29	**497.00**	336.90
(b) Liabilities for current tax (net)		**0.41**	2.29
(c) Provisions	30	**133.30**	101.32
(d) Other current liabilities	31	**701.76**	538.30
Total - Current liabilities		**7,087.51**	5,787.98
TOTAL - EQUITY AND LIABILITIES		**17,041.28**	12,406.56
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A.J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

		Notes	Year ended March 31, 2023	Year ended March 31, 2022
I	Revenue from operations	32	12,417.90	8,136.22
II	Other income	33	116.46	100.55
III	**Total income (I + II)**		12,534.36	8,236.77
IV	**Expenses**			
	(a) Cost of materials consumed	34a	1,245.88	867.18
	(b) Purchase of stock-in-trade	34b	5,546.76	3,793.42
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	34c	(1,240.66)	(940.43)
	(d) Employee benefits expense	35	1,563.36	1,158.53
	(e) Finance costs	36	472.36	350.71
	(f) Depreciation and amortisation expense	37	1,226.96	997.03
	(g) Rent expense	45a & 4a	897.02	393.22
	(h) Other expenses	38	2,911.96	1,764.38
	Total expenses		12,623.64	8,384.04
V	**Profit/(Loss) before Share in Profit/ (Loss) of Joint Venture and Tax (III - IV)**		(89.28)	(147.27)
VI	Add: Share in Profit / (Loss) of Joint Venture		6.84	2.34
VII	**Profit/(Loss) before tax (V+ VI)**		(82.44)	(144.93)
VIII	**Income tax expense**			
	(a) Current tax	39	15.92	20.89
	(b) Current tax relating to earlier years		(2.22)	-
	(c) Deferred tax	39	(36.67)	(47.46)
			(22.97)	(26.57)
IX	**Profit/(Loss) for the year (VII - VIII)**		(59.47)	(118.36)
X	**Other comprehensive income/ (loss)**			
	Items that will not be reclassified to profit or loss			
	(a) Re-measurement gains/ (losses) on defined benefit plans		(0.68)	1.82
	Income tax effect on above		0.14	(0.35)
	(b) Fair value gains/ (losses) on equity instruments		3.26	0.64
	Income tax effect on above		(0.82)	(0.16)
	Items that will be reclassified to profit or loss			
	(a) Exchange differences on translation of foreign operations		0.05	0.10
	Income tax effect on above		-	-
	(b) Effective Portion of Cashflow Hedge		0.75	-
	Income tax effect on above		(0.26)	-
	Total other comprehensive income/ (loss) for the year		2.44	2.05
XI	**Total comprehensive income/ (loss) for the year (IX + X)**		(57.03)	(116.31)
XII	**Profit/(Loss) attributable to**			
	- Owners of the Company		(36.00)	(108.72)
	- Non-controlling interest		(23.47)	(9.64)
			(59.47)	(118.36)

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

		Notes	Year ended March 31, 2023	Year ended March 31, 2022
XIII	**Other comprehensive income/ (loss) attributable to**			
	- Owners of the Company		2.36	1.99
	- Non-controlling interest		0.08	0.06
			2.44	2.05
XIV	**Total comprehensive income/ (loss) attributable to**			
	- Owners of the Company		(33.64)	(106.73)
	- Non-controlling interest		(23.39)	(9.58)
			(57.03)	(116.31)
XV	**Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2022 : ₹ 10)]**	40		
	Basic (₹)		(0.38)	(1.18)
	Diluted (₹)		(0.38)	(1.18)
	Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A.J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)
Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)
Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)
Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)
Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

a. Equity share capital

	As at March 31, 2023 No. of shares	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 No. of shares	As at March 31, 2022 ₹ in Crore
Equity shares of ₹ 10 each issued				
As at the beginning of the year	93,85,09,538	938.50	93,77,36,163	937.73
Equity shares under Rights Issue and Preferential Issue [Refer Note- 21(iii) & (iv)]	1,02,16,588	10.23	2,80,504	0.28
Exercise of Options (Refer Note - 44)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,89,96,351	949.00	93,85,09,538	938.50

	As at March 31, 2023 No. of shares	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 No. of shares	As at March 31, 2022 ₹ in Crore
Equity shares of ₹ 10 each subscribed and fully paid				
As at the beginning of the year	93,83,04,034	938.29	93,75,30,659	915.05
Equity shares under Rights Issue and Preferential Issue [Refer Note- 21(iii) & (iv)]	1,02,16,588	10.23	2,80,504	22.75
Exercise of Options (Refer Note - 44)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,87,90,847	948.79	93,83,04,034	938.29

b. Other equity

₹ in Crore

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Reserves and surplus: Securities premium (Refer Note - 22)	Reserves and surplus: Retained earnings (Refer Note - 22)	Reserves and surplus: Share options outstanding account (Refer Note - 22)	Reserves and surplus: Treasury shares (Refer Note - 22)	Reserves and surplus: Capital reserve (Refer Note - 22)	Share warrants (Refer Note - 22)	Other comprehensive income: Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Other comprehensive income: Effective portion of cashflow hedge	Other comprehensive income: Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Other comprehensive income: Foreign currency translation reserve (Refer Note-22)	Equity attributable to owners of the Company	Non-controlling interest (Refer Note-22)	Total other equity
As at April 01, 2021	-	0.02	2,879.58	(1,117.43)	47.63	(104.46)	21.88	-	(0.28)	-	1.84	(0.04)	1,728.74	32.48	1,761.22
Loss during the year	-	-	-	(108.72)	-	-	-	-	-	-	-	-	(108.72)	(9.64)	(118.36)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	1.39	-	0.50	0.10	1.99	0.06	2.05
Recognition of Share based payment expenses	-	-	-	-	29.13	-	-	-	-	-	-	-	29.13	-	29.13
Share forfeiture/ (issued) during the year	-	-	-	-	-	-	(0.14)	-	-	-	-	-	(0.14)	-	(0.14)
Equity shares under Rights Issue and Preferential Issue [Refer Note- 21(iii) and (iv)]	-	-	226.05	-	-	-	-	-	-	-	-	-	226.05	-	226.05
Non-controlling interest relating to Sabyasachi Calcutta LLP recognised on April 01, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	374.21	374.21
Difference between Put option liability and NCI relating to Sabyasachi Calcutta LLP [Refer Note - 2.3(XIII)]	-	-	-	(46.94)	-	-	-	-	-	-	-	-	(46.94)	46.94	-

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Reserves and surplus: Securities premium (Refer Note - 22)	Reserves and surplus: Retained earnings (Refer Note - 22)	Reserves and surplus: Share options outstanding account (Refer Note - 22)	Reserves and surplus: Treasury shares (Refer Note - 22)	Reserves and surplus: Capital reserve (Refer Note - 22)	Share warrants (Refer Note - 22)	Other comprehensive income: Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Other comprehensive income: Effective portion of cashflow hedge	Other comprehensive income: Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Other comprehensive income: Foreign currency translation reserve (Refer Note-22)	Equity attributable to owners of the Company	Non-controlling interest (Refer Note-22)	Total other equity
Non-controlling interest relating to Sabyasachi Calcutta LLP derecognised on March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	(421.15)	(421.15)
Money received against share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of NCI share	-	-	-	2.65	-	-	-	-	-	-	-	-	2.65	(2.65)	-
Transfer to Securities Premium on exercise of Options	-	-	12.55	-	(12.55)	-	-	-	-		-	-	-	-	-
Treasury shares issued/ (purchased) by ESOP Trust	-	-	-	-	-	1.37	-	-	-	-	-	-	1.37	-	1.37
Others	-	-	-	5.05	(4.15)	-		-	-	-	-	-	0.90	(5.05)	(4.15)
As at March 31, 2022	-	0.02	3,118.18	(1,265.39)	60.06	(103.09)	21.74	-	1.11	-	2.34	0.06	1,835.03	15.20	1,850.23

₹ in Crore

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Reserves and surplus: Securities premium (Refer Note - 22)	Reserves and surplus: Retained earnings (Refer Note - 22)	Reserves and surplus: Share options outstanding account (Refer Note - 22)	Reserves and surplus: Treasury shares (Refer Note - 22)	Reserves and surplus: Capital reserve (Refer Note - 22)	Share warrants (Refer Note - 22)	Other comprehensive income: Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Other comprehensive income: Effective portion of cashflow hedge	Other comprehensive income: Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Other comprehensive income: Foreign currency translation reserve (Refer Note-22)	Equity attributable to owners of the Company	Non-controlling interest (Refer Note-22)	Total other equity
As at April 01, 2022	-	0.02	3,118.18	(1,265.39)	60.06	(103.09)	21.74	-	1.11	-	2.34	0.06	1,835.03	15.20	1,850.23
Profit during the year	-	-	-	(35.99)	-	-	-	-	-	-	-	-	(35.99)	(23.47)	(59.46)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(0.36)	0.25	2.44	0.03	2.36	0.08	2.44
Recognition of Share based payment expenses	-	-	-	-	20.01	-	-	-	-	-	-	-	20.01	-	20.01
Share forfeiture/ (issued) during the year	-	-	-	-	-	-	0.00	-	-	-	-	-	0.00	-	0.00
Equity shares under Rights Issue and Preferential Issue [Refer Note- 21(iii) and (iv)]	-	-	284.02	-	-	-	-	-	-	-	-	-	284.02	-	284.02
Non-controlling interest recognised on April 01, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	421.15	421.15

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Reserves and surplus: 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)	Share warrants (Refer Note - 22)	Other comprehensive income: Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Effective portion of cashflow hedge	Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Foreign currency translation reserve (Refer Note-22)	Equity attributable to owners of the Company	Non-controlling interest (Refer Note-22)	Total other equity
Non-controlling interest recognised pursuant to business combinations during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	73.89	73.89
Additional contribution by Non-controlling shareholders/partners	-	-	-	-	-	-	-	-	-	-	-	-	-	71.80	71.80
Difference between redemption amount of Put option liabilities and carrying amount of Non-controlling interest [Refer Note - 2.3(XIII)]	-	-	-	(175.87)	-	-	-	-	-	-	-	-	(175.87)	175.87	-
Non-controlling interest derecognised on April 01, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	(724.08)	(724.08)
Money received against share warrants	-	-	-	-	-	-	-	475.00	-	-	-	-	475.00	-	475.00
Acquisition of NCI share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Securities Premium/Retained earning on exercise of Options	0.01	-	5.86	-	(5.86)	-	-	-	-	-	-	-	0.01	-	0.01
Treasury shares issued/ (purchased) by ESOP Trust	-	-	-	-	-	(11.91)	-	-	-	-	-	-	(11.91)	-	(11.91)
Adjustment to ESOP reserve on account of issue of shares from Trust	-	-	-	-	(6.85)	-	0.96	-	-	-	-	-	(5.89)	-	(5.89)
Others	-	-	-	7.73	-	-	-	-	-	-	-	-	7.73	(7.73)	-
As at March 31, 2023	**0.01**	**0.02**	**3,408.06**	**(1,469.51)**	**67.36**	**(115.00)**	**22.70**	**475.00**	**0.75**	**0.25**	**4.78**	**0.09**	**2,394.50**	**2.71**	**2,397.20**

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A.J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)
Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)
Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)
Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)
Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from operating activities			
Profit/(Loss) before tax		**(82.44)**	(144.93)
Adjustments for:			
Depreciation and amortisation expense	37	**1,226.96**	997.03
Finance costs	36	**472.36**	350.71
Gain on retirement of right-of-use assets	33	**(19.75)**	(14.85)
Rent concession on lease rentals	4b, 41k & 45a	**(0.22)**	(219.18)
(Profit)/ Loss on sale/ discard of property, plant and equipment		**0.13**	(2.66)
Share-based payment to employees	35	**31.29**	29.13
Interest income	33	**(10.21)**	(9.38)
Liabilities no longer required written back		**(2.48)**	(2.10)
Net gain on sale of current investments	33	**(23.26)**	(20.23)
Net Unrealised exchange (gain)/ loss		**(0.99)**	3.69
Expense/ (income) on financial assets/ liabilities that is designated as fair value through profit or loss		**(42.39)**	(28.16)
Provision for doubtful debts, deposits and advances	38	**3.33**	7.17
Share of (profit)/ loss of Joint Venture		**(6.84)**	(2.34)
Operating profit before working capital changes		**1,545.49**	943.90
Changes in working capital:			
(Increase)/ decrease in trade receivables		**(107.64)**	(154.29)
(Increase)/ decrease in inventories		**(1,223.92)**	(1,082.63)
(Increase)/ decrease in other assets		**(247.20)**	(196.59)
Increase/ (decrease) in trade payables		**361.83**	1,259.83
Increase/ (decrease) in provisions		**15.28**	15.59
Increase/ (decrease) in other liabilities		**289.82**	181.14
Cash generated from operations		**633.66**	966.95
Income taxes refund / (paid) (net)		**2.54**	(16.44)
Net cash flows from operating activities		**636.20**	950.51
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and capital advance		**(681.32)**	(347.95)
Consideration paid for acquisition of subsidiaries (net of cash acquired)		**(175.71)**	-
Purchase of current investments		**(12,791.69)**	(10,008.14)
Proceeds from sale of property, plant and equipment and intangible assets		**10.54**	29.49
Proceeds from sale/ maturity of current investments		**13,240.71**	9,764.54
Interest received		**10.24**	9.24
Net cash flows used in investing activities		**(387.23)**	(552.82)

ADITYA BIRLA FASHION AND RETAIL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from financing activities			
Proceeds from issue of equity shares		**3.55**	0.49
Proceeds from Rights Issue (net off share issue expenses)	21(iii)	**0.22**	247.12
Proceeds from Preferential Issue (net off share issue expenses)	21(iv)	**769.05**	-
Proceeds/ (Investment) in treasury shares held by ESOP Trust		**(11.91)**	1.37
Proceeds from non-current borrowings (net off charges)		**1,085.68**	414.34
Proceeds/ (repayments) from current borrowings (net)		**365.07**	432.35
Repayment of non-current borrowings		**(462.50)**	(750.74)
Repayment of lease liabilities		**(891.01)**	(560.87)
Interest paid		**(532.65)**	(309.66)
Net cash flows used in financing activities		**325.50**	(525.60)
Net Increase/(Decrease) in cash and cash equivalents		**574.47**	(127.91)
Cash and cash equivalents at the beginning of the year		**118.22**	246.13
Cash and cash equivalents at the end of the year	17	**692.69**	118.22
Components of Cash and cash equivalents			
Balances with banks - on current accounts		**153.61**	36.75
Balances with banks - on deposit accounts (original maturity less than 3 months)		**501.49**	50.44
Balances with credit card companies		**16.95**	11.19
Balances with e-wallet companies		**4.38**	1.91
Cash on hand		**13.04**	13.67
Cheques/ drafts on hand		**3.22**	4.26
Total Cash and cash equivalents		**692.69**	118.22

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A.J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)

Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)

Place: Mumbai
Date : May 22, 2023

ANIL MALIK
(Company Secretary)
(M.No.: A11197)

Place: Mumbai
Date : May 22, 2023

ADITYA BIRLA FASHION AND RETAIL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 - 400070.

The Company, its subsidiaries (together referred to as the "Group") and its joint venture are engaged in the business of manufacturing and retailing of branded apparels/accessories 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 22, 2023.

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.

The Ministry of Corporate Affairs (MCA) through a notification, notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended the following accounting standards and the amendments are applicable for financial periods commencing from April 1, 2022. The Group has evaluated the effect of the amendments on its financial statements and complied with the same.

2.2 Functional and Presentation Currency:

The functional currency of the Group, its subsidiaries and its joint venture is determined on the basis of the primary economic environment in which it operates. The financial statements are presented in Indian Rupee (₹) 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 (CFS) comprise the financial statements of the Company and its Subsidiaries and Joint Venture. Subsidiaries are entities controlled by the Group. The CFS of the Group have been prepared in accordance with the Indian Accounting Standards on "Consolidated Financial Statements" (Ind AS 110) and "Investment in Associates and Joint Ventures" (Ind AS 28) notified under Section 133 of the Companies Act, 2013. The Group controls an investee only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

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

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary and joint venture, the subsidiary and joint venture prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary and joint venture, unless it is impracticable to do so.

Consolidation procedures for subsidiaries:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

Equity Accounted Investees:

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains resulting from the transaction between the Group and joint venture are eliminated to the extent of the interest in the joint venture, and deferred tax is made on the same.

When the Group's share of losses of joint venture equals or exceeds its interest in that joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the Consolidated Statement of Profit and Loss separately.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the Consolidated Statement of Profit and Loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

(II) Current versus non-current classification

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

<u>Inter-segment transfers</u>

The Group generally accounts for inter-segment sales at arm's length basis in a manner similar to transactions with third parties.

<u>Allocation of common costs</u>

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

<u>Unallocated items</u>

Unallocated items include general corporate income, expense and other common assets and liabilities which are not allocated to any business segment.

<u>Segment accounting policies</u>

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(IV) Fair value measurements and hierarchy

The Group measures financial instruments, such as investments (other than equity investments in joint ventures) and derivatives at fair value at each Consolidated Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- 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 Consolidated Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

- 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 from sales of products is measured at the amount of transaction price (net of returns, customer incentives, discounts, variable consideration and other similar charges offered by the Company) allocated to that performance obligation.

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 the Group a contractual right to recover the goods from a customer (right to 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 under other current assets and other current liabilities, respectively.

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 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 Statement of Profit and Loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

The Group had adopted the new tax regime in the Financial Year 2019-20 under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(a) Assets where useful life is same as Schedule II

Assets	Class of Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013
Factory buildings	Freehold buildings	30 years
Fences, wells, tube wells	Freehold buildings	5 years
Borewells (pipes, tubes and other fittings)	Freehold buildings	5 years
Other office equipment	Office equipment	5 years
Electrical installations and equipment (at factory)	Plant and equipment	10 years

(b) Assets where useful life differ from Schedule II

Assets	Class of Assets	Useful life as prescribed by Schedule II of the Companies Act, 2013	Estimated useful life
Other than continuous process plant (single shift)	Plant and equipment	15 years	20 years
Plant and machinery – retail stores	Plant and equipment	15 years	5 – 6 years
Furniture and fittings – retail stores	Furniture and fixtures	10 years	5 – 6 years
Furniture and fittings – shop in shop stores	Furniture and fixtures	10 years	3 years
Motorcycles, scooters and other mopeds	Vehicles	10 years	5 years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	Vehicles	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.	Computers	3 years for end user devices and 6 years for servers	4 years
Furniture and fittings (other than retail stores)	Furniture and fixtures	10 years	7 years
Office electrical equipment	Office equipment	5 years	4 years
Electrically operated vehicles including battery powered or fuel cell powered vehicles	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) Investment properties

Investment property is freehold land and structure, held to earn rental income or for capital appreciation or both, but not for sale in ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment properties using cost-based measurement, the fair value of investment properties are disclosed in the notes. Fair value is determined on the basis of assessable market value of the property as per rate specified by Government Authority. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Consolidated Statement of Profit and Loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment properties the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Transfers are made to (or from) investment properties only when there is a change in use. Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(XII) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Consolidated Statement of Profit and Loss, in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

Amortisation methods and periods

A summary of amortisation policies applied to the Group's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis
Brands/ trademarks	10 years	Amortised on straight-line basis, except where the Brand/Trademark is considered to have indefinite life
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	20 years	Amortised on straight-line basis over the period of franchise agreement
Non-Compete	7 years	Amortised on straight-line basis

(XIII) Business combination and goodwill

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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.

Where the group does not have present ownership interest in the shares held by the non-controlling shareholders, measured at either fair value or at the proportionate share of the acquiree's identifiable net assets, and the related put option held by the group over such non-controlling shares remains unexercised, the group accounts for the non-controlling interest and the written put option at the end of each reporting period as below:

a) Group determines the amount that would have been recognised for the non-controlling interest, including an allocation to reflect the share of profit or loss, share of changes in other comprehensive income and dividends (if any) declared during the reporting period;

b) The group de-recognises the non-controlling interest as if it was acquired at the end of the reporting period;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

c) The group recognises a financial liability in respect of the written put option at the present value of the amount payable on exercise of the non-controlling interest; and

d) Difference between b) and c) is accounted for as an equity transaction.

Upon exercise of the put option over the non-controlling interest the amount recognised as financial liability is extinguished by payment of the exercise price.

If the put option over the non-controlling interest remains unexercised, non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted (i.e. measured initially at the date of the business combination, and remeasured for subsequent allocations of profit or loss, other comprehensive income and changes in equity attributable to the non-controlling interest). The financial liability is derecognised, with a corresponding credit to the same component of equity.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually as at reporting date. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(XIV) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Consolidated Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and 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.

(XV) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

<u>Where the Group is the lessee</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

<u>Where the Group is the lessor</u>

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.

<u>Covid-19-Related Rent Concessions</u>

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

(ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.

(iii) There is no substantive change to other terms and conditions of the lease.

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

Adoption of the COVID-19 related concessions – amendments to Ind AS 116, Leases with effect from April 1, 2021 has resulted in recognition of ₹ 0.22 crores (March 31, 2022: ₹ 219.18 Crore) as income from lease concession during the year. This amendment is not expected to have any material impact on the Statement of Profit and Loss for the future years.

(XVI) Financial instruments

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

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables which do not contain significant financing component are initially measured at transaction price. 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) <u>Non-derivative financial assets</u>

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in the Consolidated Statement of Profit and Loss and is included in the 'Other income' line item.

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Consolidated Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (refer above) are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(iv) Equity investments

All equity investments (other than investments in joint ventures) are measured at fair value as per Ind AS 109. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(XVII) Derivative financial instruments

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

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

(XVIII) Inventories

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 – 41f).

(XIX) Provisions and contingent liabilities

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (Refer Note – 46).

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(XX) Employee benefits

(a) 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 Consolidated Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Consolidated Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

(XXI) Share-based payment

Employees of the Group receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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.

(XXII) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Earnings, considered in ascertaining the Company's earnings per share, is the net profit for the period after deducting preference dividends. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(XXIII) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Balance Sheet and for the purpose of the Consolidated Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months or less 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.

2.4 New and amended standards adopted by the Group:

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.5 Standards issues but not yet effective:

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amended the following accounting standards. These amendments are effective from April 01, 2023 and early adoption is permitted in some cases.

a) Ind AS 1, Presentation of financial statements

b) Ind AS 12, Income taxes

c) Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments to the above standards are not likely to have any material impact on the financial statements of the Group for the current or future reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 3a
PROPERTY, PLANT AND EQUIPMENT

₹ in Crore

	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improve-ments	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
Cost									
As at April 01, 2021	**5.92**	**43.36**	**226.12**	**326.54**	**118.62**	**514.05**	**137.43**	**13.74**	**1,385.78**
Additions	-	-	80.18	83.63	16.99	96.07	14.19	2.17	**293.23**
Disposals	-	-	46.85	26.43	2.20	74.55	2.53	5.85	**158.41**
As at March 31, 2022	**5.92**	**43.36**	**259.45**	**383.74**	**133.41**	**535.57**	**149.09**	**10.06**	**1,520.60**
Additions	-	0.53	64.89	200.22	54.84	252.88	46.26	12.71	**632.33**
Addition pursuant to business combination (Refer Note - 47)	1.04	-	9.08	0.82	0.37	1.58	1.21	0.09	**14.19**
Disposals	1.04	-	31.66	27.83	8.55	48.38	4.57	3.53	**125.56**
As at March 31, 2023	**5.92**	**43.89**	**301.76**	**556.95**	**180.07**	**741.65**	**191.99**	**19.33**	**2,041.56**
Depreciation									
As at April 01, 2021	**-**	**5.67**	**102.36**	**181.67**	**89.10**	**354.86**	**70.84**	**6.57**	**811.07**
Depreciation for the year (Refer Note - 37)	-	1.57	57.15	52.20	9.00	81.22	9.14	3.04	**213.32**
Disposals	-	-	39.84	20.77	1.50	66.34	1.93	4.61	**134.99**
As at March 31, 2022	**-**	**7.24**	**119.67**	**213.10**	**96.60**	**369.74**	**78.05**	**5.00**	**889.40**
Depreciation for the year (Refer Note - 37)	-	1.58	49.86	69.58	18.65	102.19	11.82	3.19	**256.87**
Disposals	-	-	29.25	25.43	7.29	45.06	3.76	3.05	**113.84**
As at March 31, 2023	**-**	**8.82**	**140.28**	**257.25**	**107.96**	**426.87**	**86.11**	**5.14**	**1,032.43**
Net carrying value as at:									
March 31, 2023	**5.92**	**35.07**	**161.48**	**299.70**	**72.11**	**314.78**	**105.88**	**14.19**	**1,009.13**
March 31, 2022	**5.92**	**36.12**	**139.78**	**170.64**	**36.81**	**165.83**	**71.04**	**5.06**	**631.20**

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Property, plant and equipment	**1,009.13**	631.20
Total	**1,009.13**	631.20

* 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 and Freehold building wherein the Gross Block amounting to ₹ 5.92 Crore (March 31, 2022: ₹ 5.92 Crore) and ₹ 0.13 Crore (March 31, 2022: ₹ 0.13 Crore), respectively, which are held in the name of the demerged companies and are in the process of being transferred to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 3b
CAPITAL WORK-IN-PROGRESS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress	**145.68**	102.57
Total	**145.68**	102.57

Ageing of Capital work-in-progress as on March 31, 2023 — ₹ in Crore

Capital work-in-progress	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	**120.38**	**13.71**	**11.59**	**-**	**145.68**
(ii) Projects temporarily suspended	-	-	-	-	-

Ageing of Capital work-in-progress as on March 31, 2022 — ₹ in Crore

Capital work-in-progress	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	83.27	13.46	5.79	-	102.52
(ii) Projects temporarily suspended	-	-	-	0.05	0.05

There are no projects as on the reporting periods where costs have been exceeded cost as compared to its original plan or where completion is overdue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 4
RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

₹ in Crore

	Land	Buildings*	Plant and equipment	Computers	Furniture and fixtures	Office equipment	Total
Cost							
As at April 01, 2021	**10.69**	**3,276.84**	**16.52**	**3.90**	**90.19**	**3.94**	**3,402.08**
Additions	-	1,225.58	4.81	-	6.40	2.28	**1,239.07**
Termination	-	162.67	-	-	-	-	**162.67**
As at March 31, 2022	**10.69**	**4,339.75**	**21.33**	**3.90**	**96.59**	**6.22**	**4,478.48**
Additions	0.91	2,144.61	-	-	9.50	0.36	**2,155.38**
Addition pursuant to business combination (Refer Note - 47)	-	9.37	-	-	-	-	**9.37**
Termination	-	450.91	-	-	-	-	**450.91**
As at March 31, 2023	**11.60**	**6,042.82**	**21.33**	**3.90**	**106.09**	**6.58**	**6,192.32**
Depreciation							
As at April 01, 2021	**0.52**	**1,250.78**	**1.78**	**0.02**	**7.51**	**0.05**	**1,260.66**
Depreciation for the year (Refer Note - 37)	0.13	738.33	4.05	0.79	18.21	1.04	**762.55**
Termination	-	67.66	-	-	-	-	**67.66**
As at March 31, 2022	**0.65**	**1,921.45**	**5.83**	**0.81**	**25.72**	**1.09**	**1,955.55**
Depreciation for the year (Refer Note - 37)	0.14	898.09	4.28	0.79	23.27	1.28	**927.85**
Termination	-	314.52	-	-	-	-	**314.52**
As at March 31, 2023	**0.79**	**2,505.02**	**10.11**	**1.60**	**48.99**	**2.37**	**2,568.88**
Net carrying value as at:							
As at March 31, 2023	**10.81**	**3,537.80**	**11.22**	**2.30**	**57.10**	**4.21**	**3,623.44**
As at March 31, 2022	**10.04**	**2,418.30**	**15.50**	**3.09**	**70.87**	**5.13**	**2,522.93**

* The title deeds of Right of Use assets above are held in the name of the Group except for Buildings wherein the Gross Block amounts to ₹ 313.63 Crore (March 31, 2022: ₹ 259. 93 Crore) which are held in the name of the demerged companies and are in the process of being transferred to the Group.

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	**3,623.44**	2,522.93
Total	**3,623.44**	2,522.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(b) Lease liabilities

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening balance	**2,868.09**	2,463.40
Additions*	**2,318.78**	1,198.00
Addition pursuant to business combination	**9.34**	-
Retirements	**(125.73)**	(105.66)
Interest expense on lease liabilities	**302.83**	214.27
Rent concession (Refer Note - 41j)	**(0.22)**	(219.18)
Payments	**(1,105.75)**	(682.74)
Closing balance	**4,267.34**	2,868.09

*Includes liabilties towards net investment in sub-lease amounting to ₹ 281.92 Crores (March 31, 2022: Nil)

Current	**921.11**	791.63
Non-current	**3,346.23**	2,076.46

For maturity analysis of lease liabilities, refer Note - 45a.

(c) **Investment Property**

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Freehold Land and Structure	**3.66**	1.92
Total	**3.66**	1.92
Fair value of investment property	**11.00**	8.23

The above fair value has been arrived on the basis of assessable market value of the above property as per rate specified by Directorate of Registration and Stamp Revenue, Government of West Bengal and ready reckoner site refered for Thane muncipal corporation.

Estimation of fair value: The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 5
(a) GOODWILL AND OTHER INTANGIBLE ASSETS

₹ in Crore

	Goodwill	Brands/ Trademarks	Computer software	Technical know-how	Franchisee rights	Non-Compete right	Total
Cost							
As at April 01, 2021	**2,209.20**	686.44	87.93	1.84	33.81	3.00	**3,022.22**
Additions	-	0.65	15.85	-	-	-	**16.50**
Disposals	-	-	1.47	-	-	-	**1.47**
As at March 31, 2022	**2,209.20**	**687.09**	**102.31**	**1.84**	**33.81**	**3.00**	**3,037.25**
Additions	-	1.19	12.63	-	515.34	-	**529.16**
Addition pursuant to business combination (Refer Note - 47)	120.50	212.40	0.27	-	-	-	**333.17**
Disposals	-	-	0.58	-	-	-	**0.58**
As at March 31, 2023	**2,329.70**	**900.68**	**114.63**	**1.84**	**549.15**	**3.00**	**3,899.00**
Amortisation							
As at April 01, 2021	**-**	**24.92**	**74.95**	**1.48**	**11.73**	**0.29**	**113.37**
Amortisation for the year (Refer Note - 37)	-	8.69	11.29	-	1.18	-	**21.16**
Disposals	-	-	0.47	-	-	-	**0.47**
As at March 31, 2022	**-**	**33.61**	**85.77**	**1.48**	**12.91**	**0.29**	**134.06**
Amortisation for the year (Refer Note - 37)	-	16.48	10.56	-	15.20	-	**42.24**
Disposals	-	-	0.46	-	-	-	**0.46**
As at March 31, 2023	**-**	**50.09**	**95.87**	**1.48**	**28.11**	**0.29**	**175.84**
Net carrying value as at:							
March 31, 2023	**2,329.70**	**850.59**	**18.76**	**0.36**	**521.04**	**2.71**	**3,723.16**
March 31, 2022	**2,209.20**	**653.48**	**16.54**	**0.36**	**20.90**	**2.71**	**2,903.19**

Net carrying value

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Goodwill	**2,329.70**	2,209.20
Other intangible assets	**1,393.46**	693.99
Total	**3,723.16**	2,903.19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 5
(a) INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	58.02	0.64
Total	**58.02**	0.64

INTANGIBLE ASSETS UNDER DEVELOPMENT

Ageing of Intangible assets under development as on March 31, 2023 ₹ in Crore

Intangible assets under development	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	57.67	0.35	-	-	58.02
(ii) Projects temporarily suspended	-	-	-	-	-

Ageing of Intangible assets under development as on March 31, 2022 ₹ in Crore

Intangible assets under development	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	0.64	-	-	-	0.64
(ii) Projects temporarily suspended	-	-	-	-	-

NOTE: 5
(b) IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through various business combinations have been allocated to the eight Cash-Generating Units (CGUs) as below:

1. Pantaloons CGU
2. Madura Fashion & Lifestyle CGU
3. Forever 21 CGU
4. Jaypore CGU
5. Finesse CGU
6. Sabyasachi CGU
7. HMLPL CGU
8. TMRW CGU

Pantaloons CGU

During the year ended March 31, 2013, the Company acquired Pantaloons format business ('Pantaloons business') from Future Retail Limited ("FRL"), which consisted of fashion retail business operating under the brand name "Pantaloons". Pantaloons is a leading large format fashion retailer engaged in retailing of apparel and accessories. The business thus acquired is Pantaloons CGU.

Madura Fashion & Lifestyle CGU

Pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") were transferred to the Company on a going concern basis, w.e.f. April 01, 2015.

Madura Undertaking is a leading premium branded apparel player in India with brands like Louis Philippe, Van Heusen, Allen Solly and Peter England, and MGL Retail Undertaking is primarily engaged in promoting lifestyle brands and having licences to retail various international brands like Armani Collezioni, Hugo Boss, Versace Collection and many more under one roof, 'The Collective'. Both these divisions jointly comprise the Madura Fashion & Lifestyle CGU.

Forever 21 CGU

Effective July 01, 2016, the Company acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of operating retail stores in India for the sale of clothing, artificial jewellery, accessories and related merchandise under the brand name "Forever 21" ("F21"), and is considered as a separate CGU.

Jaypore CGU

Effective July 02, 2019, the Company entered in a Share Purchase Agreement(s) with Jaypore E-Commerce Private Limited ("Jaypore") and TG Apparel & Decor Private Limited ("TG Apparel") which sells ethnic fashion merchandise under its own brand "Jaypore" and of other third-party brands through stores and on-line channels. Consequent to the above, Jaypore, Jaypore Inc., USA (an overseas wholly-owned subsidiary of Jaypore) and TG Apparel become wholly-owned subsidiaries of the Company. These Companies together are considered as a separate CGU "Jaypore CGU".

Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore was dissolved on September 21, 2020.

Finesse CGU

Effective July 26, 2019, the Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"), which is primarily engaged in the business of occasional and ceremonial contemporary apparel for men and women under the brand name 'Shantanu & Nikhil'. Finesse became the subsidiary of the Company and is considered as a separate CGU "Finesse CGU".

Sabyasachi CGU

Effective February 24, 2021, the Company entered into Agreement with Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture, a partnership firm ("Sabyasachi") with a profit share of 51% to the Company, which is engaged in the business of manufacturing, distribution and sale of designer apparel, accessories and jewellery under its own brand 'Sabyasachi' (the "Brand" or "Brand – 'Sabyasachi'). Sabyasachi is India's largest and most influential luxury designer brands with strong Indian roots and global appeal. The Brand straddles categories such as apparel, accessories and jewellery and has a strong franchisee network in India, US, UK, and the Middle East. Considering the terms of the Agreement, Sabyasachi Calcutta LLP became the subsidiary of the Company and is considered as a separate CGU "Sabyasachi CGU".

HMLPL CGU

On January 14, 2022, the Board of Directors approved the acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited ("HMLPL") by way of entering into a Binding Term Sheet subject to signing of definitive agreements, completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, if any. On June 01, 2022, post completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, HMLPL became a subsidiary of the Company and is considered as a separate CGU "HMLPL CGU".

TMRW CGU

On February 4, 2022, the Board approved to set up a new subsidiary, for foraying into the Direct to Consumer ("D2C") business towards building a portfolio of distinct, new-age, digital brands across categories in fashion, beauty and other allied lifestyle segments. The D2C portfolio will be built through organic and inorganic means. Thus, w.e.f. April 11, 2022 Aditya Birla Digital Fashion Ventures Limited ("ABDFVL") a wholly owned subsidiary of the Company was set up to carry on the "D2C" business and is considered as a separate CGU "ABDFVL CGU".

Awesome Fab Shopping Pvt Ltd, Imperial Online Services Private Limited, Pratyaya E-Commerce Pvt Ltd, NautiNati and Bewakoof Brands Private Limited form part of ABDFVL CGU."

For the purpose of Segment reporting, Madura Fashion & Lifestyle, Forever 21, Jaypore, Finesse, Sabyasachi, HMLPL and ABDFVL 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, 2023	As at March 31, 2022
Pantaloons CGU	**1,167.55**	1,167.55
Madura Fashion & Lifestyle CGU	**627.67**	627.67
Forever 21 CGU	**64.38**	64.38
Jaypore CGU	**88.44**	88.44
Finesse CGU	**35.02**	35.02
Sabyasachi CGU	**226.14**	226.14
HMLPL CGU	**45.24**	-
TMRW CGU		
Awesome Fab Shopping Private Limited	**7.48**	-
Imperial Online Services Private Limited	**6.82**	-
Pratyaya E-Commerce Private Limited	**3.64**	-
NautiNati	**4.35**	-
Bewakoof Brands Private Limited	**52.97**	-
Total	**2,329.70**	2,209.20

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, 2023, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three years period ended March 31, 2026 and cash flow projections for financial years 2027 and 2028 has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. The Group has considered a terminal growth rate of 5% to arrive at the value in use to perpetuity beyond March 31, 2028. The pre-tax discount rate is applied to cash flow projections for impairment testing during the financial years. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management did not identify impairment for these CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Key assumptions used for value in use calculations

Discount rates:

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings of the respective CGU. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates:

Rates are based on published industry research. Growth rate is based on the Group's projection of business and growth of the industry in which the Group is operating. The growth rate is in line with the long-term growth rate of the industry except for Forever 21 CGU. 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.

No reasonable possible change in key assumptions is likely to result in the recoverable amount of the CGUs being less than their carrying amount.

	Terminal growth rate		Discount rate	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Pantaloons CGU	**5.00%**	5.00%	**15.20%**	14.50%
Madura Fashion & Lifestyle CGU	**5.00%**	5.00%	**16.00%**	15.00%
Forever 21 CGU	**5.00%**	5.00%	**17.80%**	14.90%
Jaypore CGU	**5.00%**	5.00%	**19.80%**	19.10%
Finesse CGU	**5.00%**	5.00%	**17.20%**	15.20%
Sabyasachi CGU	**5.00%**	5.00%	**17.70%**	18.70%
HMLPL CGU	**5.00%**	-	**17.50%**	-
Awesome Fab Shopping Private Limited CGU	**5.00%**	-	**19.50%**	-
Imperial Online Services Private Limited CGU	**5.00%**	-	**18.50%**	-
Pratyaya E-Commerce Private Limited CGU	**5.00%**	-	**22.50%**	-
NautiNati CGU	**5.00%**	-	**24.80%**	-
Bewakoof Brands Private Limited CGU	**5.00%**	-	**17.70%**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 6
(a) INVESTMENT IN JOINT VENTURE

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Joint Venture (Refer Note - 47b)		
Share in Net Assets	38.13	38.13
Goodwill	29.05	29.05
Equity Investment in Joint Venture - at cost	67.18	67.18
Share in profit / (loss) after tax (including other comprehensive income) of Joint Venture	6.40	1.39
Total	73.58	68.57

(b) OTHER INVESTMENTS: (Carried at fair value through other comprehensive income)

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Unquoted equity instruments		
7,000 (March 31, 2022: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	10.56	7.31
10,000 (March 31, 2022: 10,000) fully paid up equity shares of ₹ 10/- each of Retailers Association of India	0.01	0.01
Total	10.57	7.32
* Increase is on account of fair valuation.		
Aggregate book value of unquoted investments	84.15	75.89
Aggregate amount of impairment in value of investments	-	-

NOTE: 7
NON-CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	1.15	1.56
Total	1.15	1.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 8
NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 48)	5.64	5.64
Unsecured, considered good	428.67	317.94
Unsecured, considered doubtful	1.60	0.31
Provision for doubtful deposits	(1.60)	(0.31)
Total	434.31	323.58

NOTE: 9
NON-CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Net investment in sublease	243.84	-
Other bank balance		
Bank deposits with more than 12 months maturity from the Balance Sheet date	0.30	3.32
Derivative Instruments	0.72	-
Total	244.86	3.32

NOTE: 10
DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

Reflected in the Consolidated Balance Sheet as follows:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	408.50	380.46
Deferred tax liabilities	251.68	211.94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Deferred tax assets/ (liabilities) relates to the following:

₹ in Crore

	Consolidated Balance Sheet		Consolidated Statement of Profit and Loss	
	As at March 31, 2023	As at March 31, 2022	**Year ended March 31, 2023**	Year ended March 31, 2022
Difference between carrying amount of Property Plant and Equipment and Intangible Assets and their tax base	**(248.45)**	(256.69)	**(8.24)**	(3.58)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	**49.51**	24.76	**(24.75)**	(3.68)
Share-based payment	**11.08**	7.27	**(3.81)**	(6.54)
Loss as per income tax computations available for off-set against future taxable income	**458.73**	492.25	**33.52**	(15.20)
Intangibles recognised in business combinations	**(15.06)**	(7.36)	**-**	-
Impact of Ind AS 116				
ROU assets and lease liabilities	**138.07**	115.81	**(22.26)**	(10.62)
Others	**14.62**	4.42	**(10.20)**	(7.33)
Net deferred tax assets/ (liabilities)	**408.50**	380.46	**(35.73)**	(46.96)
Deferred tax liabilities				
Deferred tax pursuant to business combination	**251.68**	211.94		
Deferred tax liabilities (Net)	**251.68**	211.94		

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.

Reconciliation of deferred tax assets/ (liabilities) (net):

₹ in Crore

	Deferred tax assets (net)		Deferred tax liabilities (net)	
	As at March 31, 2023	As at March 31, 2022	**As at March 31, 2023**	As at March 31, 2022
As at the beginning of the year	**380.46**	333.92	**(211.94)**	(212.25)
Deferred tax pursuant to business combinations (Refer Note - 47)	**(7.69)**	-	**(39.74)**	-
Deferred tax income/ (expense) recognised in profit and loss	**36.67**	47.05	**-**	0.31
Deferred tax income/ (expense) recognised in OCI during the year (Refer Note - 39)	**(0.94)**	(0.51)	**-**	-
As at the end of the year	**408.50**	380.46	**(251.68)**	(211.94)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 11
OTHER NON-CURRENT ASSETS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Capital advances	**37.46**	17.76
Prepayments	**50.86**	43.46
Balances with government authorities (other than income tax)	**39.29**	40.08
Other receivables	**1.14**	0.67
Total	**128.75**	101.97

NOTE: 12
INVENTORIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
At lower of cost and net realisable value		
Raw materials	**274.47**	307.51
Includes Goods-in-transit ₹ 97.71 Crore (March 31, 2022: ₹ 125.03 Crore)		
Work-in-progress	**72.73**	65.51
Finished goods	**452.17**	306.24
Includes Goods-in-transit ₹ 1.17 Crore (March 31, 2022: ₹ 1.90 Crore)		
Stock-in-trade	**3,332.63**	2,192.44
Includes Goods-in-transit ₹ 29.52 Crore (March 31, 2022: ₹ 28.46 Crore)		
Stores and spares	**48.31**	34.43
Packing materials	**34.07**	23.46
Total	**4,214.38**	2,929.59

During the year ended March 31, 2023, ₹ 56.52 Crore (March 31, 2022: ₹ 37.09 Crore) is recognised as an expense for inventories carried at net realisable value.

NOTE: 13
CURRENT INVESTMENTS (Carried at fair value through profit and loss (FVTPL))

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Quoted investments		
Aditya Birla Sun Life Liquid Fund - Growth- Regular Plan (March 31, 2023: 3,48,379.588 units, March 31, 2022: Nil units)	**12.53**	-
Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan (formerly known as Aditya Birla Sun Life Cash Plus) (March 31, 2023: Nil, March 31, 2022: 25,70,542.054 units)	**-**	87.51
Aditya Birla Sun Life Overnight Fund - Growth- Direct Plan (March 31, 2023: 322.298 Units, March 31, 2022: Nil)	**0.04**	-
Aditya Birla Sun Life Overnight Fund - Growth- Direct Plan (formerly known as Aditya Birla Sun Life Cash Plus) (March 31, 2023: 4,14,626.568 units, March 31, 2022: Nil)	**50.01**	-
Aditya Birla Sun Life Overnight Fund - Growth- Regular Plan (March 31, 2023: 70,986.05 units, March 31, 2022: Nil)	**8.57**	-
Aditya Birla Sunlife Money Market Fund (March 31, 2023: Nil, March 31, 2022: 1,37,771.60 units)	**-**	4.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Aditya Birla Sunlife Liquid Fund (March 31, 2023: Nil, March 31, 2022: 3,79,345.35 units)	-	13.02
Aditya Birla Sun Life Savings Fund- Growth (March 31, 2023: Nil, March 31, 2022: 20,322.745 units)	-	0.89
Aditya Birla Sun Life Liquid Fund (March 31, 2023: Nil, March 31, 2022: 2,41,593.084 units)	-	8.22
Aditya Birla Sun Life Money Manager Fund - Growth Regular Plan (March 31, 2023: Nil, March 31, 2022: 32,20,919.551 units)	-	95.43
Axis Money Market - Regular Growth(MM-GP) (March 31, 2023: Nil, March 31, 2022: 3,35,483.883 units)	-	38.49
Axis Liquid Fund - Regular Growth(CF-GP) (March 31, 2023: 25,579.438 units, March 31, 2022: 1,52,008.935 units)	6.35	35.72
ABSL Money Manager Fund Units (March 31, 2023: Nil, March 31, 2022: 2,53,319.96 units)	-	7.51
Axis Overnight Fund - Regular Growth(O) (March 31, 2023: 4,22,822.210 units, March 31, 2022: Nil)	50.01	-
ABSL Savings Fund Units (March 31, 2023: Nil, March 31, 2022: 1,85,839.79 units)	-	8.18
Axis Money Market Fund Units (March 31, 2023: Nil, March 31, 2022: 70,008.14 units)	-	8.03
ICICI Mutual fund - Pru Liquid Direct Growth (March 31, 2023: 1.88 units, March 31, 2022: Nil)	0.00	-
ICICI Mutual Funds - Money Market Direct Growth (March 31, 2023: 4.25 units, March 31, 2022: Nil)	0.00	-
DSP Saving Fund - Regular Plan Growth (March 31, 2023: Nil, March 31, 2022: 35,11,989.369 units)	-	15.03
DSP Liquidity Fund - Regular Plan Growth (March 31, 2023: Nil, March 31, 2022: 39,768.674 units)	-	12.00
HDFC Liquid Fund - Regular Growth Plan (March 31, 2023: Nil, March 31, 2022: 90,592.704 units)	-	37.61
HDFC Mutual fund - Liquid Direct Growth (March 31, 2023: 27.93 units, March 31, 2022: Nil)	0.01	-
HDFC Money Market Fund - Regular Growth Plan (March 31, 2023: Nil, March 31, 2022: 89,682.608 units)	-	41.17
ICICI Prudential Money Market - Fund Growth (March 31, 2023: Nil, March 31, 2022: 5,04,139.019 units)	-	15.34
IDFC Cash Fund Units (March 31, 2023: Nil, March 31, 2022: 5,940.95 units)	-	1.52
Invesco Liquid Fund Units (March 31, 2023: Nil, March 31, 2022: 17,266.16 units)	-	5.02
Kotak Liquid Fund Regular Plan Growth (March 31, 2023: Nil, March 31, 2022: 82,127.437 units)	-	35.14
Kotak Equity Arbitrage Fund Growth Regular Plan (March 31, 2023: Nil, March 31, 2022: 10,16,322.965 units)	-	3.07
Kotak Money Market Fund (March 31, 2023: 98.03 units, March 31, 2022: Nil)	0.04	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Kotak Overnight Fund Growth - Regular Plan (March 31, 2023: 4,19,792.177 units, March 31, 2022: Nil)	50.00	-
L & T Liquid Fund - Regular Growth (March 31, 2023: Nil, March 31,2022: 69,130.529 units)	-	20.05
Mirae Asset Cash Management Fund - Regular Plan (March 31, 2023: Nil, March 31, 2022: 1,40,625.465 units)	-	31.17
SBI Mutual fund - Corporate Bond Fund Regular Plan Growth* (March 31, 2023: 34,67,634.26 units, March 31, 2022: Nil)	4.62	-
SBI Mutual fund - Liquid Direct Growth (March 31, 2023: 0.82 unit, March 31, 2022: Nil)	0.00	-
SBI Liquid Fund Regular Growth (March 31, 2023: 701.692 units, March 31, 2022: 1,66,171.185 units)	0.25	55.02
UTI Overnight Fund - Regular Plan (March 31, 2023: Nil, March 31, 2022: 7,030.267 units)	-	2.03
UTI Liquid Cash Plan - Regular Plan (March 31, 2023: Nil, March 31, 2022: 45,350.426 units)	-	15.71
UTI Arbitrage Fund (March 31,2023: Nil, March 31, 2022: 9,298.017 units)	-	3.22
UTI Money Market Fund Units (March 31, 2023: Nil, March 31, 2022: 32,223.80 units)	-	7.95
Total	**182.43**	608.14
Aggregate book value of quoted investments	**182.43**	608.14
Aggregate market value of quoted investments	**182.43**	608.14

NOTE: 14
CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	**10.04**	7.14
Total	**10.04**	7.14

NOTE: 15
CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Security deposits		
Unsecured, considered good	**97.09**	118.96
Unsecured, considered doubtful	**8.61**	9.20
Provision for doubtful deposits	**(8.61)**	(9.20)
Total	**97.09**	118.96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 16
TRADE RECEIVABLES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Trade receivables from others	914.55	781.32
Less: Loss Allowances	(28.11)	(24.89)
Total	**886.44**	756.43

Break-up for security details:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Secured, considered good	46.55	104.00
Unsecured, considered good	868.00	677.32
Total	**914.55**	781.32

Ageing of Trade Receivables:

₹ in Crore

Particulars	Outstanding as on March 31,2023 (for following periods from due date of payments)						
	Not Due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	630.42	229.56	26.95	2.20	0.45	0.00	889.58
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:*	-	-	-	-	-	-	-
Disputed	0.26	7.02	0.21	0.25	0.58	7.39	15.71
Undisputed	-	0.44	0.21	0.19	0.60	7.82	9.26
(ix) Provision on Trade Receivables assessed on individual basis							(24.97)
(x) Expected credit loss							(3.14)
Total	630.68	237.02	27.37	2.64	1.63	15.21	886.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

Particulars	Outstanding as on March 31,2022 (for following periods from due date of payments)						
	Not Due	0 - 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	550.86	198.43	6.24	2.04	0.90	0.83	759.30
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Undisputed - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(viii) Trade Receivables assessed for credit risk on individual basis:*							-
Disputed	-	0.11	-	0.11	0.89	6.62	7.73
Undisputed	-	0.32	5.59	0.07	2.14	6.17	14.29
(ix) Provision on Trade Receivables assessed on individual basis							(22.02)
(x) Expected credit loss							(2.87)
Total	550.86	198.86	11.83	2.22	3.93	13.62	756.43

No trade or other receivables is due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer Note - 48.

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 b2b, e-commerce b2c, export and trade customers. The Group follows the simplified approach method for computing the expected credit loss. The risk are categorised into high, low and moderate category basis internal and external parameters. Any customer related specific information has been factored over and above the probability of default (PD). Provision matrix takes into account historical credit loss experience adjusted for forward-looking estimates and macro-economic factors. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	Expected credit loss (%)					
	As at March 31, 2023			As at March 31, 2022		
	Departmental stores#	Depletion key accounts#	Trade Channel	Departmental stores#	Depletion key accounts#	Trade Channel
Not due	0.00%	0.00%	1.03%	0.00%	0.00%	0.64%
0-90 days	0.00%	0.00%	3.12%	0.00%	0.00%	3.12%
91-180 days	0.00%	0.00%	3.44%	0.00%	0.00%	3.44%
181-365 days	0.00%	0.00%	4.10%	0.00%	0.00%	4.10%
1-2 years	0.00%	0.00%	4.32%	0.00%	0.00%	4.32%
2-3 years	0.00%	0.00%	4.41%	0.00%	0.00%	4.41%

Ageing of receivables on which impairment allowance of doubtful debts is applied*

₹ in Crore

	As at March 31, 2023			As at March 31, 2022		
	Departmental stores#	Depletion key accounts#	Trade Channel	Departmental stores#	Depletion key accounts#	Trade Channel
Not due	-	-	223.67	-	-	242.25
0-90 days	-	-	18.39	-	-	18.91
91-180 days	-	-	6.81	-	-	2.52
181-365 days	-	-	0.41	-	-	2.34
1-2 years	-	-	0.19	-	-	3.57
2-3 years	-	-	0.09	-	-	3.84
Total	-	-	249.56	-	-	273.43

* The amount is net of provision for discount and refund liabilities.

\# Impact is considered to be immaterial.

Movement in the expected credit loss allowance

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	24.89	26.33
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	0.44	1.12
Specific provision (reversed)/ made	2.78	(2.56)
As at the end of the year	28.11	24.89

NOTE: 17
CASH AND CASH EQUIVALENTS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
Current accounts	153.61	36.75
Deposit accounts (original maturity less than 3 months)	501.49	50.44
Balances with credit card companies	16.95	11.19
Balances with e-wallet companies	4.38	1.91
Cash on hand	13.04	13.67
Cheques/ drafts on hand	3.22	4.26
Total	692.69	118.22

The Group has undrawn committed borrowing facility available to the extent of ₹ 3,377.82 Crore as at March 31, 2023 (March 31, 2022: ₹ 3,546.00 Crore).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Details of non-cash transactions from investing activities and Changes in liabilities arising from financing activities:

As at March 31, 2023

₹ in Crore

				Non-cash changes		
	As at March 31, 2022	Pursuant to business combinations	Cash flows (net)	Fair value adjust-ments	Others	As at March 31, 2023
Investing activities						
Non-current investments	75.89	-	-	3.25	5.01	84.15
Current investments	608.14	0.05	(449.02)	(1.41)	24.67	182.43
Total	684.03	0.05	(449.02)	1.84	29.68	266.58
Financing activities						
Non-current borrowings	777.97	11.61	718.04	-	0.00	1,507.62
Current borrowings (including current maturities of non-current borrowings)	454.36	73.33	270.21	-	0.00	797.90
Lease liabilities	2,868.09	9.34	(891.01)	-	2,280.92	4,267.34
Total	4,100.42	94.28	97.24	-	2,280.92	6,572.86

As at March 31, 2022

₹ in Crore

				Non-cash changes		
	As at March 31, 2021	Pursuant to business combinations	Cash flows (net)	Fair value adjust-ments	Others	As at March 31, 2022
Investing activities						
Non-current investments	73.59	-	-	0.65	1.65	75.89
Current investments	344.31	-	243.60	2.80	17.43	608.14
Total	417.90	-	243.60	3.45	19.08	684.03
Financing activities						
Non-current borrowings	814.37	-	(36.40)	-	-	777.97
Current borrowings (including current maturities of non-current borrowings)	322.01	-	132.35	-	-	454.36
Lease liabilities	2,463.40	-	(560.87)	-	965.56	2,868.09
Total	3,599.78	-	(464.91)	-	965.56	4,100.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 18
BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Earmarked deposits		
Current accounts	0.11	0.11
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)*#	8.26	2.20
Total	8.37	2.31

* Bank balance other than cash and cash equivalents are held as margin money under lien to banks for assuring guarantees.

Bank deposits amounting to ₹ 2.78 Crore (March 31, 2022 ₹ Nil) of Sabyasachi Calcutta LLP (a subsidiary of the Company) are held as margin money under lien to banks for assuring guarantees and against term loan/ working capital facilities and bank deposits amounting to ₹ 4.81 Crore (March 31, 2022 ₹ Nil) of Aditya Birla Digital Fashion Ventures Limited (a subsidiary of the Company) are held as lien by banks against term loan from bank, bank guarantees and credit card.

NOTE: 19
CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Net investment in sublease	38.08	-
Derivative contracts	0.65	-
Interest accrued on deposits	0.14	0.17
Other receivables	32.36	43.39
Total	71.23	43.56

NOTE: 20
OTHER CURRENT ASSETS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Capital advances	0.05	0.12
Prepayments	45.28	57.93
Advance to suppliers	177.37	142.33
Export incentives	0.58	1.14
Balances with government authorities (other than income tax)	491.95	332.70
Government grant receivables	1.24	1.24
Insurance claim receivables	0.91	0.84
Right to return assets	288.21	206.26
Other receivables	1.79	7.61
Total	1,007.38	750.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 21
EQUITY SHARE CAPITAL

Authorised share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	1,00,00,00,000	1,000.00	1,00,00,00,000	1,000.00
Increase during the year	1,00,00,00,000	1,000.00	-	-
As at the end of the year	2,00,00,00,000	2,000.00	1,00,00,00,000	1,000.00

Issued equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	93,85,09,538	938.50	93,77,36,163	937.73
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 21(iii)]	138	0.01	2,80,504	0.28
Equity shares under Preferential Issue [Refer Note - 21(iv)]	1,02,16,450	10.22	-	-
Exercise of Options (Refer Note - 44)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,89,96,351	949.00	93,85,09,538	938.50

Subscribed and paid-up equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	93,83,04,034	938.29	93,75,30,659	915.05
Increase during the year towards:				
Equity shares under Rights Issue [Refer Note - 21(iii)]	138	0.01	2,80,504	22.75
Equity shares under Preferential Issue [Refer Note - 21(iv)]	1,02,16,450	10.22	-	-
Exercise of Options (Refer Note - 44)	2,70,225	0.27	4,92,871	0.49
As at the end of the year	94,87,90,847	948.79	93,83,04,034	938.29

(i) Shares held by Promoters :

Shares held by Promoters as at March 31, 2023			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
Birla Group Holdings Private Limited	17,15,52,967	18.08	-0.20%
IGH Holdings Private Limited	13,64,72,680	14.38	-0.16%
Grasim Industries Limited	9,75,93,931	10.29	-0.11%
Umang Commercial Company Private Limited	6,50,66,998	6.86	-0.07%
Hindalco Industries Limited	5,02,39,794	5.30	-0.05%
Pilani Investment and Industries Corporation Limited	39,88,866	0.42	0.00%
Mrs. Rajashree Birla	8,63,696	0.09	0.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Shares held by Promoters as at March 31, 2023			% Change during the year
Promoter name	**No. of Shares**	**% of total shares**	
Birla Industrial Finance (India) Limited	1,66,508	0.02	0.00%
Birla Consultants Limited	1,66,422	0.02	0.00%
ABNL Investment Limited	77,430	0.01	0.00%
Birla Industrial Investments (India) Limited	34,666	0.00	0.00%
Mr. Kumar Mangalam Birla	33,966	0.00	0.00%
Mrs. Neerja Birla	20,270	0.00	0.00%
Mrs. Vasavadatta Bajaj	19,542	0.00	0.00%
Aditya Vikram Kumar Mangalam Birla HUF	1,780	0.00	0.00%
Total	**52,62,99,516**	**55.47**	

Shares held by Promoters as at March 31, 2022			% Change during the year
Promoter name	No. of Shares	% of total shares	
Birla Group Holdings Private Limited	17,15,52,967	18.28	-0.01%
IGH Holdings Private Limited	13,64,72,680	14.54	0.01%
Grasim Industries Limited	9,75,93,931	10.40	0.00%
Umang Commercial Company Private Limited	6,50,66,998	6.93	0.00%
Hindalco Industries Limited	5,02,39,794	5.35	0.00%
Pilani Investment and Industries Corporation Limited	39,88,866	0.43	0.00%
Mrs. Rajashree Birla	8,63,696	0.09	0.00%
Birla Industrial Finance (India) Limited	1,66,508	0.02	0.00%
Birla Consultants Limited	1,66,422	0.02	0.00%
ABNL Investment Limited	77,430	0.01	0.00%
Birla Industrial Investments (India) Limited	34,666	0.00	0.00%
Mr. Kumar Mangalam Birla	33,966	0.00	0.00%
Mrs. Neerja Birla	20,270	0.00	0.00%
Mrs. Vasavadatta Bajaj	19,542	0.00	0.00%
Aditya Vikram Kumar Mangalam Birla HUF	1,780	0.00	0.00%
Total	52,62,99,516	56.09	

(ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(iii) Issue of Right Shares

Rights Issue - 2020:

a) Approval: On May 27, 2020, the Board approved fund raising by way of a Rights Issue. On June 25, 2020, it further approved the terms of the issue i.e. 9,04,65,693 equity shares of face value of ₹ 10 each ("RES") at a price of ₹ 110 per Rights Equity Share (including premium of ₹ 100 per RES), aggregating to ₹ 995.12 Crore, in the ratio of 9 RES for every 77 existing fully-paid shares held by the eligible equity shareholders as on the Record Date i.e. July 1, 2020.

b) Application: On July 28, 2020, 9,02,77,042 RES of face-value ₹ 10 each were allotted as Partly paid shares ("PPS") to the eligible applicants who paid the application amount of ₹ 55 per RES (including premium of ₹ 50). Allotment of 1,88,651 RES has been kept in abeyance, pending regulatory/ other clearances.

c) First Call: On January 11, 2021, the 'First call' money of ₹ 27.50 per PPS (including premium of ₹ 25) was called for. On 8,99,09,500 PPS, the amount due, was successfully received. 3,67,542 PPS were forfeited due to non-payment, in accordance with the Articles of Association and Letter of Offer [dated June 28, 2020] ("LoF").

d) Final Call: On July 5, 2021, the final call money of ₹ 27.50 per PPS (including premium of ₹ 25) was called for and the payment period ended on July 19, 2021. The Company issued a 'Final Demand Cum Forfeiture Notice for Payment of Final Call Money on Partly Paid-Up Equity Shares' on September 28, 2022 to those shareholders who were yet to pay the amount due, thereby allowing further time until October 31, 2022.

e) Annulment of Forfeiture: On September 1, 2021, the Board of Directors approved annulment of 3,67,542 partly paid-up shares ("PPS") which were earlier forfeited. The Company issued a 'Final Demand Cum Forfeiture Notice - Partly Paid-Up Equity Shares' on September 28, 2022 to those shareholders who were yet to pay the amount due, thereby allowing further time until October 31, 2022. The Company has received payment towards 3,08,645 PPS.

f) Forfeiture: On November 4, 2022, the Board of Directors approved the forfeiture of 86,900 Equity shares on which first and/or final the call amount remains unpaid.

g) There has been no deviation in the use of proceeds of the Rights Issue, from the objects stated in the LoF.

(iv) Preferential Issue to foreign portfolio investors

a) On May 24, 2022, the Board of Directors of the Company approved a Preferential Issue ("said issue") of 1,02,16,450 fully paid up Equity Shares of face value of ₹ 10 each, for cash, at a price of ₹ 288.75 per Equity Share (including a premium of ₹ 278.75 per Equity Share) and 6,58,00,866 warrants at a price of ₹ 288.75 per warrant ("Warrant Issue Price"), each warrant being convertible into or exchangeable for 1 Equity Share of the Company of face value of ₹ 10 each aggregating to ₹ 2,195 Crore to Caladium Investment Pte. Ltd, a Foreign Portfolio Investor ("Investor") by way of preferential allotment on private placement basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 by way of entering into a Share Subscription Agreement, ["SSA"].

b) The Company received the approval of the Shareholders by way of Postal Ballot on June 23, 2022 and of Competition Commission of India on August 30, 2022 and Securities Exchange Board of India on September 7, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

c) On September 20, 2022, post completion of the customary closing conditions of SSA, the Board of Directors approved the allotment to the Investor on receipt of consideration aggregating to ~ ₹ 770 Crore towards:

i) 1,02,16,450 fully paid up Equity Shares, of which ₹ 10 is towards face value and ₹ 278.75 towards premium and

ii) 6,58,00,866 warrants, upon receipt of 25% of the Warrant Issue Price (i.e. ₹ 72.1875 per warrant) as warrant subscription money. Balance 75% of the Warrant Issue Price (i.e. ₹ 216.5625 per warrant) shall be payable within 18 months from the allotment date.

(v) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital
Birla Group Holdings Private Limited	17,15,52,967	18.08%	17,15,52,967	18.28%
IGH Holdings Private Limited	13,64,72,680	14.38%	13,64,72,680	14.54%
Grasim Industries Limited	9,75,93,931	10.29%	9,75,93,931	10.40%
Flipkart Investments Private Limited	7,31,70,731	7.71%	7,31,70,731	7.80%
Umang Commercial Company Private Limited	6,50,66,998	6.86%	6,50,66,998	6.93%
Hindalco Industries Limited	5,02,39,794	5.30%	5,02,39,794	5.35%

(vi) There were no shares issued for consideration other than cash during the period of five years immediately preceding the reporting year.

(vii) 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, 2023	As at March 31, 2022
Share application money pending allotment		
As at the beginning of the year	-	-
Share application money received/ (allotted) towards exercise of Options	0.01	-
As at the end of the year	0.01	-
Share suspense account (Refer Note - 21(vi))	-	-
As at the beginning of the year	0.02	0.02
As at the end of the year	0.02	0.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Securities premium		
As at the beginning of the year	3,118.18	2,879.58
Equity shares under Rights Issue [Refer Note- 21(iii)]	0.20	226.05
Equity shares under Preferential Issue (net off share issue expenses of ₹ 0.95 Crore (March 31, 2022: ₹ Nil)) [Refer Note- 21(iv)]	283.82	-
Premium on exercise of Options	5.86	12.55
As at the end of the year	3,408.06	3,118.18
Retained earnings		
As at the beginning of the year	(1,265.39)	(1,117.43)
Loss for the year	(35.99)	(108.72)
Difference between redemption amount of Put option liabilities and carrying amount of Non-controlling interest [Refer Note - 2.3(XIII)]	(175.87)	(46.94)
Acquisition of NCI share	-	2.65
Others	7.73	5.05
As at the end of the year	(1,469.51)	(1,265.39)
Share options outstanding account		
As at the beginning of the year	60.06	47.63
Recognition of Share based payment expenses	20.01	29.13
Transfer to Securities Premium on exercise of Options	(5.86)	(12.55)
Set off of ESOP reserve with loan given to trust on exercise of Options	(5.89)	-
Transfer to Capital reserve on exercise of Options	(0.96)	-
Others	-	(4.15)
As at the end of the year	67.36	60.06
Treasury shares (Refer Note - 44)		
As at the beginning of the year	(103.09)	(104.46)
Treasury shares issued/ (purchases) by ESOP Trust during the year	(11.91)	1.37
As at the end of the year	(115.00)	(103.09)
Share Warrants [Refer Note 21 (iv)]		
As at the beginning of the year	-	-
Warrants issued during the year	475.00	-
As at the end of the year	475.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

		As at March 31, 2023	As at March 31, 2022
Capital reserve			
As at the beginning of the year		**21.74**	21.88
Changes during the year [due to forfeiture of Rights equity shares (Refer Note - 21(iii))]		**0.00**	(0.14)
Transfer to Capital reserve on exercise of Options		**0.96**	-
As at the end of the year		**22.70**	21.74
Other comprehensive income			
Remeasurement gains/ (losses) on defined benefit plans			
As at the beginning of the year		**1.11**	(0.28)
Gains/ (losses) during the year		**(0.36)**	1.39
As at the end of the year		**0.75**	1.11
Fair value gains/ (losses) on equity instruments			
As at the beginning of the year		**2.34**	1.84
Gains/ (losses) during the year		**2.44**	0.50
As at the end of the year		**4.78**	2.34
Foreign currency translation reserve			
As at the beginning of the year		**0.06**	(0.04)
Gains/ (losses) during the year		**0.03**	0.10
As at the end of the year		**0.09**	0.06
Effective portion of cashflow hedge			
As at the beginning of the year		**-**	-
Gains/ (losses) during the year		**0.25**	-
As at the end of the year		**0.25**	-
Other equity attributable to owners of the Company	(A)	**2,394.50**	1,835.03
Non-controlling interest			
As at the beginning of the year		**15.20**	32.48
Non-controlling interest recognised as at the beginning of the year		**421.15**	374.21
Difference between redemption amount of Put option liabilities and carrying amount of Non-controlling interest [Refer Note - 2.3(XIII)]		**175.87**	46.94
Non-controlling interest derecognised at the end of the year		**(724.08)**	(421.15)
Non-controlling interest recognised pursuant to business combinations during the year (Refer Note- 47)		**73.89**	-
Additional contribution by Non-controlling shareholders/partners		**71.80**	-
Acquisition of NCI share		**-**	(2.65)
Profit/ (Loss) during the year		**(23.39)**	(9.58)
Others		**(7.73)**	(5.05)
As at the end of the year	(B)	**2.71**	15.20
Total other equity	(A+B)	**2,397.20**	1,850.23

Other equity

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Share application money pending allotment	**0.01**	-
Share suspense account (Refer Note - 21(vi))	**0.02**	0.02
Reserves and surplus		
Securities premium	**3,408.06**	3,118.18
Retained earnings	**(1,469.51)**	(1,265.39)
Share options outstanding account	**67.36**	60.06
Treasury shares (Refer Note - 44)	**(115.00)**	(103.09)
Share warrants	**475.00**	-
Capital reserve	**22.70**	21.74
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	**0.75**	1.11
Fair value gains/ (losses) on equity instruments	**4.78**	2.34
Foreign currency translation reserve	**0.09**	0.06
Effective portion of cashflow hedge	**0.25**	-
Other equity attributable to owners of the Company	**2,394.50**	1,835.03
Non-controlling interest	**2.71**	15.20

The description of the nature and purpose of each reserve within other equity is as follows:

1. **Share suspense account (Refer Note - 21(vi))**

   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.

2. **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

3. Retained earnings

Retained earnings comprise of the Group's accumulated undistributed profits/ (losses) after taxes.

4. Share options outstanding account

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.

5. 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 allot shares to employees at the time of exercise of ESOP by employees.

6. Capital reserve

Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of Scheme of Arrangement and forfeiture of Rights shares.

7. Remeasurement gains/ (losses) on defined benefit plans

The cumulative balances of gains/ (losses) arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in remeasurement gains/ (losses) reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

8. 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 gains/ (losses) will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

9. Foreign currency translation reserve

The translation reserve comprise foreign currency exchange differences arising from the translation of the financial statements of foreign operations. This gains/ (losses) will be reclassified subsequently to Consolidated Statement of Profit and Loss.

10. Share Warrants [Refer Note 21 (iv)]

On May 24, 2022, the Board of Directors of the Company approved a Preferential Issue ("said issue") of 1,02,16,450 fully paid up Equity Shares of face value of ₹ 10 each, for cash, at a price of ₹ 288.75 per Equity Share (including a premium of ₹ 278.75 per Equity Share) and 6,58,00,866 warrants at a price of ₹ 288.75 per warrant ("Warrant Issue Price"), each warrant being convertible into or exchangeable for 1 Equity Share of the Company of face value of ₹ 10 each aggregating to ₹ 2,195 Crore to Caladium Investment Pte. Ltd, a Foreign Portfolio Investor ("Investor") by way of preferential allotment on private placement basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 by way of entering into a Share Subscription Agreement, ["SSA"].

The Company received the approval of the Shareholders by way of Postal Ballot on June 23, 2022 and of Competition Commission of India on August 30, 2022 and Securities Exchange Board of India on September 7, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

On September 20, 2022, post completion of the customary closing conditions of SSA, the Board of Directors approved the allotment to the Investor on receipt of consideration aggregating to ~ ₹ 770 Crore towards:

i) 1,02,16,450 fully paid up Equity Shares, of which ₹ 10 is towards face value and ₹ 278.75 towards premium and

ii) 6,58,00,866 warrants, upon receipt of 25% of the Warrant Issue Price (i.e. ₹ 72.1875 per warrant) as warrant subscription money. Balance 75% of the Warrant Issue Price (i.e. ₹ 216.5625 per warrant) shall be payable within 18 months from the allotment date.

NOTE: 23
NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore

	Effective interest rate % p.a.	Maturity	As at March 31, 2023	As at March 31, 2022
Redeemable non-convertible debentures				
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	-	324.61
Redeemable non-convertible debentures - Series 8 Zero coupon (Unsecured)*	5.89%	September 09, 2024	**399.83**	399.46
Redeemable non-convertible debentures - Series 9 Zero coupon (Unsecured)*	7.97%	January 29, 2026	**498.42**	-
Term loans from banks				
Term loan from HDFC Bank (TUF) (Secured)[1]	1 year MCLR + 0.25%	March 15, 2025	**3.33**	6.67
Term loan from Federal Bank (Secured)[2]	7.95%	March 28, 2028	**499.00**	-
Term loan from Standard Chartered Bank (Secured)[3]	Repo rate + 4.00% **	March 31, 2034	-	0.79
Term loan from Axis Bank (Secured)[4]	1 Year MCLR + 1.25%	September 30, 2024	**0.98**	5.57
Term loan-FCTL (Secured)[5]	Reference Rate+1.90%	November 23, 2026	**24.01**	14.21
Term loan from ICICI Bank (Secured)[7]	8.21%	December 15, 2028	**28.17**	-
Term loan from ICICI Bank (Secured)[8]	1 Year MCLR	December 31, 2026	**35.00**	-
Term loan from ICICI Bank (Secured)[9]	8.75%	March 31 ,2026	**4.00**	-
Term loan from Bank (Secured)	9.40%	December 31, 2024	**0.03**	-
Term loan from others				
Other borrowings (Unsecured)[6]	8.00% - 14.37%	March 14, 2025 - February 15, 2027	**14.82**	26.15
Other borrowings (secured)	18.75%	April 30, 2024	**0.01**	-
Other borrowings (Unsecured)	18.75%	April 30, 2024	**0.01**	-
Preference shares				
Cumulative redeemable preference shares[10]	8.00%	March 29, 2024	-	0.50
Cumulative redeemable preference shares[11]	6.00%	October 12, 2024	**0.01**	0.01
Total			**1,507.62**	777.97

*Net off unamortised charges

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Current maturities of long-term borrowings

₹ in Crore

	Effective interest rate % p.a.	Maturity	As at March 31, 2023	As at March 31, 2022
Current maturities of long-term borrowings				
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 11, 2022	-	434.69
Redeemable non-convertible debentures - Series 7 Zero coupon (Unsecured)*	8.75%	May 22, 2023	**323.51**	-
Term loan from HDFC Bank (TUF) (Secured) [1]	1 year MCLR + 0.25%	March 15, 2025	**3.33**	3.33
Term loan from Standard Chartered Bank (Secured)[3]	Repo rate + 4.00% **	March 31, 2034	-	0.64
Term loan from Axis Bank (Secured)[4]	1 Year MCLR + 1.25%	September 30, 2024	**4.60**	2.80
Term loan-FCTL (Secured)[5]	Reference Rate + 1.90%	November 23, 2026	**8.74**	0.95
Other borrowings (Unsecured)[6]	8.00% - 14.37%	March 14, 2025 - February 15, 2027	**11.57**	10.07
Term loan from ICICI Bank (Secured)[7]	8.21%	December 15, 2028	**1.69**	-
Term loan from bank (Secured)	9.40%	December 31, 2024	**3.67**	-
Cumulative redeemable preference shares[10]	8.00%	March 29, 2024	**0.50**	-
Total (included in Current Borrowings)			**357.61**	452.48
*Net off unamortised charges				
Aggregate secured borrowings			**616.56**	34.96
Aggregate unsecured borrowings			**1,248.67**	1,195.49

The Group has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings.

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

The Group has registered all the charges with Registrar of Companies within the statutory period.

Details of security and terms of repayment

1. 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.
2. Term loan of ₹ 500 Crores from Federal Bank is secured by way of First pari passu charge on the present and future fixed assets. The loan is repayable at the time of maturity i.e 29th March, 2028.
3. Term loan is secured against the residential/ commercial property of director of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 180 equal monthly instalments commencing from April 2019.
4. Term loan is secured by way of first charge created by hypothecation of movable property, plant and equipment and current assets of Finesse International Design Private Limited (a subsidiary of the Company) excluding vehicles both present and future. The loan is repayable in 12 structured quarterly instalments commencing from December 2021, i.e., after the moratorium period of 12 months.
5. Foreign Currency Term Loan (FCTL in US Dollars) from a Bank taken by the Subsidiary of the Company (M/s Sabyasachi Inc.) is secured by an irrevocable Standby Letter of Credit backed by its Parent entity (Sabyasachi Calcutta LLP) and charge over all moveable and immovable Property, plant and equipment of the Subsidiary. The loan is repayable in 16 equal quarterly instalments starting from March 31, 2023.

6 Loans amounting to ₹ 21.08 Crore is repayable in 20 equal quarterly instalments commencing from March 2020 and loans amounting to ₹ 5.28 Crore is repayable in 48-60 equal monthly instalment commencing on various dates through March 14, 2025 to October 14, 2027.

7 Term Loan from ICICI Bank is secured by the first parri-passu charge on both movable and immovable fixed aseets both present and future amounting to ₹ 50.00 Crore of Sabyasachi Calcutta LLP (a subsidiary of the Company). The tenure of term loan is 6 years with 18 months moratorium. The repayment starts from June 2024 and ends on Decemeber 2028. The repayment of principal amount to ₹ 2.77 Crore will take place quarterly starting from June 2024.The Interest amount will be deducted monthly calculated on the outstanding principal amount.

8 Term loan has been taken from ICICI Bank which is secured by way of charge over movable Property, plant and equipment of Indivinity Clothing Retail Private Limited(a subsidiary of the Company). The loan is repayable in 10 equal quarterly instalments starting from quarter ended September 2024.

9 The loan is secured by way of first charge created by hypothecation of movable property, plant and equipment and current assets of Finesse International Design Private Limited (a subsidiary of the Company) both present and future. The loan is repayable in 8 structured quarterly instalments commencing from June 2024.

Details of Cumulative redeemable preference shares

10 5,00,000 8% Cumulative redeemable preference shares of ₹ 10/- each are entitled to a cumulative dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, shall be subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of Section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years i.e. upto March 29, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

11 500 6% Cumulative redeemable preference shares of ₹ 100/- each are entitled to a cumulative dividend @ 6% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 6% Redeemable Cumulative Preference Shares was October 13, 2019. While the Company had net profits for the financial year 2018-19, it did not have distributable profits in terms of Section 123 of the Act as it had past accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	0.76	-
Non-controlling interest put option*	724.08	421.15
Liability towards license rights	391.06	-
Others	1.19	0.77
Total	**1,117.09**	421.92

*During the year ended March 31, 2021, the Company acquired 51% stake in Sabyasachi Calcutta LLP by entering into an agreement on February 24, 2021. Under the terms of the Agreement, the Company has provided a Put Option to Mr. Sabyasachi Mukherjee to sell his entire holding of 49% to the Company over a period of fourteen years starting from the end of five years from the aforesaid date and thereafter in three tranches, should an initial public offer of the organisation (after conversion to a company) does not take place. In respect of the balance 49% held by promoter of Sabyasachi Calcutta LLP, the Company has accounted the same as non-current financial liability considering the put option. This qualifies as a liability under Ind AS since the Company does not have an unconditional right to not purchase the interest as per the terms of the Agreement. The Non-Controlling Interest has been recorded at the present value of the expected future cash outflows based on an independent valuation performed by the Company's appointed independent valuer.

NOTE: 25
NON-CURRENT PROVISIONS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Employee benefit obligation		
Provision for compensated absence	2.09	1.77
Provision for gratuity (Refer Note - 43)	43.03	32.98
Stock Appreciation Rights (SAR)	1.01	0.18
Provision for pending litigations (Refer Note - 46)	65.60	66.75
Total	**111.73**	101.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Movement of provision for pending litigations during the year:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening balance	66.75	68.72
Add: provision made during the year	0.11	0.65
Less: provision utilised during the year	(0.59)	(0.70)
Less: provision reversed during the year	(0.67)	(1.92)
Closing balance	65.60	66.75

NOTE: 26
OTHER NON-CURRENT LIABILITIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Deferred income	20.20	11.73
Total	**20.20**	11.73

NOTE: 27
CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Loans repayable on demand from banks		
Cash credit/ Working capital demand loan (Secured)[1]	231.19	1.88
Cash credit/ Working capital demand loan (Unsecured)	175.59	-
Loans repayable on demand from others (Secured)	24.81	-
Loans repayable on demand from others (Unsecured)	1.12	-
Gold Metal Loan[2]	2.60	-
Redeemable non-convertible debentures	4.98	-
Current maturities of long-term borrowings (Refer Note - 23)	357.61	452.48
Total current borrowings	797.90	454.36
Aggregate secured borrowings	285.61	9.60
Aggregate unsecured borrowings	512.29	444.76

Details of security

1. 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.
2. The Sabyasachi Calcutta LLP (a subsidiary of the Company) has availed Gold Metal Loan from ICICI Bank as a part of its fund based limit of sanction limit of ₹ 25 Crore for Jewellery manufacturing (domestic and export). The interest shall be charged monthly at notional value of gold linked to international gold lease rate (presently 4.25% p.a.). The loan will be available for a maximum of 180 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 28
TRADE PAYABLES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	**120.63**	87.44
Total outstanding dues of creditors other than micro enterprises and small enterprises*	**3,725.49**	3,323.12
Total	**3,846.12**	3,410.56

* 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, 2023	As at March 31, 2022
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*	**148.00**	97.22
Interest due on the above	**0.63**	0.39
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;	**3.22**	-
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;	**1.47**	1.43
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**6.16**	6.90
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.	**3.41**	-

* Includes amount due to Creditors for capital supplies/ services amounting to ₹ 27.37 Crore as at March 31, 2023 (March 31, 2022 : ₹ 9.78 Crore).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Ageing of Trade Payables:

₹ in Crore

Particulars	Outstanding as on March 31,2023 (for following periods from due date of payment)					
	Not due (including unbilled)	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	**92.07**	**28.17**	**0.18**	**0.11**	**0.07**	**120.59**
(ii) Others	**2,569.07**	**1,055.51**	**25.67**	**12.81**	**60.87**	**3,723.92**
(iii) Disputed dues – MSME	**0.00**	**0.01**	**(0.00)**	**0.03**	**(0.00)**	**0.04**
(iv) Disputed dues – Others	**0.05**	**0.35**	**0.05**	**0.02**	**1.10**	**1.57**

Particulars	Outstanding as on March 31,2022 (for following periods from due date of payment)					
	Not due (including unbilled)	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	77.07	9.28	0.16	0.08	0.24	86.83
(ii) Others	2,942.01	292.43	12.47	7.55	66.15	3,320.61
(iii) Disputed dues – MSME	-	0.44	0.17	-	-	0.61
(iv) Disputed dues – Others	0.56	0.01	0.74	0.18	1.02	2.51

NOTE: 29
CURRENT FINANCIAL LIABILITIES - OTHERS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	**46.02**	133.42
Creditors for capital supplies/ services	**139.62**	59.10
Derivative contracts	**4.65**	3.20
Employee Payable	**188.03**	139.50
Liability towards license rights	**94.85**	-
Others	**23.83**	1.68
Total	**497.00**	336.90

NOTE: 30
CURRENT PROVISIONS

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Employee benefit obligation		
Provision for compensated absences	**104.31**	90.89
Provision for gratuity (Refer Note - 43)	**5.47**	1.01
Stock Appreciation Rights (SAR)	**22.49**	7.03
Provision for contingency*	**1.03**	2.39
Total	**133.30**	101.32

*Provision for contingency of Sabyasachi Calcutta LLP (a subsidiary of the Company) is created towards differential rate for embroidery charges claimed by Job workers towards job work of earlier years. The claims are under process of settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 31
OTHER CURRENT LIABILITIES

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Advances received from customers	**66.87**	84.66
Deferred revenue*	**18.61**	16.43
Other advances received	**0.41**	1.67
Statutory dues (other than income tax)	**81.86**	64.66
Refund liabilities	**534.01**	370.88
Total	**701.76**	538.30

* Deferred revenue

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**16.43**	10.22
Deferred during the year	**70.32**	25.40
Released to the Consolidated Statement of Profit and Loss	**(68.14)**	(19.19)
As at the end of the year	**18.61**	16.43

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, 2023, the estimated liability towards unredeemed points amounts to ₹ 18.61 Crore (March 31, 2022: ₹ 16.43 Crore).

NOTE: 32
REVENUE FROM OPERATIONS

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from sale of products		
Sale of products	**12,284.69**	8,064.53
Revenue from redemption of loyalty points (Refer Note - 31)	**68.14**	19.19
Total revenue from sale of products	**12,352.83**	8,083.72
Revenue from rendering of services	**10.04**	9.34
Other operating income		
Scrap sales	**14.46**	9.87
Export incentives	**9.55**	9.16
Licence fees and royalties	**8.33**	4.65
Space on hire	**0.54**	1.43
Commission income	**22.14**	17.78
Others	**0.01**	0.27
Total	**12,417.90**	8,136.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(a) Right to return assets and refund liabilities:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Right to return assets	**288.21**	206.26
Refund liabilities	**534.01**	370.88

(b) Contract balances:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Contract assets		
Trade receivable	**886.44**	756.43
Contract liabilities		
Advances received from customers	**66.87**	84.66
Deferred revenue	**18.61**	16.43

(c) Reconciliation of revenue as recognised in the Consolidated Statement of Profit and Loss with the contracted price:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	**14,260.55**	9,420.78
Less:		
Sales return	**1,096.61**	671.56
Discount	**727.43**	596.57
Loyalty points	**18.61**	16.43
Revenue as per the Consolidated Statement of Profit and Loss	**12,417.90**	8,136.22

(d) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Madura Fashion & Lifestyle		
Revenue from retail operations	**5,007.35**	3,301.25
Revenue from non-retail operations	**3,299.62**	2,208.90
	8,306.97	5,510.15
Pantaloons		
Revenue from retail operations	**3,972.46**	2,486.63
Revenue from non-retail operations	**138.47**	139.44
	4,110.93	2,626.07
Revenue as per the Consolidated Statement of Profit and Loss	**12,417.90**	8,136.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(e) **Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss based on geographical segment:**

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from customers outside India	242.50	197.61
Revenue from customers within India	12,175.40	7,938.61
Revenue as per the Consolidated Statement of Profit and Loss	12,417.90	8,136.22

NOTE: 33
OTHER INCOME

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Interest income	10.21	9.38
Net gain on sale of current investments	23.26	20.23
Fair value gain on financial instruments at FVTPL	47.25	33.44
Gain on retirement of right-of-use assets (Refer Note - 4a & 45a)	19.75	14.85
Miscellaneous income	15.99	22.65
Total	116.46	100.55

NOTE: 34
COST OF MATERIALS CONSUMED

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Materials consumed		
Inventories at the beginning of the year	307.51	196.02
Add: Purchases	1,212.84	978.67
	1,520.35	1,174.69
Less: Inventories at the end of the year	274.47	307.51
Total	1,245.88	867.18
(b) Purchase of stock-in-trade		
Purchase of stock-in-trade	5,546.76	3,793.42
Total	5,546.76	3,793.42

(c) **Changes in inventories of finished goods, work-in-progress and stock-in-trade**

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Opening inventories		
Finished goods	297.71	158.09
Stock-in-trade	2,192.43	1,432.50
Work-in-progress	74.62	33.74
Inventories taken over pursuant to business combinations		
Finished goods	27.74	-
Stock-in-trade	9.95	-
Work-in-progress	15.59	-
	2,618.04	1,624.33
Less:		
Closing inventories		
Finished goods	452.77	297.71
Stock-in-trade	3,333.20	2,192.43
Work-in-progress	72.73	74.62
	3,858.70	2,564.76
(Increase)/Decrease in inventories	(1,240.66)	(940.43)

NOTE: 35
EMPLOYEE BENEFITS EXPENSE

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	1,350.08	1,011.77
Contribution to provident and other funds (Refer Note - 43)	77.14	58.56
Share-based payment to employees (Refer Note - 44)	31.29	29.13
Gratuity expense (Refer Note - 43)	21.93	17.81
Staff welfare expenses	82.92	41.26
Total	1,563.36	1,158.53

NOTE: 36
FINANCE COSTS

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on borrowings	142.32	133.59
Interest expense on lease liabilities (Refer Note - 4b & 45a)	302.83	214.27
Other borrowing costs	0.86	0.54
Fair value impact on financial instruments at FVTPL	26.35	2.31
Total	472.36	350.71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 37
DEPRECIATION AND AMORTISATION EXPENSE

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (Refer Note - 3a)	**256.87**	213.32
Depreciation on right-of-use assets (Refer Note - 4a & 45a)	**927.85**	762.55
Amortisation on intangible assets (Refer Note - 5)	**42.24**	21.16
Total	**1,226.96**	997.03

NOTE: 38
OTHER EXPENSES

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	**7.69**	5.04
Power and fuel	**15.92**	11.55
Electricity charges	**167.24**	99.49
Repairs and maintenance		
Buildings	**0.38**	0.31
Plant and machinery	**13.19**	11.17
Others	**260.28**	179.06
Insurance	**15.46**	11.27
Rates and taxes	**24.63**	15.37
Processing charges	**165.19**	98.44
Commission to selling agents	**205.80**	140.30
Brokerage and discounts	**2.36**	1.32
Advertisement and sales promotion	**652.48**	292.98
Transportation and handling charges	**240.34**	148.37
Royalty expenses	**25.54**	18.58
Legal and professional expenses	**178.82**	114.95
Bad debts written off	**0.13**	1.22
Allowances for bad and doubtful debts	**2.04**	2.01
Provision for bad and doubtful deposits and advances	**1.29**	5.16
Printing and stationery	**15.49**	14.82
Travelling and conveyance	**136.72**	58.37
Communication expenses	**6.16**	4.68
Loss on sale/ discard of property, plant and equipment	**0.13**	-
Bank and credit card charges	**63.69**	38.52
Payment to auditors (Refer details below)	**3.09**	2.40
Donation	**0.30**	0.01
Postage expenses	**5.28**	4.88
Foreign exchange loss (net)	**7.98**	9.16
Information technology expenses	**193.56**	138.71
Outsourcing, housekeeping and security expenses	**403.59**	294.03
Corporate Social Responsibility (CSR) expenses (Refer Note - 42)	**3.50**	2.94
Directors' fees	**0.75**	0.63
Miscellaneous expenses	**92.94**	38.64
Total	**2,911.96**	1,764.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Payment to auditors*:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
For audit fees (including Limited Review fees)	**2.07**	1.72
For tax audit fees	**0.26**	0.24
For other services	**0.53**	0.34
For reimbursement of expenses	**0.23**	0.10
Total	**3.09**	2.40

* 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, 2023	Year ended March 31, 2022
Current income tax			
Current income tax charge		**15.92**	20.89
Current tax relating to earlier years		**(2.22)**	-
	(A)	**13.70**	20.89
Deferred tax			
Relating to origination and reversal of temporary differences		**(36.67)**	(47.46)
	(B)	**(36.67)**	(47.46)
Total	(A+B)	**(22.97)**	(26.57)

OCI section

Deferred tax related to items recognised in OCI during the year

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Net (gains)/ losses on re-measurement of defined benefit plans	**0.14**	(0.35)
Net (gains)/ losses on fair value of equity instruments	**(0.82)**	(0.16)
Net (gains)/ losses on hedging instruments	**(0.26)**	-
Total	**(0.94)**	(0.51)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting Loss before income tax	**(82.44)**	(144.93)
Tax expense/ (income) at India's statutory income tax rate of 25.17% (March 31, 2022: 25.17%)	**(20.75)**	(36.48)
Expenses not allowed under the Income tax Act:		
- Corporate Social Responsibility	**0.88**	0.74
- Expenses disallowed for tax purposes	**0.42**	1.06
- Impact of differential higher income tax rate applicable to a subsidiary	**1.90**	5.87
- Others	**(3.20)**	2.24
Provision for current tax for earlier years	**(2.22)**	-
Income tax expenses/ (income) as per Statement of Profit and Loss Account	**(22.97)**	(26.57)

NOTE: 40
EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

The following reflects the profit/(loss) and equity share data used in the basic and diluted EPS computations:

₹ in Crore

		Year ended March 31, 2023	Year ended March 31, 2022
Loss for calculation of EPS	**(A)**	**(36.00)**	(108.72)
Weighted average number of equity shares for calculation of Basic EPS	**(B)**	**94,77,34,352**	92,49,31,614
Basic EPS (₹)	**(A/B)**	**(0.38)**	(1.18)
Weighted average number of equity shares outstanding		**94,77,34,352**	92,49,31,614
Weighted average number of potential equity shares*		**25,44,903**	80,24,183
Weighted average number of equity shares for calculation of Diluted EPS		**95,02,79,255**	92,49,31,614
Diluted EPS (₹)	**(C)**	**(0.38)**	(1.18)
Nominal value of shares (₹)		**10.00**	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

*Stock options granted to the employees under various ESOP schemes are considered to be potential equity shares. The same is considered in the determination of diluted earnings per share to the extent that they are not anti-dilutive. The stock options are not included in the determination of basic earnings per share. The details relating to stock options are given in Note - 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 including Goodwill

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 next 2 years have been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. These cashflows are considered 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 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 - 5B.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2023, the Group has ₹ 1,798.28 Crore (March 31, 2022: ₹ 1,955.10 Crore) of tax losses carried forward as per income tax records of the Group. These losses pertain to unabsorbed business loss as at March 31, 2023 of ₹ 491.92 Crore (March 31, 2022 of ₹ 647.25 Crore) which has an expiry of eight years and unabsorbed depreciation loss as at March 31, 2023 of ₹ 1,306.35 Crore (March 31, 2022 of ₹ 1,307.85 Crore) which do not have any expiry period. Further details on taxes are disclosed in Notes - 10 and 39.

(d) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

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, 2023, the estimated liability towards unredeemed points amounts to ₹ 18.61 Crore (March 31, 2022: ₹ 16.43 Crore).

Further details are given in Note - 31.

(f) Provision on inventories

The Group has defined policy for provision on inventory for each of its business by differentiating the inventory into core and non-core (fashion) and sub-categorised into finished goods and raw materials. The Group provides provision based on policy, past experience, current trend and future expectations of these materials depending on the category of goods.

(g) Provision for discount and sales return

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

(h) Impairment allowance for doubtful debts

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off if the same are not collectible. The carrying amount of allowance for doubtful debts is ₹ 28.11 Crore (March 31, 2022: ₹ 24.89 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) Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

(ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.

(iii) There is no substantive change to other terms and conditions of the lease.

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

The Group has accounted the unconditional rent concessions of ₹ 0.22 Crore (March 31, 2022: ₹ 219.18 Crore) during the year ended March 31, 2023. The same has been accounted as a reduction of rent expenses in the Consolidated Statement of Profit and Loss.

(k) Valuation of Non - controlling interest Put Option

The fair value of financial liability (put option) arising from acquisition agreements, has been determined at present value of consideration payable, using appropriate valuation model. The probability of the estimate within the range can be reasonably assessed and are used in the management's estimates of fair value of the put option. Such valuation includes assumptions such as discount rate, future cashflow and EBITDA estimates. Such assumptions are reviewed at each reporting date.

(l) Going concern

The management has performed an assessment of the Group's ability to continue as a going concern. Based on the assessment, the management believes that there is no material uncertainty with respect to any events or conditions that may cast a significant doubt on the entity to continue as a going concern, hence the consolidated financial statements have been prepared on a going concern basis.

NOTE - 42
DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
a) Gross amount required to be spent by the Group during the year	-	-
b) Amount approved by the Board to be spent during the year	3.50	3.00

₹ in Crore

	In Cash	Yet to be paid in Cash	Total
March 31, 2023:			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	3.50	-	3.50
March 31, 2022:			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.94	-	2.94

In case of Section 135(5) unspent amount				
Opening Balance as on April 01, 2022	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2023*
-	-	-	-	-

* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of Section 135(5) Excess amount spent			
Opening Balance as on April 01, 2022	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2023*
-	-	3.50	-

* The Group has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off against the amounts required to spent in the future year.

Details of ongoing projects along with

In case of Section 135(6) (Ongoing Project)						
Opening Balance as on April 01, 2022		Amount required to be spent during the year	Amount spent during the year		Closing Balance as on March 31, 2023	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

In case of Section 135(5) unspent amount				
Opening Balance as on April 01, 2021	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2022*
-	-	-	2.94	-

* Since the amount spent exceeds amount required to be spent, the unspent amount is Nil.

In case of Section 135(5) Excess amount spent			
Opening Balance as on April 01, 2021	Amount required to be spent during the year	Amount spent during the year	Closing Balance as on March 31, 2022*
-	-	2.94	-

* The Group has spent in excess of the mandatory requirement under the Companies Act, 2013 but the same is not proposed to be set off against the amounts required to spent in the future year.

Details of ongoing projects along with

In case of Section 135(6) (Ongoing Project)						
Opening Balance as on April 01, 2021		Amount required to be spent during the year	Amount spent during the year		Closing Balance as on March 31, 2022	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

NOTE - 43
GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group operates gratuity plan through a Trust wherein certain employees are entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service as per the Payment of Gratuity Act, 1972. In case of some employees, the Group's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. A part of the gratuity plan is funded and another part is unfunded and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023	Year ended March 31, 2022
Current service cost	8.04	5.86
Interest cost on defined benefit obligation	2.69	1.98
Total	10.73	7.84

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	36.84	31.05
Addition pursuant to business combinations	1.19	-
Current service cost	8.04	5.86
Interest cost on defined benefit obligation	2.69	1.98
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	0.08	(0.19)
Changes in financial assumptions	(1.49)	(1.30)
Experience adjustments	3.69	2.02
Actuarial (gain)/ loss recognised in OCI	2.28	0.53
Benefits paid	(4.40)	(3.05)
Liabilities assumed/ (settled)*	1.18	0.47
Closing defined benefit obligation	47.82	36.84

*On account of inter-company transfer.

Funded defined benefit plan

Net benefit expense recognised through the Consolidated Statement of Profit and Loss

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	11.40	10.16
Interest cost on defined benefit obligation	5.29	4.57
Interest on plan assets	(5.49)	(4.76)
	11.20	9.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Changes in the defined benefit obligation and fair value of plan assets are as follows:

(i) Changes in the present value of the Defined Benefit Obligations (DBO):

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	76.70	71.38
Addition pursuant to the scheme of arrangement	0.44	-
Current service cost	11.40	10.16
Interest cost on defined benefit obligation	5.29	4.57
Actuarial (gain)/ loss on account of:		
Changes in financial assumptions	(3.70)	(3.22)
Experience adjustments	2.11	1.16
Actuarial (gain)/ loss recognised in OCI	(1.59)	(2.06)
Benefits paid	(6.57)	(7.14)
Liabilities assumed/ (settled)*	0.06	(0.21)
Closing defined benefit obligation	85.73	76.70

*On account of inter-company transfer.

(ii) Change in fair value of plan assets

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Opening fair value of the plan assets	79.55	74.39
Contributions by the employer	-	-
Addition pursuant to the scheme of arrangement	0.05	-
Interest income on plan assets	5.49	4.76
Actuarial gain/ (loss) recognised in OCI		
Actual returns on plan assets less interest cost on plan assets	(0.04)	0.40
Closing fair value of the plan assets	85.05	79.55

Amounts recognised in the Consolidated Balance Sheet

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Present value of the defined benefit obligation at the end of the year:		
Funded	85.73	76.70
Unfunded	47.82	36.84
	133.55	113.54
Fair value of plan assets	85.05	79.55
Net liability/ (asset)	48.50	33.99
Net liability is classified as follows:		
Current	5.47	1.01
Non-current	43.03	32.98
Net liability	48.50	33.99

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Group are shown below:

	As at March 31, 2023	As at March 31, 2022
Discount rate		
Funded plan	**7.20% to 7.45%**	6.90%
Unfunded plan	**7.45% to 7.50%**	6.30% to 7.50%
Salary escalation rate		
Funded plan		
Management	**8.00%**	8.00%
Staff	**7.00%**	7.00%
Workers	**5.00%**	5.00%
Unfunded plan		
Stores	**5.00% to 9.00%**	5.00% to 9.00%
HO and Zones	**5.00% to 9.00%**	5.00% to 9.00%

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

The overall expected rate of return on plan assets is determined based on the market yield prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

A quantitative sensitivity analysis for significant assumptions is as follows:

	As at March 31, 2023		As at March 31, 2022	
Sensitivity level				
Discount rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	**(3.14)**	**3.36**	(3.01)	3.22
Unfunded plan	**(2.13)**	**2.34**	(2.00)	2.24
Salary escalation rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	**3.36**	**(3.17)**	3.21	(3.02)
Unfunded plan	**2.14**	**(2.00)**	2.06	(1.87)

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, 2023	March 31, 2022
Within the next 12 months (next annual reporting period)	**14.99**	11.39
Between 2 and 5 years	**54.68**	44.82
Between 6 and 10 years	**62.25**	50.57
Beyond 10 years	**136.41**	125.77
Total	**268.33**	232.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Group is expected to contribute ₹ 12.46 Crore to the gratuity fund during the year ended March 31, 2024 (March 31, 2023: ₹ 8.19 Crore).

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 to 14 years (March 31, 2022: 7 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, 2023	Year ended March 31, 2022
Contribution to Government Provident Fund	**57.20**	43.51
Contribution to Superannuation Fund	**1.17**	1.10
Contribution to Employee Pension Scheme (EPS)	**7.62**	5.46
Contribution to Employee State Insurance (ESI)	**9.91**	7.85
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	**0.68**	0.15
Contribution to Labour Welfare Fund (LWF)	**0.16**	0.12
Contribution to National Pension Scheme (NPS)	**0.40**	0.37
Total	**77.14**	58.56

In respect of the Honorable Supreme Court ruling of February 2019 on Provident Fund applicability on allowances, Group evaluated the impact and basis the clarity emerged , Provident Fund contribution has been impeccably aligned in computation of salary as per the Judgement.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact after the Code becomes effective.

NOTE - 44
SHARE-BASED PAYMENT

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Expense arising from equity-settled share-based payment transactions	**20.20**	27.72
Expense arising from cash-settled share-based payment transactions	**11.09**	1.41
Total	**31.29**	29.13

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, under the said Scheme 2013, vide its resolution dated October 25, 2013, the Committee commenced granting of options.

i) Details of the grants under the Scheme 2013

	Tranche 1
	Options
No. of Options/ RSUs	8,30,382
Method of accounting	Fair value
Vesting plan	Graded vesting - 25% every year
Exercise period	5 years from the date of vesting
Grant date	October 25, 2013
Grant/ exercise price (₹ per share)	102.10
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 104.10 NSE - 103.55
Method of settlement	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, 2023		As at March 31, 2022	
	No. of Options	**Weighted average exercise price (₹ per share)**	No. of Options	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**7,526**	**102.10**	**12,129**	**102.10**
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(7,526)	102.10	(4,603)	102.10
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**7,526**	**102.10**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**7,526**	**102.10**

* The weighted average share price at the date of exercise of these Options was ₹ 300.34.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2023, is Nil (March 31, 2022: 1 years) and for RSUs outstanding as at March 31, 2023, is Nil (March 31, 2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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	Tranche 3
Expected dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	45.93	45.93	37.41
Risk-free interest rate (%)	8.58	8.58	7.37
Weighted average fair value per Option/ RSU (₹)	52.96	95.90	142.63
Model used	Black-Scholes model	Black-Scholes model	Black-Scholes model

II. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017

During the year ended March 31, 2018, i.e. on July 25, 2017, the Nomination and Remuneration Committee of the Board of Directors of the Company ("NRC") and the Board of Directors ("Board") approved the introduction of another Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme 2017") for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, under the said Scheme 2017, vide its resolution dated September 8, 2017, the Committee commenced granting of options.

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 3rd year	Bullet vesting at the end of 3rd year	Bullet vesting at the end of 3rd 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	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(1,30,828)	178.30	(71,625)	10.00
Lapsed during the financial year	(18,908)	178.30	(7,284)	10.00
Outstanding at the end of the financial year	**12,48,314**	**178.30**	**2,61,001**	**10.00**
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	**12,48,314**	**178.30**	**2,61,001**	**10.00**
Tranche 2				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-
Tranche 3				
Outstanding at the beginning of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(45,020)	163.60	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**27,011**	**163.60**	**12,140**	**10.00**
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	**27,011**	**163.60**	**12,140**	**10.00**
Tranche 4				
Outstanding at the beginning of the financial year	**67,529**	**150.80**	**30,349**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(22,510)	150.80	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**45,019**	**150.80**	**30,349**	**10.00**
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	**45,019**	**150.80**	**30,349**	**10.00**

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 279.66.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2022			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**16,41,845**	**178.30**	**5,12,881**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	(1,64,561)	178.30	(1,72,971)	10.00
Lapsed during the financial year	(79,234)	178.30	-	-
Outstanding at the end of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	**13,98,050**	**178.30**	**3,39,910**	**10.00**
Tranche 2				
Outstanding at the beginning of the financial year	**5,402**	**148.10**	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	-	-	-	-
Lapsed during the financial year	(5,402)	148.10	-	-
Outstanding at the end of the financial year	-	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-
Tranche 3				
Outstanding at the beginning of the financial year	**1,62,069**	**163.60**	**72,838**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year	(90,038)	163.60	(60,698)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	**72,031**	**163.60**	**12,140**	**10.00**
Tranche 4				
Outstanding at the beginning of the financial year	**67,529**	**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	**67,529**	**150.80**	**30,349**	**10.00**
Unvested at the end of the financial year	**22,509**	**150.80**	-	-
Exercisable at the end of the financial year	**45,020**	**150.80**	**30,349**	**10.00**

^^The weighted average share price at the date of exercise of these RSUs was ₹ 255.86.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2023, is 2 years (March 31, 2022: 3 years) and for RSUs outstanding as at March 31, 2023, is 3 years (March 31, 2022: 4 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, on July 26, 2019, the Nomination and Remuneration Committee and the Board of Directors ("Board"), approved introduction of Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 ("Scheme 2019") through trust route, for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies. Based on the loan granted by the Company, the Trust held 46,54,072 equity shares as at March 31, 2022. During the year ended March 31, 2023, the Trust purchased additional 6,42,006 equity shares to back the grants made under the Scheme 2019. As on March 31, 2023, the Trust holds 48,84,139 equity shares. 4,11,939 equity shares were exercised during the year.

Accordingly, under the said Scheme 2019, vide its resolution dated December 2, 2019, the Committee commenced granting of options.

i) **Details of the grants under Scheme 2019**

	Options			RSUs	
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
No. of Options/ RSUs	33,42,876	1,16,360	14,17,684	11,18,385	32,161
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 1st year	Bullet vesting at the end of 3rd 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	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	December 02, 2019	December 28, 2020	January 21, 2021	December 02, 2019	December 28, 2020
Grant/ exercise price (₹ per share)	225.25	164.10	173.55	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80	BSE - 173.05 NSE - 173.85	BSE - 226.90 NSE - 226.65	BSE - 163.85 NSE - 163.80
Method of settlement	Equity	Equity	Equity	Equity	Equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	Options		RSUs	
	Tranche 4	Tranche 5	Tranche 4	Tranche 5
No. of Options/ RSUs	5,99,997	2,05,224	1,78,574	54,563
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Bullet vesting at the end of 3rd 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	5 years from the date of vesting	5 years from the date of vesting
Grant date	August 05, 2022	September 20,2022	August 05, 2022	September 20,2022
Grant/ exercise price (₹ per share)	275.10	330.75	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55
Method of settlement	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, 2023			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	**21,30,030**	**225.25**	**9,66,830**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(47,374)	225.25	(2,60,371)	10.00
Lapsed during the financial year	(52,727)	225.25	(40,703)	10.00
Outstanding at the end of the financial year	**20,29,929**	**225.25**	**6,65,756**	**10.00**
Unvested at the end of the financial year	**7,18,177**	**225.25**	**-**	**-**
Exercisable at the end of the financial year	**13,11,752**	**225.25**	**6,65,756**	**10.00**
Tranche 2				
Outstanding at the beginning of the financial year	**1,12,724**	**164.10**	**32,161**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(21,818)	164.10	-	-
Lapsed during the financial year	(10,908)	164.10	(4,020)	10.00
Outstanding at the end of the financial year	**79,998**	**164.10**	**28,141**	**10.00**
Unvested at the end of the financial year	**50,908**	**164.10**	**28,141**	**10.00**
Exercisable at the end of the financial year	**29,090**	**164.10**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 3				
Outstanding at the beginning of the financial year	11,23,098	173.55	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(89,411)	173.55	-	-
Lapsed during the financial year	(2,576)	173.55	-	-
Outstanding at the end of the financial year	10,31,111	173.55	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	10,31,111	173.55	-	-
Tranche 4				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	5,99,997	275.10	1,78,574	10.00
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	5,99,997	275.10	1,78,574	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	5,99,997	275.10	1,78,574	10.00
Tranche 5				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	2,05,224	330.75	54,563	10.00
Exercised during the financial year^	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	2,05,224	330.75	54,563	10.00
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	2,05,224	330.75	54,563	10.00

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 282.06.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2022			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	24,52,614	225.25	10,71,150	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(92,682)	225.25	-	-
Lapsed during the financial year	(2,29,902)	225.25	(1,04,320)	10.00
Outstanding at the end of the financial year	21,30,030	225.25	9,66,830	10.00
Unvested at the end of the financial year	14,67,262	225.25	9,58,790	10.00
Exercisable at the end of the financial year	6,62,768	225.25	8,040	10.00
Tranche 2				
Outstanding at the beginning of the financial year	1,16,360	164.10	32,161	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(3,636)	164.10	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	1,12,724	164.10	32,161	10.00
Unvested at the end of the financial year	87,270	164.10	-	-
Exercisable at the end of the financial year	25,454	164.10	-	-
Tranche 3				
Outstanding at the beginning of the financial year	14,08,593	173.55	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(1,83,195)	173.55	-	-
Lapsed during the financial year	(1,02,300)	173.55	-	-
Outstanding at the end of the financial year	11,23,098	173.55	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	11,23,098	173.55	-	-

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2023 is 5 years (March 31, 2022: 5 years) and for RSUs outstanding as at March 31, 2023 is 5 years (March 31, 2022: 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 1	Tranche 2
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	32.88	36.16	36.02	32.88	36.16
Risk-free interest rate (%)	6.66	5.62	5.62	6.76	6.19
Weighted average fair value per Option/RSU (₹)	112.00	84.39	76.78	216.18	158.10
Model used	Binomial model	Binomial model	Binomial model	Binomial model	Binomial model

	Options		RSUs	
	Tranche 4	Tranche 5	Tranche 4	Tranche 5
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	38.63	38.73	39.38	39.62
Risk-free interest rate (%)	7.17	7.26	7.23	7.27
Weighted average fair value per Option/RSU (₹)	147.78	178.42	269.49	325.16
Model used	Binomial model	Binomial model	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, ₹ 11.09 Crore (March 31, 2022: ₹ 1.41 Crore) has been taken to the Consolidated Statement of Profit and Loss.

I. 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			
	Option SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of SARs	61,226	17,92,686	Nil	2,04,546
Method of accounting	Fair value	Fair value	NA	Fair value
Vesting plan	May 16, 2019 and September 08, 2019	Graded vesting - 33.33% every year	NA	Graded vesting - 33.33% every year
Exercise period	3 years from the date of vesting	3 years from the date of vesting	NA	3 years from the date of vesting
Grant date	May 15, 2019	August 18, 2021	NA	November 03, 2021
Grant/ exercise price (₹ per share)	178.30	206.35	NA	288.10
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 205.80 NSE - 205.90	NA	BSE - 285.10 NSE - 285.15
Method of settlement	Cash	Cash	NA	Cash

	SARs			
	Option SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
No. of SARs	10,81,344	13,434	5,970	14,546
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Graded vesting - 33.33% every year	Graded vesting - 50% every year
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	August 05,2022	September 20, 2022	November 15, 2022	December 01, 2022
Grant price (₹ per share)	275.10	330.75	314.60	225.25
Market price on the date of granting of SARs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 312.55 NSE - 312.60	BSE - 316.10 NSE - 316.00
Method of settlement	Cash	Cash	Cash	Cash

	SARs			
	RSU SARs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of SARs	6,880	6,38,700	1,005	56,533
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	September 08, 2020	August 18, 2024	December 02, 2022	November 03, 2024
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	May 15, 2019	August 18, 2021	August 18, 2021	November 03, 2021
Grant/ exercise price (₹ per share)	10.00	10.00	10.00	10.00
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 205.80 NSE - 205.90	BSE - 205.80 NSE - 205.90	BSE - 285.10 NSE - 285.15
Method of settlement	Cash	Cash	Cash	Cash

	SARs			
	RSU SARs			
	Tranche 5	Tranche 6	Tranche 7	Tranche 8
No. of SARs	6,42,634	6,746	1,587	10,553
Method of accounting	Fair value	Fair value	Fair value	Fair value
Vesting plan	August 01, 2025	September 19, 2025	November 15, 2025	December 02, 2022
Exercise period	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting	3 years from the date of vesting
Grant date	August 05,2022	September 20, 2022	November 15, 2022	December 01, 2022
Grant price (₹ per share)	10.00	10.00	10.00	10.00
Market price on the date of granting of SARs (₹ per share)	BSE - 278.50 NSE - 277.90	BSE - 338.00 NSE - 337.55	BSE - 312.55 NSE - 312.60	BSE - 316.10 NSE - 316.00
Method of settlement	Cash	Cash	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, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 1				
Option SARs				
Outstanding at the beginning of the financial year	**43,218**	**178.30**	**61,226**	**178.30**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(43,218)	178.30	(18,008)	178.30
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**43,218**	**178.30**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**43,218**	**178.30**
RSU SARs				
Outstanding at the beginning of the financial year	**4,856**	**10.00**	**6,880**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year^	(4,856)	10.00	(2,024)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**4,856**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**4,856**	**10.00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
Tranche 2				
Option SARs				
Outstanding at the beginning of the financial year	**17,17,239**	**206.35**	**-**	**-**
Granted during the financial year	-	-	17,92,686	206.35
Exercised during the financial year	(89,582)	206.35	-	-
Lapsed during the financial year	(53,940)	206.35	(75,447)	206.35
Outstanding at the end of the financial year	**15,73,717**	**206.35**	**17,17,239**	**206.35**
Unvested at the end of the financial year	**11,03,007**	**206.35**	**17,17,239**	**206.35**
Exercisable at the end of the financial year	**4,70,710**	**206.35**	**-**	**-**
RSU SARs				
Outstanding at the beginning of the financial year	**6,10,307**	**10.00**	**-**	**-**
Granted during the financial year	-	-	6,38,700	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(24,176)	10.00	(28,393)	10.00
Outstanding at the end of the financial year	**5,86,131**	**10.00**	**6,10,307**	**10.00**
Unvested at the end of the financial year	**5,86,131**	**10.00**	**6,10,307**	**10.00**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 3				
RSU SARs				
Outstanding at the beginning of the financial year	**1,005**	**10.00**	**-**	**-**
Granted during the financial year	-	-	1,005	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**1,005**	**10.00**	**1,005**	**10.00**
Unvested at the end of the financial year	**1,005**	**10.00**	**1,005**	**10.00**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 4				
Option SARs				
Outstanding at the beginning of the financial year	**2,04,546**	**288.10**	**-**	**-**
Granted during the financial year	-	-	2,04,546	288.10
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**2,04,546**	**288.10**	**2,04,546**	**288.10**
Unvested at the end of the financial year	**2,04,546**	**288.10**	**2,04,546**	**288.10**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
RSU SARs				
Outstanding at the beginning of the financial year	56,533	10.00	-	-
Granted during the financial year	-	-	56,533	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**56,533**	**10.00**	**56,533**	**10.00**
Unvested at the end of the financial year	**56,533**	**10.00**	**56,533**	**10.00**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 5				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	10,81,344	275.10	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(5,970)	275.10	-	-
Outstanding at the end of the financial year	**10,75,374**	**275.10**	**-**	**-**
Unvested at the end of the financial year	**10,75,374**	**275.10**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	6,42,634	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(7,539)	10.00	-	-
Outstanding at the end of the financial year	**6,35,095**	**10.00**	**-**	**-**
Unvested at the end of the financial year	**6,35,095**	**10.00**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 6				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	13,434	330.75	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**13,434**	**330.75**	**-**	**-**
Unvested at the end of the financial year	**13,434**	**330.75**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	6,746	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**6,746**	**10.00**	**-**	**-**
Unvested at the end of the financial year	**6,746**	**10.00**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 7				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	5,970	314.60	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**5,970**	**314.60**	**-**	**-**
Unvested at the end of the financial year	**5,970**	**314.60**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
RSU SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	1,587	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**1,587**	**10.00**	**-**	**-**
Unvested at the end of the financial year	**1,587**	**10.00**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche 8				
Option SARs				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	14,546	225.25	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**14,546**	**225.25**	**-**	**-**
Unvested at the end of the financial year	**7,273**	**225.25**	**-**	**-**
Exercisable at the end of the financial year	**7,273**	**225.25**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<u>RSU SARs</u>				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	10,553	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**10,553**	**10.00**	-	-
Unvested at the end of the financial year	**10,553**	**10.00**	-	-
Exercisable at the end of the financial year	-	-	-	-

^The weighted average share price at the date of exercise of these Options and RSUs was ₹ 302.67.

The weighted average remaining contractual life for SARs options outstanding as at March 31, 2023 is 4 years (March 31, 2022 : 4 years) and for RSUs outstanding as at March 31, 2023, is 5 years (March 31, 2022: 6 years).

iii) The following table lists the inputs to the model used for SARs as on grant date:

	Option SARs			
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	32.53	36.00	NA	36.71
Risk-free interest rate (%)	5.88	5.74	NA	5.78
Weighted average fair value per SAR (₹)	27.52	72.15	NA	94.85
Model used	Binomial model	Binomial model	NA	Binomial model

	Option SARs			
	Tranche 5	**Tranche 6**	**Tranche 7**	**Tranche 8**
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	37.26	37.15	37.22	36.78
Risk-free interest rate (%)	7.02	7.23	7.39	7.10
Weighted average fair value per SAR (₹)	112.94	135.31	112.23	138.81
Model used	Binomial model	Binomial model	Binomial model	Binomial model

	RSU SARs			
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	31.74	36.46	36.46	36.90
Risk-free interest rate (%)	6.24	6.16	6.16	6.08
Weighted average fair value per SAR (₹)	144.94	172.79	172.79	204.55
Model used	Binomial model	Binomial model	Binomial model	Binomial model

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	RSU SARs			
	Tranche 5	**Tranche 6**	**Tranche 7**	**Tranche 8**
Expected dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	37.14	36.94	37.03	36.78
Risk-free interest rate (%)	7.10	7.25	7.43	7.07
Weighted average fair value per SAR (₹)	223.88	245.14	237.95	250.80
Model used	Binomial model	Binomial model	Binomial model	Binomial model

The expected life of the Share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

I. Aditya Birla Digital Fashion Ventures Limited Employee Stock Option Scheme - 2022

During the year ended March 31, 2023, i.e. on December 23, 2022, the Board of Directors of the Company ("Board") approved the introduction of an Employee Stock Option Scheme, viz., Aditya Birla Digital Fashion Ventures Limited Employee Stock Option Scheme - 2022 ("Scheme 2022") for issue of Stock Options in the form of Options ("Options") to the identified employees of the Company and of its holding company and subsidiary Companies subject to the approval of the shareholders of the Company. Shareholders of the Company vide its resoultion passed at Extra Ordinary General Meeting held on December 23, 2022, approved the introduction of Scheme 2022 and authorised the Board to finalise and implement the Scheme 2022.

Accordingly, under the said Scheme 2022, vide its resolution dated December 30, 2022, the Company commenced granting of options.

i) Details of the grants under the Scheme 2022

	Tranche 1 Options
No. of Options/ RSUs	2,11,30,606
Method of accounting	Fair Value
Vesting plan	Graded vesting
Exercise period	10 years from the date of grant
Grant date	30.12.2022
Grant/ exercise price (₹ per share)	10
Market price on the date of granting of Options/ RSUs (₹ per share)	NA since it is unlisted
Method of settlement	Equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

ii) Movement of Options granted

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the period

	As at March 31, 2023		As at March 31, 2022	
	No. of Options	Weighted average exercise price (₹ per share)	No. of Options	Weighted average exercise price (₹ per share)
Tranche 1				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	2,11,30,606	-	-	-
Forfeited during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**2,11,30,606**	-	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

iii) The following table lists the inputs to the model used for the Options as on grant date:

	Options
	Tranche 1
Expected dividend yield (%)	Nil
Expected volatility (%) *	-
Risk-free interest rate (%)	-
Weighted average fair value per Option/ RSU (₹)	-
Model used	Binomial model

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, factories, property, plant and equipment on lease and licence basis. The lease term is for periods 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Expenses/ Income recognised in the Consolidated Statement of Profit and Loss

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Other income		
Gain on retirement of right-of-use assets	**19.75**	14.85
Rent		
Expense relating to short-term leases	**28.06**	47.26
Expense relating to leases of low value assets	**0.14**	1.35
Variable rent*	**868.76**	563.79
Rent concession	**(0.22)**	(219.18)
Finance cost		
Interest expense on lease liabilities	**302.83**	214.27
Depreciation and amortisation expenses		
Depreciation on right-of-use assets	**927.85**	762.55
Other expenses		
Processing charges	**26.44**	20.99
Sublease payments received (not shown separately in the Consolidated Statement of Profit and Loss)	**1.10**	0.80

* 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, 2023	As at March 31, 2022
Within one year	**1,238.55**	946.89
After one year but not more than five years	**3,315.08**	2,093.93
More than five years	**607.81**	323.38
Total	**5,161.44**	3,364.20

The initial non-cancellable period of the lease agreement is upto 3 years, beyond which there is an option for the lessee to continue the lease, which the Group expects to continue for a period of 2 to 3 years after the initial non-cancellable period, accordingly 5 – 6 years has been considered as non-cancellable for the purpose of the above disclosure. Post such period, the Group has the option to exit the lease by giving a notice period and the Group assesses its intention to continue considering location and other economic factors associated with the lease arrangement.

Total cash outflow for leases for the year ended March 31, 2023 is ₹ 2,025.00 Crore (March 31, 2022 is ₹ 1,316.13 Crore).

The Group entered into a sale and leaseback transaction in respect of certain assets such as furniture and fixtures, office equipment etc., in line with its capital expenditure strategy. The assets were sold at fair values with no gains/ losses. Sale proceeds of ₹ 0.76 Crore (March 31, 2022: ₹ Nil) were realised upon sale of such assets. The lease arrangement is for a period of 4-5 years. The same has been recorded as a right-of-use assets with corresponding lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Lease commitments for leases not considered in measurement of lease liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Lease commitment for short-term leases	**5.78**	4.02
Lease commitment for leases of low value assets	**0.02**	0.02
Total	**5.80**	4.04

Future Cash Outflows to which the Group is potentially exposed and not reflected in measurement of lease liabilities

₹ in Crore

Particulars	March 31, 2023		March 31, 2022	
Increase/ (decrease) in sales	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Rent	**43.44**	**(43.44)**	28.19	(28.19)

b) **Capital commitments**

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**252.62**	98.76
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	-	0.03
Total	**252.62**	98.79

c) **Other commitments**

Refer Note 47 for commitments towards investment in Goodview Fashion Private Limited.

NOTE - 46
CONTINGENT LIABILITIES NOT PROVIDED FOR

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debts		
Commercial taxes	**12.22**	45.17
Excise duty	**0.50**	0.50
Customs duty	**2.21**	0.03
Bank Guarantees	**37.67**	37.43
Textile committee cess	**0.75**	0.75
Income Tax	**1.41**	-
Others*	**15.76**	17.15
Total	**70.52**	101.03

* Pertains to claims made by third parties, pending settlement which are considered not tenable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 ₹ 65.60 Crore as at March 31, 2023 (March 31, 2022: ₹ 66.75 Crore) (Refer Note-25).

Bank Guarantee is given by Sabyasachi Calcutta LLP (a subsidiary of the Company) to foreign bank in respect of standby letter of credit (SBLC) facility of USD 50,00,000 (March 31, 2022: USD 50,00,000) to be availed by M/s Sabyasachi Inc. (a wholly owned subsidiary of Sabyasachi Calcutta LLP).

Bank guarantee is given by HOMLPL (a subsidiary of the Company) to Municipal Corporation Of Greater Mumbai of ₹ 5,00,000/- in order to ensure faithful compliance of Waste Management Plan/ Debris Management Plan approved by the MCG.

Finesse International Design Private Limited (a subsidiary of the Company) had received assessment orders under Section 153A of the IT Act for the assessment year 2017-18 and 2018-19. The Company had filed further appeal against the tax demand of ₹ 101.58 Lakhs and is confident that the outcome is unlikely to result in a claim against the Company. Further, the Company has recourse to indemnification provided by the promoters of the Company vide the Share Subscription and Purchase Agreement executed with the Company. The Company had received penalty orders under Section 271DA of the IT Act for the assessment year 2018-19 and 2019-20 and the tax penalty made was ₹ 28.56 Lakhs. The Company had filed further appeal against the penalty demand of ₹ 15.38 Lakhs and is confident that the outcome is unlikely to result in a claim against the Company, for the balance penalty the Company has received a favaourable outcome during the year. Further, the Company has recourse to indemnification provided by the promoters of the Company vide the Share Subscription and Purchase Agreement executed with the Company. The Company has received penalty orders under Section 271AAC of the IT Act for the assessment year 2017-18 and 2018-19 during the year. The Company had filed further appeal against the penalty demand of ₹ 24.01 Lakhs and is confident that the outcome is unlikely to result in a claim against the Company. Further, the Company has recourse to indemnification provided by the promoters of the Company vide the Share Subscription and Purchase Agreement executed with the Company.

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE - 47a
BUSINESS COMBINATIONS

(i) **Acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited**

On January 14, 2022, the Board of Directors approved the acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited ("HMLPL") by way of entering into a Binding Term Sheet subject to signing of Definitive Agreement and completion of closing conditions precedent to be set out in the Definitive Agreement and statutory approvals, if any. On June 01, 2022, post completion of closing conditions precedent set out in the Definitive Agreement, HMLPL became a subsidiary of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Details of the fair value of assets and liabilities taken over on acquisition and consideration paid by the Group has been explained in the table below:

	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
Assets taken over		
Property, plant and equipment	1.07	
Right-of-use assets	7.58	
Other assets	2.73	
Brand	37.20	
Deferred tax assets	0.10	
Cash and cash equivalents	55.60	104.28
Liabilities taken over		
Borrowings - current	2.20	
Deferred tax liabilities	9.36	
Lease liabilities	7.38	18.94
Total identifiable net assets at fair value as at acquisition date (A)		85.34
Company's share of net assets		44.76
Non-Controlling Interest (B)		40.58
Purchase consideration transferred (C)		90.00
Goodwill arising on acquisition (B+C-A)		45.24

(ii) Subsidiaries acquired by Aditya Birla Digital Fashion Ventures Limited

During the year, Aditya Birla Digital Fashion Ventures Limited has signed definitive agreement and has acquired majority stake in below subsidiaries. Management has provisionally determined the value of all the identifiable assets and liabilities acquired. Management has also estimated an useful life of 10 years for the 'Nobero', 'Urbano' and 'Veirdo' brand. Non-controlling shareholder in these three entities holds the right to put the remaining equity interest to the company after the expiry of 4 years from date of acquisition.

Name of the subsidiary	Holding %	Effective date of becoming subsidiary
Pratyaya E-Commerce Private Limited (Nobero)	66.26%	July 22, 2022
Imperial Online Services Private Limited (Urbano)	55.00%	August 12, 2022
Awesomefab Shopping Private Limited (Veirdo)	55.00%	August 24, 2022
Bewakoof Brands Private Limited (Bewakoof)	85.17%	February 15, 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

₹ in Crore

	Fair value recognised on acquisition			
	Bewakoof Brands Private Limited (Bewakoof)	Pratyaya E-Commerce Private Limited (Nobero)	Imperial Online Services Private Limited (Urbano)	Awesomefab Shopping Private Limited (Veirdo)
Assets taken over				
Property, plant and equipment	11.22	0.10	0.15	1.54
Investment property	1.74	-	-	-
Right of use assets	1.34	-	0.45	-
Brand	109.80	6.30	20.50	25.70
Intangible assets	0.27	-	-	-
Deferred tax assets	0.49	0.03	0.01	-
Other financial assets - current	-	-	-	0.00
Other non-current assets	48.39	-	-	-
Inventories	35.70	0.99	9.22	8.96
Trade receivables	16.95	0.46	2.07	1.29
Cash and Cash Equivalents	0.66	12.37	0.00	1.33
Bank balances other than cash and cash equivalents	4.74	0.04	-	-
Other current assets	5.74	-	3.64	1.61
	237.04	20.30	36.04	40.44
Liabilities taken over				
Deferred tax liabilities	27.63	1.59	5.16	6.49
Borrowings - Non - current	-	9.61	-	2.00
Borrowings - current	54.18	0.76	4.18	-
Lease liabilities	1.51	-	0.45	-
Trade payables	62.23	3.71	4.63	5.67
Other financial liabilities	-	0.61	-	-
Provisions	1.02	0.79	1.52	2.55
Other current liabilities	21.81	0.13	-	-
	168.38	17.20	15.92	16.71
Total identifiable net assets at fair value as at acquisition date (A)	68.66	3.10	20.12	23.73
Company's share of net assets	56.13	2.06	11.07	13.05
Non-Controlling Interest (B)	12.53	1.05	9.05	10.68
Purchase consideration transferred (C)	109.10	5.70	17.88	20.53
Goodwill arising on acquisition (B+C-A)	52.97	3.64	6.82	7.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(iii) Business acquisition of Nauti Nati by Aditya Birla Digital Fashion Ventures Limited

On December 23, 2022, ABDFVL acquired the Nauti Nati business from Omega Designs Private Limited, vide a Business Transfer Agreement.

Details of the fair value of assets and liabilities taken over on acquisition and consideration for acquisition of Naut iNati paid has been explained in the table below:

		Fair value recognised on acquisition
		₹ in Crore
Property, plant and equipment		0.11
Brand		12.90
Current tax assets (non current)		0.05
Inventories		5.99
Current investments		0.05
Trade receivables		2.20
Cash and bank balance		0.17
Other assets		0.85
Total Assets	22.32	
Trade payables		1.28
Borrowings - current		12.02
Provisions		0.22
Other liabilities		3.15
Total Liabilities	16.67	
Total identifiable net assets at fair value as at acquisition date (A)		5.65
Purchase consideration transferred (B)		10.00
Goodwill arising on acquisition (B- A)		4.35

NOTE - 47b
INTEREST IN JOINT VENTURE

Goodview Fashion Private Limited is the joint venture of the Group which have been accounted as per equity method of accounting. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(A) Goodview Fashion Private Limited [formerly known as Goodview Properties Private Limited] - Proportion of ownership interest 33.50%

(a) Summarised statement of profit and loss — ₹ in Crore

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations	**104.58**	63.49
Other income	**0.67**	0.34
Total Income	**105.24**	63.83
Cost of materials consumed	**12.26**	7.77
Changes in inventories of stock-in-trade	**(1.84)**	(3.37)
Employee benefits expense	**17.43**	11.33
Finance costs	**3.29**	2.03
Depreciation and amortisation expense	**8.87**	6.10
Other expenses	**44.82**	33.00
Total expenses	**84.83**	56.86
Profit/ (Loss) before tax for the Year/ Period	**20.41**	6.97
Income tax expense/(credit)	**5.30**	1.75
Profit/ (Loss) for the Year/ Period	**15.11**	5.22
Other comprehensive income for the period	**(0.15)**	(0.26)
Total comprehensive income for the Year/ period	**14.96**	4.96
Group's share of profit/(loss) after tax for the year/ period	**5.01**	1.66

The contingent liabilities of joint venture as at March 31, 2023 is Nil (March 31, 2022 : Nil) and capital commitments as at March 31, 2023 is amounting to ₹ 0.98 Crore (March 31, 2022 : ₹ 0.01 Crore)

On or after the expiry of 3 years from the Closing Date and till the expiry of 5 years from the Closing Date, the Company has right but not an obligation, to acquire all or such number of Promoter securities from the Promoter of Goodview Fashion Private Limited so as to increase the shareholding to 51%. This is referred to as the Tranche 2 call option. Tranche 2 call option will be exercised by acquiring the said equity shares at a value based on specific formula.

Also, the agreement stipulates a simultaneous call and put option (the Company holds the call options and has written the put options), whereby, after the expiry of 10 years, in certain specified time periods, the Company can acquire, if it exercises the call option it holds, and will also be required to acquire, if Promoter exercises the put options the Company has written, all or such number of equity shares so as to increase its shareholding to 100%. These call and put options are to be exercised by acquiring/selling the said equity shares at fair value. Accordingly, the fair value of the option is Nil.

NOTE - 48
RELATED PARTY TRANSACTIONS

<u>Names of related parties and related party relationship with whom transactions have taken place:</u>

Name of related parties

Joint Venture

Goodview Fashion Private Limited

Other related parties in which directors are interested

Aditya Birla Fashion and Retail Jan Kalyan Trust

Grasim Premium Fabric Private Limited (formerly known as Soktas India Private Limited) upto June 20, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Aditya Birla Management Corporation Private Limited
Indiginus Learning Private Limited

Post-employment benefit plans

Aditya Birla Fashion and Retail Limited - Employees Group Superannuation Scheme Trust
Aditya Birla Fashion and Retail Limited - Employees Group Gratuity Fund Trust

Key Management Personnel ("KMP")

Mr. Kumar Mangalam Birla - Chairman and Non-Executive Director
Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director upto January 27, 2023
Mr. Ashish Dikshit - Managing Director
Mr. Vishak Kumar - Whole-time Director
Ms. Sangeeta Pendurkar - Whole-time Director
Mr. Nish Bhutani - Independent Director
Ms. Preeti Vyas- Independent Director
Mr. Sunirmal Talukdar - Independent Director
Ms. Sukanya Kripalu - Independent Director
Mr. Yogesh Chaudhary - Independent Director
Mr. Arun Kumar Adhikari - Independent Director with effect from May 19, 2021
Mr. Vikram Dondu Rao - Independent Director with effect from May 18, 2022
Mr. Pankaj Sood - Non-Executive Nominee Director with effect from September 20, 2022
Ms. Ananyashree Birla - Non-Executive Director with effect from January 30, 2023
Mr. Aryaman Birla - Non-Executive Director with effect from January 30, 2023
Mr. Jagdish Bajaj - Chief Financial Officer
Ms. Geetika Anand - Company Secretary till November 30, 2022
Mr. Anil Malik - Company Secretary with effect from December 01, 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023			Year ended March 31, 2022		
	Joint Venture	**KMP and Relative of KMP**	**Other related parties**	Joint Venture	KMP and Relative of KMP	Other related parties
Sale of goods	-	-	**0.64**	-	-	-
Purchase of goods	-	-	-	-	-	2.84
Reimbursement of expenses paid to	-	-	**36.72**	-	-	19.24
Consultancy services	-	-	**0.07**	-	-	-
Share in Profit after tax (including other comprehensive income) of Joint Venture	**5.09**	-	-	1.66	-	-
Contribution to trusts	-	-	**5.08**	-	-	4.37
Remuneration paid to KMP*	-	**39.29**	-	-	33.77	-
Remuneration paid to relative of KMP	-	-	-	-	-	-

* Includes director sitting fees

Balances outstanding

₹ in Crore

	As at March 31, 2023		As at March 31, 2022	
	KMP and Relative of KMP	**Other related parties**	KMP and Relative of KMP	Other related parties
Amounts owed to related parties	-	**5.25**	-	4.82
Deposits receivable	-	**5.64**	-	5.64

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, 2023	Year ended March 31, 2022
Grasim Industries Limited		
Reimbursement of expenses recovered from	**2.11**	1.95
Purchase of goods	**59.34**	22.87
Rental Income	**0.16**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Balances outstanding

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Grasim Industries Limited		
Amounts owed to entity	**27.91**	16.59
Amounts owed by entity	**0.62**	0.71

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, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: ₹ 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, 2023	Year ended March 31, 2022
Short-term employee benefits	**27.89**	22.58
Post-employment benefits	**2.13**	1.41
Share-based payment	**9.27**	9.78
Total	**39.29**	33.77

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

KMPs interests in the Employee Stock Options and RSUs

Scheme	Grant date	Expiry date	Exercise price (₹)	As at March 31, 2023 Number outstanding	As at March 31, 2022 Number outstanding
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
Options - Tranche 1	September 08, 2017	September 07, 2026	178.30	**4,12,677**	4,87,709
Options - Tranche 3	February 2, 2018	February 1, 2027	163.60	**-**	45,020
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	**45,019**	67,529
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
Options - Tranche 1	December 02, 2019	December 01, 2028	225.25	**7,07,728**	7,30,456
Options - Tranche 3	January 21, 2021	January 20, 2027	173.55	**4,03,274**	4,03,274
Options - Tranche 4	August 05, 2022	August 03, 2030	275.10	**3,05,970**	-
Options - Tranche 5	September 20,2022	September 18,2030	330.75	**2,05,224**	-
Total		**20,79,892**			17,33,988
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017					
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	**91,048**	91,048
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	**30,349**	30,349
Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019					
RSUs - Tranche 1	December 02, 2019	December 01, 2027	10.00	**2,13,568**	2,99,498
RSUs - Tranche 4	August 05, 2022	August 03, 2030	10.00	**81,349**	-
RSUs - Tranche 5	September 20,2022	September 18,2030	10.00	**54,563**	-
Total		**4,70,877**			4,20,895
Aditya Birla Fashion and Retail Limited Stock Appreciation Scheme 2019					
Options - Tranche 2	August 18, 2021	August 17, 2027	206.35	**2,90,919**	3,36,369
Options - Tranche 4	November 03, 2021	November 03, 2027	288.10	**2,04,546**	2,04,546
Options - Tranche 5	August 05,2022	August 03, 2028	275.10	**21,456**	-
Options - Tranche 8	December 01, 2022	December 01, 2026	225.25	**14,546**	-
Total		**5,31,467**			5,40,915
Aditya Birla Fashion and Retail Limited Stock Appreciation Scheme 2019					
RSUs - Tranche 2	August 18, 2021	August 17, 2027	10.00	**92,964**	92,964
RSUs - Tranche 4	November 03, 2021	November 03, 2027	10.00	**56,533**	56,533
RSUS - Tranche 5	August 05,2022	August 03, 2028	10.00	**5,704**	-
RSUS - Tranche 8	December 01, 2022	December 01, 2026	10.00	**10,553**	-
Total		**1,65,754**			1,49,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 49
GROUP INFORMATION

The consolidated financial statements of the Group include subsidiaries and joint venture listed in the table below:

Name of the entity	Relationship with Company	Country of incorporation	Principal Activities	Proportion of ownership interest and voting power held by Parent	
				As at March 31, 2023	As at March 31, 2022
Jaypore E-Commerce Private Limited	Subsidiary	India	Retailing	**100.00%**	100.00%
TG Apparel & Decor Private Limited	Subsidiary	India	Retailing	**100.00%**	100.00%
Finesse International Design Private Limited	Subsidiary	India	Manufacturing and retailing	**58.69%**	58.69%
Sabyasachi Calcutta LLP	Subsidiary	India	Manufacturing and retailing	**51.00%**	51.00%
Sabyasachi Inc.	Subsidiary	USA	Retailing	**51.00%**	51.00%
Indivinity Clothing Retail Private Limited	Subsidiary	India	Manufacturing and retailing	**80.00%**	80.00%
House of Masaba Lifestyle Private Limited	Subsidiary	India	Retailing	**52.44%**	NA
Aditya Birla Garments Limited	Subsidiary	India	Manufacturing and distribution	**100.00%**	NA
Aditya Birla Digital Fashion Ventures Limited	Subsidiary	India	Retailing	**100.00%**	NA
Pratyaya E-Commerce Private Limited	Subsidiary	India	Retailing	**66.26%**	NA
Imperial Online Services Private Limited	Subsidiary	India	Retailing	**55.00%**	NA
Awesomefab Shopping Private Limited	Subsidiary	India	Retailing	**55.00%**	NA
Bewakoof Brands Private Limited	Subsidiary	India	Retailing	**85.17%**	NA
Next Tree Products Private Limited	Subsidiary	India	Retailing	**85.17%**	NA
Goodview Fashion Private Limited	Joint Venture	India	Manufacturing and retailing	**33.50%**	33.50%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, Finesse, Forever 21, Sabyasachi, Sabyasachi Inc., Indivinity, HMLPL, Aditya Birla Garments Limited and Aditya Birla Digital Fashion Ventures Limited businesses have been included in Madura Fashion & Lifestyle segment, considering all of these deals into branded apparel and accessories 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, 2023

₹ in Crore

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Eliminations	Total
Revenue					
External customers	8,348.60	4,069.30	12,417.90	-	12,417.90
Inter-segment	291.70	-	291.70	(291.70)	-
Total revenue	**8,640.30**	**4,069.30**	**12,709.60**	**(291.70)**	**12,417.90**

Year ended March 31, 2023 and As at March 31, 2023

₹ in Crore

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Corporate and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation expense	707.76	519.20	1,226.96	-	1,226.96
Segment profit/ (loss)	257.88	126.09	383.97	(466.41)	(82.44)
Total assets	10,222.00	5,142.42	15,364.42	1,676.85	17,041.28
Total liabilities	7,606.86	3,535.14	11,142.00	2,553.28	13,695.28
Other disclosures					
Capital expenditure	982.50	279.48	1,261.98	-	1,261.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Year ended March 31, 2022

₹ in Crore

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Eliminations	Total
Revenue					
External customers	5,510.15	2,626.07	8,136.22	-	8,136.22
Inter-segment	182.62	-	182.62	(182.62)	-
Total revenue	5,692.77	2,626.07	8,318.84	(182.62)	8,136.22

Year ended March 31, 2022 and As at March 31, 2022

₹ in Crore

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total Segments	Corporate and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation expense	562.90	434.13	997.03	-	997.03
Segment profit/ (loss)	270.35	(66.43)	203.92	(348.85)	(144.93)
Total assets	7,386.07	3,973.09	11,359.16	1,047.40	12,406.56
Total liabilities	5,400.67	2,624.29	8,024.96	1,593.08	9,618.04
Other disclosures					
Capital expenditure	202.11	173.22	375.33	-	375.33

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Eliminations' column. All Eliminations are part of detailed reconciliations presented further below.

Corporate and eliminations

Finance income and costs are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to these segments as they are also managed on a Group basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from acquisition of subsidiaries.

Reconciliation of amounts reflected in the consolidated financial statements:

Reconciliation of profit

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Segment profit/(loss)	**383.97**	203.92
Other unallocable (expenditure)/ income (net)	**22.22**	14.00
Finance costs (Refer Note - 36)	**(472.36)**	(350.71)
Inter-segment (loss)/ profit on sales (elimination)	**(23.11)**	(14.48)
Share in loss of Joint Venture	**6.84**	2.34
Loss before tax	**(82.44)**	(144.93)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Reconciliation of assets

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Segment operating assets	**15,364.42**	11,359.16
Cash and cash equivalents	**692.69**	64.78
Deferred tax assets (net) (Refer Note - 10)	**408.50**	380.46
Non-current tax assets (net)	**6.42**	22.81
Investment in Joint Venture (Refer Note - 6a)	**73.58**	68.57
Non-current investments (Refer Note - 6b)	**10.57**	7.32
Current Investments (Refer Note - 13)	**182.43**	537.42
Other corporate assets	**501.26**	98.56
Inter-segment eliminations	**(198.60)**	(132.52)
Total	**17,041.28**	12,406.56

Reconciliation of liabilities

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Segment operating liabilities	**11,142.00**	8,024.96
Current borrowings (Refer Note - 27)	**440.29**	1.88
Non-current borrowings (Refer Note - 23)	**1,507.62**	777.97
Current maturities of long-term borrowings (Refer Note - 27)	**357.61**	452.48
Interest accrued but not due on borrowings (Refer Note - 24 and 29)	**46.78**	133.41
Deferred tax liabilities (net) (Refer Note - 10)	**251.68**	211.94
Other corporate liabilities	**75.36**	98.99
Inter-segment eliminations	**(126.06)**	(83.59)
Total	**13,695.28**	9,618.04

Other information required by IND AS 108
Geographical segment

₹ in Crore

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from customers outside India	**242.50**	197.61
Revenue from customers within India	**12,175.40**	7,938.61
Total	**12,417.90**	8,136.22

(i) Non current assets excluding Financial Instrument, Deferred tax assets, Investment accounted using equity method amounting to ₹ 8,623.07 Crore (March 31, 2022: ₹ 6,265.33 Crore) are held within India and ₹ 75.19 Crore (March 31, 2022: ₹ 21.90 Crore) are held outside India.

(ii) No single customer or customer group has accounted for more than 10% of the external revenues during the current and previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023 and March 31, 2022 are as follows:

As at March 31, 2023

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
Financial assets							
Investments (Refer Notes - 6b and 13)	182.43	10.57	-	193.00	182.43	-	10.57
Loans (Refer Notes - 7 and 14)	-	-	11.19	11.19	-	-	-
Security deposits (Refer Notes - 8 and 15)	-	-	531.40	531.40	-	-	-
Trade receivables (Refer Note - 16)	-	-	886.44	886.44	-	-	-
Cash and cash equivalents (Refer Note - 17)	-	-	692.69	692.69	-	-	-
Bank balance other than Cash and cash equivalents (Refer Note - 18)	-	-	8.37	8.37	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	316.09	316.09	-	-	-
Total	182.43	10.57	2,446.18	2,639.18	182.43	-	10.57
Financial liabilities							
Non-current borrowings (Refer Note - 23)	-	-	1,507.62	1,507.62	-	-	-
Current borrowings (Refer Note - 27)	-	-	797.90	797.90	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	4,267.34	4,267.34	-	-	-
Deposits	-	-	443.13	443.13	-	-	-
Trade payables (Refer Note - 28)	-	-	3,846.12	3,846.12	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	885.36	885.36	-	-	-
Derivative contracts (Refer Note - 29)	4.65	-	-	4.65	4.65	-	-
Non-controlling interest put option (Refer Note - 24)	724.08	-	-	724.08	-	-	724.08
Total	728.73	-	11,747.47	12,476.20	4.65	-	724.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2022

₹ in Crore

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Fair value		
					Level 1	Level 2	Level 3
Financial assets							
Investments (Refer Notes - 6b and 13)	608.14	7.32	-	615.46	608.14	-	7.32
Loans (Refer Notes - 7 and 14)	-	-	8.70	8.70	-	-	-
Security deposits (Refer Notes - 8 and 15)	-	-	442.54	442.54	-	-	-
Trade receivables (Refer Note - 16)	-	-	756.43	756.43	-	-	-
Cash and cash equivalents (Refer Note - 17)	-	-	118.22	118.22	-	-	-
Bank balance other than Cash and cash equivalents (Refer Note - 18)	-	-	2.31	2.31	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	46.88	46.88	-	-	-
Total	608.14	7.32	1,375.08	1,990.54	608.14	-	7.32
Financial liabilities							
Non-current borrowings (Refer Note - 23)	-	-	777.97	777.97	-	-	-
Current borrowings (Refer Note - 27)	-	-	454.36	454.36	-	-	-
Lease liabilities (Refer note - 4b)	-	-	2,868.09	2,868.09	-	-	-
Deposits	-	-	380.98	380.98	-	-	-
Trade payables (Refer Note - 28)	-	-	3,410.56	3,410.56	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	334.47	334.47	-	-	-
Derivative contracts (Refer Note - 29)	3.20	-	-	3.20	3.20	-	-
Non-controlling interest put option (Refer Note - 24)	421.15	-	-	421.15	-	-	421.15
Total	424.35	-	8,226.43	8,650.78	3.20	-	421.15

* Carrying value of financial instruments measured at amortised cost equals to the fair value.

The carrying value of investment made in joint venture as at March 31, 2023 is ₹ 73.58 Crore (March 31, 2022: ₹ 68.57 Crore) and are measured at cost.

Key inputs for level 1 and 3 fair valuation techniques

a) Derivative contracts:

   i) Forward contracts: Fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Company (level 1)

b) Non-controlling interest put option :

   i) Option contracts: Fair value of option contracts is determined basis valuation performed by independent valuer appointed by the Company (level 3)

c) Investment:

   i) Unquoted equity instruments: Valuation has been done by considering the net worth of the company and price to book multiple to arrive at the fair value (level 3)

   ii) Quoted investments: Valuation has been done based on market value of the investment i.e. fair value (level 1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Valuation inputs and relationships to fair value

The following tables show the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used (refer above notes for valuation technique adopted):

Financial instruments measured at fair value

₹ in Crore

Particulars	Fair Value as at March 31, 2023	Significant unobservable inputs	Fair Value as at March 31, 2023		Sensitivity
			Increase by 0.50%	Decrease by 0.50%	
Non-controlling interest put option	724.08	Risk adjusted discount rate	712.99	737.20	Increase in discount rate by 0.50% would decrease the fair value by ₹ 11.09 Crore and decrease in discount rate by 0.50% would increase the fair value by ₹ 13.12 Crore.
		EBITDA margin projection	732.19	716.97	Increase in EBITDA margin by 0.50% would increase the fair value by ₹ 8.11 Crore and decrease in EBITDA margin by 0.50% would decrease the fair value by ₹ 7.11 Crore.
		Revenue projection	732.31	716.85	Increase in revenue by 0.50% would increase the fair value by ₹ 8.23 Crore and decrease in revenue by 0.50% would decrease the fair value by ₹ 7.23 Crore.

B. Risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

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.

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, 2023 and March 31, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023, approximately 83% of the Group's borrowings are at a fixed rate of interest (March 31, 2022: 97%).

<u>Interest rate sensitivity</u>

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, 2023		As at March 31, 2022	
Basis points (%)	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (decrease) on loss before tax				
₹ in Crore	**(2.00)**	**2.00**	(0.18)	0.18

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, 2023, the Group has hedged Nil (March 31, 2022: Nil) of its receivables in foreign currency and 95% (March 31, 2022: 91%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Consolidated Balance Sheet date:

As at March 31, 2023	**Currency**	**Foreign currency in Crore**	**₹ in Crore**
Forward contracts to buy (Hedge of payables)	**USD**	**4.77**	**397.09**

As at March 31, 2022	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	4.61	349.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The details of unhedged foreign currency exposure as at the Consolidated Balance Sheet date are as follows:

As at March 31, 2023	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.02	1.89
	EURO	0.11	9.70
	GBP	0.07	7.48
	HKD	-	-
Trade receivables	USD	0.26	21.39
	EURO	0.16	14.69
	HKD	0.06	0.63
	GBP	0.09	9.58
Bank balances	USD	-	-
	CNY	0.02	0.27
	BDT	0.33	0.25

* The amount has been rounded off in Crore.

As at March 31, 2022	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.27	20.70
	EURO	0.07	5.76
	GBP	0.07	7.16
	HKD	0.03	0.28
Trade receivables	USD	0.29	22.00
	EURO	0.04	3.63
	HKD	0.16	1.57
	GBP	0.07	7.22
Bank balances	USD	0.00*	0.09
	CNY	0.02	0.20
	BDT	0.07	0.06

* The amount has been rounded off in Crore.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	As at March 31, 2023		As at March 31, 2022	
Basis points (%)	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Increase/ (decrease) on loss before tax				
₹ in Crore	(0.01)	0.01	(0.10)	0.10

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, 2023, the Group has 21 customers (March 31, 2022: 16 customers) that owed the Group more than ₹ 5 Crore each and accounts for approximately 86% (March 31, 2022: 80%) of all the receivables outstanding. There are 114 customers (March 31, 2022: 177 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 12% (March 31, 2022: 18%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Group's maximum exposure to credit risk for the components of the Consolidated Balance Sheet as at March 31, 2023 and March 31, 2022, 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, 33% of the Group's debt will mature in less than one year as at March 31, 2023 (March 31, 2022: 37%) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2023

₹ in Crore

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)*	900.73	1,801.90	0.03	2,702.66
Cumulative redeemable preference shares	0.50	0.01	-	0.51
Lease liabilities	1,238.55	3,315.08	607.81	5,161.44
Other financial liabilities	497.00	189.05	1,893.71	2,579.76
Deposits	189.91	253.22	-	443.13
Trade payables	3,846.12	-	-	3,846.12
Total	**6,672.81**	**5,559.26**	**2,501.55**	**14,733.62**

As at March 31, 2022

₹ in Crore

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)*	631.62	817.63	-	1,449.25
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	946.89	2,093.93	323.38	3,364.20
Other financial liabilities	336.90	0.77	421.15	758.82
Deposits	152.62	228.36	-	380.98
Trade payables	3,410.56	-	-	3,410.56
Total	5,478.59	3,141.20	744.53	9,364.32

*Includes interest

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The following table summarises the capital of the Group (debts excludes lease liabilities):

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
Short-term debts (including current maturities of long-term borrowings)	797.90	454.36
Long-term debts	1,507.62	777.97
Total borrowings	**2,305.52**	1,232.33
Total - Equity (Including Non-controlling interest)	**3,346.00**	2,788.52

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings.

The Group has not defaulted on any loans payable, and there has been no breach of any covenant attached to the borrowings taking into consideration the waiver of compliance with one financial covenant by the Trustees of the Debentures issued by the Company.

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

NOTE - 53
ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

Year ended March 31, 2023 and As at March 31, 2023

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit/ (loss)		Share in other comprehensive income/ (loss) (OCI)		Share in total comprehensive income/ (loss) (TCI)	
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit/ (loss)	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
Parent								
Aditya Birla Fashion and Retail Limited	113.18%	3,786.89	-222.84%	132.52	65.16%	1.59	-235.16%	134.11
Subsidiaries								
Jaypore E-Commerce Private Limited	1.12%	37.42	60.52%	(35.99)	10.25%	0.25	62.67%	(35.74)
TG Apparel & Decor Private Limited	-0.02%	(0.67)	0.35%	(0.21)	0.00%	-	0.37%	(0.21)
Finesse International Design Private Limited	0.20%	6.56	19.51%	(11.60)	2.87%	0.07	20.22%	(11.53)
Sabyasachi Calcutta LLP	27.04%	904.86	-13.38%	7.96	30.74%	0.75	-15.27%	8.71
Indivinity Clothing Retail Private Limited	2.54%	84.90	113.81%	(67.68)	6.56%	0.16	118.39%	(67.52)
House of Masaba Lifestyle Private Limited	1.38%	46.27	18.56%	(11.04)	-6.97%	(0.17)	19.66%	(11.21)
Aditya Birla Garments Limited	0.33%	11.04	6.66%	(3.96)	0.00%	-	6.94%	(3.96)
Aditya Birla Digital Fashion Ventures Limited	7.15%	239.17	97.43%	(57.94)	-6.15%	(0.15)	101.86%	(58.09)
Adjustments arising out of consolidation	-52.91%	(1,770.44)	19.39%	(11.53)	-2.46%	(0.06)	20.32%	(11.59)
Total	100.00%	3,346.00	100.00%	(59.47)	100.00%	2.44	100.00%	(57.03)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit/ (loss)		Share in other comprehensive income/ (loss) (OCI)		Share in total comprehensive income/ (loss) (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
Non-controlling Interest in subsidiary		2.71		(23.47)		0.08		(23.39)
Finesse International Design Private Limited		2.71		(4.80)		0.03		(4.77)
Sabyasachi Calcutta LLP		-		3.90		0.10		4.00
Indivinity Clothing Retail Private Limited		-		(13.54)		0.03		(13.51)
House of Masaba Lifestyle Private Limited		-		(5.25)		(0.08)		(5.33)
Aditya Birla Digital Fashion Ventures Limited		-		(3.78)		-		(3.78)
Total		3,343.29		(36.00)		2.36		(33.64)

Year ended March 31, 2022 and As at March 31, 2022

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit/ (loss)		Share in other comprehensive income/ (loss) (OCI)		Share in total comprehensive income/ (loss) (TCI)	
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit/ (loss)	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
Parent								
Aditya Birla Fashion and Retail Limited	103.36%	2,882.14	68.18%	(80.70)	130.96%	2.69	67.07%	(78.01)
Subsidiaries								
Jaypore E-Commerce Private Limited	2.62%	73.16	21.73%	(25.72)	6.33%	0.13	22.01%	(25.60)
TG Apparel & Decor Private Limited	-0.02%	(0.46)	0.18%	(0.21)	-	-	0.18%	(0.21)
Finesse International Design Private Limited	0.65%	18.09	6.37%	(7.54)	-6.82%	(0.14)	6.60%	(7.68)
Sabyasachi Calcutta LLP	28.55%	796.15	-23.42%	27.72	-27.30%	(0.56)	-23.36%	27.16
Indivinity Clothing Retail Private Limited	1.38%	38.62	25.84%	(30.59)	1.21%	0.02	26.28%	(30.57)
Adjustments arising out of consolidation	-36.54%	(1,019.18)	1.12%	(1.32)	-4.38%	(0.09)	1.20%	(1.40)
Total	100.00%	2,788.52	100.00%	(118.36)	100.00%	2.05	100.00%	(116.31)
Non-controlling Interest in subsidiary		15.20		(9.64)		0.06		(9.58)
Finesse International Design Private Limited		7.48		(3.52)		0.06		(3.46)
Indivinity Clothing Retail Private Limited		7.72		(6.12)		-		(6.12)
Total		2,773.32		(108.72)		1.99		(106.73)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 54
ACQUISTION OF REEBOK INDIA BUSINESS

On February 28, 2022, Aditya Birla Fashion and Retail Limited entered into a commercial agreement with Authentic Brands Group LLC and has obtained exclusive rights to distribute Reebok footwear and apparel in India, Bangladesh, Bhutan, Maldives, Nepal and Sri-Lanka. The agreement became effective from October 1, 2022 upon signing of the Local Asset Deal Agreement. As part of the commercial agreement, the Company is required to pay royalty for sale of Reebok footwear and apparel in the aforesaid territories including a minimum contractual royalty payable over the 20-year life of the agreement. The Company has recognised under "Licence Rights", the distribution rights for the Reebok products at the present value of the minimum royalty payable amounting to ₹ 497 crores with a corresponding financial liability. Distribution right has been amortised over the term of commercial agreement.

NOTE - 55
SETTING UP OF SUBSIDIARIES

a) On February 4, 2022, the Board approved to set up a new subsidiary, for foraying into the Direct to Consumer ("D2C') business towards building a portfolio of distinct, new-age, digital brands across categories in fashion, beauty and other allied lifestyle segments. The D2C portfolio will be built through organic and inorganic means. Thus on April 11, 2022 Aditya Birla Digital Fashion Ventures Limited a wholly owned subsidiary of the Company was set up to carry on the "D2C" business.

b) Aditya Birla Garments Limited a manufacturing plant set up under the PLI scheme was incorporated as a wholly owned subsidiary of the Company with effect from June 15, 2022.

NOTE - 56
ACQUISITION OF TCNS CLOTHING COMPANY LIMITED

On May 5, 2023, the Board of Directors approved the acquisition of TCNS Clothing Co. Ltd ("Target Company"). The Acquisition is subject to approval of the Competition Commission of India and other regulatory approvals. The acquisition of the Target Company is planned to be achieved in the following manner:

a) Acquisition of between 1,41,92,448 to 1,98,76,757 equity shares of Target Company representing ~22.0% to ~30.81% of the Expanded Share Capital of the Target Company, as defined in the Public Announcement from the promoters for a consideration of ₹ 503 per equity share (subject to closing adjustments).

b) Making an open offer for up to 1,87,08,227 equity shares, constituting 29.0% of the Expanded Share Capital, at a price of ₹ 503 per equity share to the public shareholders of the Target Company, conditional upon a minimum level of acceptance of 1,30,23,918 equity shares, constituting ~20.19% of the Expanded Share Capital ("Minimum Level of Acceptance");

c) Subsequent to completion of steps a) and b), amalgamation of the Target Company (as a going concern) with the Company under the Companies Act, 2013 read with relevant circulars and regulations of Securities and Exchange Board of India, and other applicable laws. Equity shares of the Company will be issued to the shareholders of the Target Company (other than the Company) in the ratio of 11 fully paid up equity shares of INR 10 each of the Company for every 6 fully paid-up equity shares of INR 2 of the Target Company ("Share Exchange Ratio"). The effectiveness of the Scheme will be subject to inter alia the approval of Competition Commission of India, National Company Law Tribunals and completion of the Acquisition and filing of the approved schemes with the Registrar of Companies;

d) Approval of the acquisition by the Board of Directors is a non-adjusting subsequent and therefore no adjustments have been made in the Standalone Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTE - 57
ACQUISITION OF MAJORITY STAKE IN 'HOUSE OF MASABA LIFESTYLE PRIVATE LIMITED' ("HMLPL")

On January 14, 2022, the Board of Directors approved the acquisition of 52.44% stake in House of Masaba Lifestyle Private Limited ("HMLPL") by way of entering into a Binding Term Sheet subject to signing of definitive agreements, completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, if any. On June 01, 2022, post completion of closing conditions precedent to be set out in the definitive agreements and statutory approvals, HMLPL became a subsidiary of the Company.

NOTE - 58
ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) DETAILS OF BENAMI PROPERTY HELD

No proceedings have been initiated on or are pending against the Group under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder.

(ii) COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Parent, Subsidiaries and a Joint Venture in India have complied with the number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction of number of layers) Rules, 2017.

(iii) RELATIONSHIP WITH STRUCK OFF COMPANIES

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iv) WILFUL DEFAULTER

The Parent, Subsidiaries and a Joint Venture in India have not been declared as wilful defaulters by any banks or financial institutions or government or any government authority.

(v) UNDISCLOSED INCOME

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(vi) VALUATION OF PROPERTY PLANT AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS), INTANGIBLE ASSETS AND INVESTMENT PROPERTY

The Group has not revalued its Property, Plant and Equipment (including Right-of-use assets),Intangible assets and Investment Property during the current or previous year.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Chartered Accountants
ICAI Firm Registration No. 304026E/E-300009

A.J. SHAIKH
Partner
Membership No.: 203637

Place: Mumbai
Date : May 22, 2023

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

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)
Place: Mumbai
Date : May 22, 2023

SANGEETA PENDURKAR
(Whole-time Director)
(DIN: 03321646)
Place: Mumbai
Date : May 22, 2023

JAGDISH BAJAJ
(Chief Financial Officer)
Place: Mumbai
Date : May 22, 2023

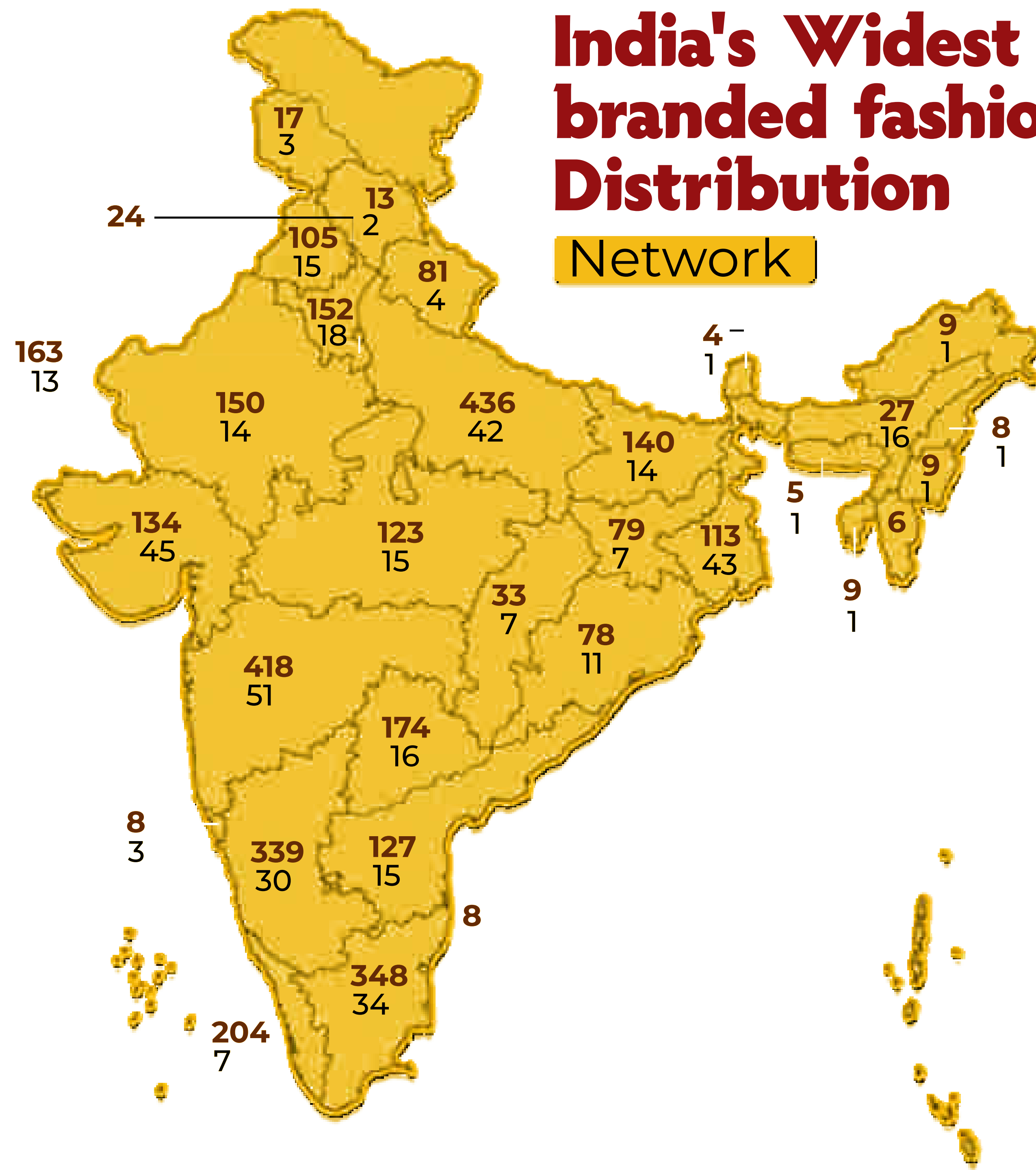
ANIL MALIK
(Company Secretary)
(M.No.: A11197)
Place: Mumbai
Date : May 22, 2023

Notes

Notes

India's Widest branded fashion Distribution

Network



3,546 BRAND STORES

33,535 MULTI-BRAND OUTLETS

431 PANTALOONS STORES

6,723 SIS ACROSS DEPT. STORES

Footprint (million sq. ft.) **9.2** Q4 FY22 → **10.8** Q4 FY23

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E-mail: secretarial@abfrl.adityabirla.com

ADITYA BIRLA LIFESTYLE BRANDS LIMITED

Aditya Birla Fashion and Retail Limited
Piramal Agastya Corporate Park,
Building ‘A’, 4th and 5th Floor,
Unit No. 401, 403, 501, 502,
L.B.S. Road, Kurla, Mumbai - 400 070

Dear Sirs,

Sub: Non-applicability of Unaudited Financial Results for the quarter ended December 31, 2023, Financial Statements and Annual Report for last 3 financial years i.e. FY 2022-23, FY 2021-2022 and FY 2020-21

This is to inform that Aditya Birla Lifestyle Brands Limited (“ABLBL”) was incorporated on April 9, 2024.

As per the definition of 'financial year' provided under the Companies Act, 2013, first financial year of ABLBL commences from the date of incorporation and ends on March 31, 2025.

Hence, Unaudited Financial Results for the quarter ended December 31, 2023 and the Audited Financial Statements and Annual Report for the last 3 financial years are not available.

Thanking you,

Yours faithfully,
For **Aditya Birla Lifestyle Brands Limited**

Anil Malik
Director
DN: 00170411

Date: April 22, 2024
Place: Mumbai

Registered Office:
Piramal Agastya Bldg 'A', 401, 403, 501, 502,
LBS Road, Kurla, Mumbai, Mumbai- 400070, Maharashtra

CIN: U46410MH2024PLC423195
Tel.: +91 86529 05000
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